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METRONIC GLOBAL BERHAD

(Company No.: 632068-V)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The ordinary resolutions in respect of the above Proposal (as defined herein) will be tabled at the Sixth (6th) Annual General Meeting ("AGM") of the Company to be held at Metronic Global Berhad Office, No. 2, Jalan Astaka U8/83, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan on Tuesday, 30 June 2009 at 9.00a.m. Notice of the AGM, together with the Form of Proxy, is set out in the Annual Report of the Company for the financial year ended 31 December 2008 which is despatched together with this Circular.

You are urged to complete and deposit the Form of Proxy at the Registered Office of the Company at No.4, 2nd Floor, Jalan 3/27F, Desa Setapak, Wangsa Maju 53300 Kuala Lumpur, not later than forty-eight (48) hours before the time stipulated for holding the Sixth (6th) AGM. The lodging of the Form of Proxy shall not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

The last date and time for lodging the Form of Proxy is on Friday, 26 June 2009 at 9:00a.m.

This Circular is dated 8 June 2009

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

- “Act” - Companies Act, 1965, as amended from time to time and any re-enactment thereof
- “Adprima” - Adprima Sdn Bhd (585831-X)
- “AGM” - Annual General Meeting
- “ALMWS” - Anhui Lai’An Metronic Water Supply Company Limited
- “Board” - Board of Directors of MGB
- “Bursa Securities” - Bursa Malaysia Securities Berhad (635998-W)
- “Directors” - Shall have the same meaning given in Section 4 of the Act and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of MGB or its subsidiary or holding company or a chief executive officer of MGB, its subsidiary or holding company
- “ERM” - ER Mekatron Manufacturing Sdn Bhd (657604-D)
- “Heng-Ai” - Hangzhou Heng-Ai Electronics Co. Ltd
- “HK Broadway” - Hong Kong Broadway Electronics Company Limited
- “ICSB” - Integrated Commerce Sdn Bhd (529638-A)
- “IPM” - IPanel Malaysia Sdn Bhd (590326-A)
- “ITG” - ITG Worldwide (M) Sdn Bhd (510781-D)
- “IUSB” - Ideal Ultimate Sdn Bhd (823540-V)
- “Listing Requirements” - Listing Requirements of Bursa Securities
- “Major Shareholders” - A person who has an interest or interests in one or more voting shares in MGB and the nominal amount of that share, or the aggregate of the nominal amounts of those shares is:
- (a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in MGB, or
 - (b) equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in MGB where such person is the largest shareholder of MGB,
- including any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of MGB (or any other company which is its subsidiary or holding company). For the purpose of this definition, “interest in shares shall have the meaning given in Section 6A of the Act.

DEFINITIONS *(Cont'd)*

“MAPL”	- Metronic Australia Pty Ltd (A.C.N. 120 049 041)
“MCSB”	- Metronic Corporation Sdn Bhd (358952-U)
“MEPL”	- Metronic Engineering Pvt Ltd (01-46481)
“MESB”	- Metronic Engineering Sdn Bhd (125404-M)
“MVCL”	- Metronic Vietnam Company Limited (S.G.C.N:011043000448)
“MGB” or “Company”	- Metronic Global Berhad (632068-V)
“MGB Group” or “Group”	- MGB and its subsidiaries, collectively
“MGB Shares” or “Shares”	- Ordinary shares of RM0.10 each in MGB
“MHP”	- MH Projects Sdn Bhd (393858-W)
“MiCARES”	- Metronic iCares Sdn Bhd (727400-M)
“MISSB”	- Metronic Integrated System Sdn Bhd (332032-D)
“MMBCL”	- Metronic Microsystem (Beijing) Company Limited
“MMSSB”	- Metronic Mobile Services Sdn Bhd (733049-M)
“MRDSB”	- Metronic R&D Sdn Bhd (753991-V)
“MSA”	- Metronic Saudi Arabia LLC
“Newtron”	- Newtron Company Limited (British Virgin Island)
“Newtronics”	- Newtronics Hangzhou Co. Ltd
“NTA”	- Net tangible assets
“Proposed Renewal of Shareholders’ Mandate” or “Proposal”	- Proposed renewal of shareholders’ mandate pursuant to Paragraph 10.09 of the Listing Requirements for the MGB Group to enter into the RRPTs
“Related Party(ies)”	- A Director, Major Shareholder or person(s) connected with such Director or Major Shareholder of MGB
“RRPTs”	- Related party transactions involving recurrent transactions of a revenue or trading nature, which are necessary for the day-to-day operations of the Company or its subsidiaries and in the ordinary course of business of the MGB Group
“RM”	- Ringgit Malaysia
“Securetrax”	- Securetrax Solutions Pte Ltd (200701764C)

DEFINITIONS *(Cont'd)*

- “Shareholders’ Mandate” - Shareholders’ Mandate pursuant to Paragraph 10.09 of the Listing Requirements
- ”Unilink” - Unilink Development Limited
- “Zonemax” - Zonemax Holdings Limited (British Virgin Island)

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METRONIC GLOBAL BERHAD

(Company No.: 632068-V)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

No.4, 2nd Floor, Jalan 3/27F,
Desa Setapak, Wangsa Maju 53300
Kuala Lumpur

8 June 2009

Board of Directors:

Tan Sri Dato' Kamaruzzaman bin Shariff (*Executive Chairman*)
Dato' Abd. Gani bin Yusof (*Executive Vice-Chairman*)
Dr. Ng Tek Che (*Group Managing Director*)
Liew Chiap Hong (*Executive Director*)
Datuk Subhi bin Hj Dziauddin (*Independent Non-Executive Director*)
Lim Tzeh Foong (*Independent Non-Executive Director*)
Amirudin bin Mohd Baria (*Independent Non-Executive Director*)
Edmund Chuah Choong Eng Huat (*Non-Independent Non-Executive Director*)

To: The Shareholders of Metronic Global Berhad

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

On 7 May 2009, MGB announced its intention to seek approval from its shareholders in respect of the Proposed Renewal of Shareholder's Mandate for RRPTs which had been approved by the shareholders at the last AGM held on 23 June 2008 at the forthcoming Sixth (6th) AGM of the Company:

The purpose of this Circular is to provide you with the relevant information pertaining to the Proposal and to seek your approval for the resolutions to be tabled at the forthcoming AGM.

You are advised to read the contents and appendix of this Circular carefully before voting on the resolutions pertaining to the Proposal at the forthcoming AGM of the Company.

2. DETAILS OF THE PROPOSAL

2.1 Paragraph 10.09 of the Listing Requirements

Pursuant to Paragraph 10.09 of the Listing Requirements, a listed company may seek a mandate from its shareholders for RRPTs, subject to, inter-alia, the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:-
 - (a) the consideration, value of the assets, capital outlay or costs of the recurrent transactions is equal to or exceeds RM1 million; or
 - (b) any one of the percentage ratio of such recurrent transactions is equal to or exceeds 1%,
whichever is higher;
- (iii) the listed issuer's circular to shareholders for the shareholders' mandate shall include the information set out in Part B of Appendix 10D and Appendix PN12/2001-A of Practice Note No. 12/2001 of the Listing Requirements; and
- (iv) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder, and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder must not vote on the resolution approving the transactions. The interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

The Proposal, if approved by the shareholders of MGB at the forthcoming AGM, will continue to be in force until:

- (i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting before the next AGM,

whichever is earlier.

2.2 Principal Activities of the MGB Group

The principal activity of MGB is investment holding. The principal activities of MGB's subsidiaries are set out below:

Name	Effective equity interest (%)	Principal activities
MESB	100	System integration specialising in the field of intelligent building management system and integrated security management system; e-project management of mechanical and electrical services; and supply of engineering systems.
MISSB	100	Procurement of contracts in relation to engineering work specialising in the field of intelligent building management system, integrated security management system and sale of engineering equipment.
MMBCL	100	Design, production and sale of engineered systems for the information, communication and technology industry, specialising in integrated building management system and telecommunication system.
MEPL	70	Design, production and sale of engineered systems for the information, communication and technology industry, specialising in intelligent building management system and integrated security management system.
MiCARES	51	Third Party Administrator (TPA) and Managed Care Organisation (MCO) for healthcare sector via the connectivity applications and infrastructure for the exchange of transactional information through internet.
MMSSB	100	Dormant.
MRDSB	100	Research, development, production and the marketing of building automation and security system products, modules and related parts.
MAPL	60	Dormant.
Adprima	60	Consultancy services on management, engineering and information technology.
Securetrax	99	Development, production and marketing of products relating to home land security.
IUSB	58	Currently dormant. Intended activities are development and commercialisation of the Optical Fiber Perimeter Security System.
MVCL	100	Currently dormant. Intended activities are design, production and sale of engineered systems for the information, communication and technology industry, specialising in intelligent building management system and integrated security management system.
IPM	75	Research, development, manufacturing, sale and distribution of electronic products and intelligent facilities management system
ALMWS	100	Currently dormant. Intended activities are design, construction, production, operation, maintenance and sale of treated water.

2.3 Classes of Related Parties and Nature of Transactions

Transactions entered into under the Proposed Renewal of Shareholders' Mandate

	Companies within the MGB Group	Transacting Parties	Nature of Transactions	Related Parties	Nature of relationship	Estimated Aggregate Value of Transaction ^(a) (RM'000)
(i)	MESB	MCSB	Rental of office space of 600 square feet at No 2, Jalan Astaka, U8/83, Section U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan to MCSB for RM1,000 per month	<ul style="list-style-type: none"> ▪ Dato' Abd. Gani bin Yusof ▪ Dr. Ng Tek Che ▪ Liew Chiap Hong 	Note (b)	12
(ii)	MESB	ITG	<p>Purchases of building automation parts from ITG</p> <p>Rental of office space of 600 square feet at No 2, Jalan Astaka, U8/83, Section U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan to ITG for RM1,000 per month</p>	<ul style="list-style-type: none"> ▪ Liew Chiap Hong 	Note (c)	2,500
(iii)	MESB	ICSB	Contract and maintenance revenue receivable from ICSB in respect of projects tendered	<ul style="list-style-type: none"> ▪ Dato' Abd. Gani bin Yusof 	Note (d)	10,000

	Companies within the MGB Group	Transacting Parties	Nature of Transactions	Related Parties	Nature of relationship	Estimated Aggregate Value of Transaction^(a) (RM'000)
(iv)	MESB	MHP	Contract and maintenance revenue receivable from MHP in respect of e-project management of mechanical and electrical services and supply of medical and non-medical equipment	<ul style="list-style-type: none"> ▪ Tan Sri Dato' Kamaruzzaman bin Shariff ▪ Dato' Abd. Gani bin Yusof 	Note (e)	10,000
(v)	MESB	Newtronics	Purchase of electronic equipment and parts from Newtronics	<ul style="list-style-type: none"> ▪ Edmund Chuah Choong Eng Huat ("Edmund Chuah") 	Note (f)	1,000
(vi)	MESB	Heng-Ai	Purchase of electronic equipment and parts from Heng-Ai	<ul style="list-style-type: none"> ▪ Edmund Chuah 	Note (g)	1,000
(vii)	MESB	ERM	Supply and installation of engineering equipment by ERM	<ul style="list-style-type: none"> ▪ Edmund Chuah 	Note (h)	20,000
					Total	44,524

Notes:

- (a) *Estimated value of transactions from date of the forthcoming AGM to the next AGM based on historical value, information available at the point of estimation and discussions with the Related Parties, which may be subject to changes.*
- (b) *Dato' Abd. Gani bin Yusof, Dr. Ng Tek Che and Liew Chiap Hong who are Directors of MGB, are also directors and shareholders of MCSB, with shareholdings of 58%, 22% and 20% respectively.*
- (c) *Liew Chiap Hong, who is a Director of MGB, is also a Director and shareholder of ITG with a shareholding of 51%.*
- (d) *Dato' Abd. Gani bin Yusof, who is a Director of MGB, is also a Director and shareholder of ICSB with a shareholding of 51%.*
- (e) *Tan Sri Kamaruzzaman bin Shariff and Dato' Abd. Gani bin Yusof, who are Directors of MGB, are also directors of MHP.*
- (f) *Newtronics is a 80% owned subsidiary of Unilink, an associated company of MGB. Edmund Chuah who is a Director of MGB, is also a Director of Newtronics.*
- (g) *Heng-Ai is a 80% owned subsidiary of Unilink, an associated company of MGB. Edmund Chuah who is a Director of MGB, is also a Director of Heng-Ai.*
- (h) *Edmund Chuah, who is a Director of MGB, is also a Director of ERM with a direct equity interest of 50% and an indirect equity interest of 50% by virtue of his spouse's interest in ERM.*

2.4 Review Procedures

The MGB Group has established the following procedures to ensure that the RRPTs are undertaken on arms' length basis and on normal commercial terms consistent with the Group's usual business practices and policies, which are generally no more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of MGB.

These procedures include the following:

- (i) a list of Related Parties has been circulated to the Directors and the key management within the MGB Group. All subsidiaries have been notified that all RRPTs are required to be undertaken on arm's length basis and on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public;
- (ii) where applicable, the terms of the pricing of the RRPTs will be consistent with the Group's usual business practices and policies and will take into consideration the terms and conditions, level of service and expertise required, quality, reliability and consistency of products and services as compared with the prevailing market rate of prices and general practices by other service providers of similar capacity and capability;
- (iii) all RRPTs will be reviewed by the Audit Committee of the Company on a quarterly basis. Any member of the Audit Committee may as he deems fit, request for additional information pertaining to the RRPTs from independent sources or advisers;
- (iv) the Audit Committee will report its findings to the Board for further action if during the quarterly review, the Audit Committee is of the view that the guidelines and procedures are not sufficient to ensure that the RRPTs are carried on normal commercial terms and/or the RRPTs are deemed detrimental to the minority shareholders of MGB;
- (v) the Audit Committee will review procedures, and will continue to review the procedures, as and when required, with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate;

- (vi) the annual internal audit plan shall incorporate a review of all RRPTs entered into pursuant to the Proposal to ensure that relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to. Any divergence will be reported to the Audit Committee; and
- (vii) if a member of the Board or the Audit Committee has an interest in the transaction, he will abstain from any decision making by the Board or the Audit Committee in respect of the transaction.

2.5 Disclosure in Annual Report

Disclosure shall be made in the annual report of the Company of a breakdown of the aggregate value of all transactions conducted and names of Related Parties involved in each type of RRPTs and their relationship with MGB pursuant to the shareholders' mandate for the subsequent financial years during which the shareholders' mandate remains in force.

2.6 Statement from Audit Committee

The Audit Committee has reviewed the procedures described in Section 2.4 of this Circular and is satisfied that the procedures are sufficient to ensure that RRPTs are carried out on normal commercial terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

3. RATIONALE

The RRPTs entered or to be entered into by the Group are in the ordinary course of business. They are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and arise at any time and from time to time.

These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case by case basis before entering into such RRPTs. As such, the Board is seeking the shareholders' mandate pursuant to Paragraph 10.09 of the Listing Requirements to allow the Group to enter into such RRPTs made on arm's length basis and on normal commercial terms and which are not prejudicial to the interests of the shareholders.

The RRPTs are intended to meet the business needs of the Group at the best possible terms. By transacting with the Related Parties, the Group would have an advantage of familiarity with the background and management of the Related Parties, thus enabling more informed commercial decisions to be made. In most dealings with the Related Parties, the Group and the Related Parties have close co-operation and a good understanding of each other's business needs thus providing a platform where all parties can benefit from conducting the RRPTs. Rental of excess office space generates additional income for the Group. The rental offered is based on market value.

By obtaining shareholders' approval for the Proposal, and the renewal of the same on an annual basis, the need to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPTs occur, would not arise. This will substantially reduce administrative time, inconvenience and avoid expenses associated with the convening of such general meetings on an ad hoc basis without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

4. FINANCIAL EFFECTS

The Proposal will not have any effect on the issued and paid-up share capital and substantial shareholding structure of MGB and are not expected to have any material effect on the NTA of the MGB Group. The Proposal is expected to enhance the earnings of the MGB Group for the financial years ending 31 December 2009 and 2010.

5. APPROVAL REQUIRED

The Proposal is conditional upon approval being obtained from the shareholders of the Company at the forthcoming AGM to be convened.

6. DIRECTORS' AND MAJOR SHAREHOLDER'S INTERESTS

As set out in Section 2.3 of this Circular, Tan Sri Dato' Kamaruzzaman bin Shariff, Dato' Abd. Gani bin Yusof, Dr Ng Tek Che, Liew Chiap Hong and Edmund Chuah (collectively, the "Relevant Directors") are interested related parties of MGB.

The direct and indirect shareholdings of the interested related parties as at 29 May 2009 are as follows:

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Relevant Directors:				
- Tan Sri Dato' Kamaruzzaman bin Shariff	3,714,285	0.585	-	-
- Dato' Abd. Gani bin Yusof	166,767,324	26.266	1,034 ¹	#
- Dr. Ng Tek Che	59,189,175	9.322	1,034 ¹	#
- Liew Chiap Hong	47,903,459	7.545	1,034 ¹	#
- Edmund Chuah	185,714	0.029	558,999 ²	0.088

Note:

1. *Deemed interest by virtue of Section 6A(4) of the Act (shareholding held through MCSB).*
2. *Deemed interest by virtue of Section 6A(4) of the Act (shareholding held through his spouse)*

Negligible

Accordingly, the Relevant Directors, namely Tan Sri Dato' Kamaruzzaman bin Shariff, Dato' Abd. Gani bin Yusof, Dr Ng Tek Che, Liew Chiap Hong and Edmund Chuah, have abstained and will continue to abstain from all Board deliberations and voting in respect of the RRPTs detailed in Section 2.3 of this Circular. Such Relevant Directors will also abstain from voting in respect of their direct and indirect shareholdings on the resolutions approving the Proposal at the forthcoming AGM.

The above Relevant Directors have also undertaken to ensure that person(s) connected to them will abstain from voting in respect of their direct and indirect shareholdings on the resolutions pertaining to the Proposal at the forthcoming AGM.

Save as disclosed above, none of the other Directors and Major Shareholders and person(s) connected to them as defined in the Listing Requirements have any interest, direct or indirect in the Proposal.

7. DIRECTORS' RECOMMENDATION

The Board (with the exception of Tan Sri Dato' Kamaruzzaman bin Shariff, Dato' Abd. Gani bin Yusof, Dr Ng Tek Che, Liew Chiap Hong and Edmund Chuah who are Relevant Directors and deemed interested in the Proposal), having considered all aspects of the Proposal, is of the opinion that the Proposal is in the best interest of the MGB Group and accordingly, recommend that you vote in favour of the resolutions pertaining to the Proposal to be tabled at the forthcoming AGM.

8. AGM

The Sixth (6th) AGM of the Company will be held at Metronic Global Berhad Office, No. 2, Jalan Astaka U8/83, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan on Tuesday, 30 June 2009 at 9.00 a.m. for the purpose of considering and if thought fit, passing the resolutions pertaining to the Proposal. The Notice of AGM, together with the Form of Proxy, is enclosed in the Annual Report of the Company for the financial year ended 31 December 2008 which is despatched together with this Circular.

If you are unable to attend and vote in person at the AGM, you should complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible and in any event must be deposited at the Registered Office of the Company at No.4, 2nd Floor, Jalan 3/27F, Desa Setapak, Wangsa Maju 53300 Kuala Lumpur not later than forty-eight (48) hours before the time fixed for the AGM. The lodging of the Form of Proxy shall not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

9. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix I for further information.

Yours faithfully
on behalf of the Board of Directors of
METRONIC GLOBAL BERHAD

Lim Tzeh Foong
Independent Non-Executive Director

FURTHER INFORMATION**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Directors of MGB and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no material facts the omission of which would make any statement in this Circular misleading.

2. MATERIAL LITIGATION

Save as disclosed below, neither MGB nor its subsidiaries are presently engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the MGB Group or any fact likely to give rise to any proceedings which may materially affect the financial position or business of the MGB Group:

- (i) MESB had on 26 September 2003 made a claim against United Engineers (Malaysia) Bhd ("UEM") for RM939,365 being the non-settlement of the third payment for the provision of BAS Control System for Telekom Malaysia Berhad Headquarters Project pursuant to an agreement between MESB and UEM dated 2 May 2002. The suit came up for 1st Pre-Trial Case Management on 1 February 2005. On 17 January 2006, UEM's application to determine the suit by way of a Question of Law had been dismissed by the High Court of Shah Alam. MESB had, through its solicitors, filed an application seeking UEM to produce finalisation of accounts between UEM and MESB with regards to the project. MESB's solicitors had also filed an application by way of writ sepina seeking Daewoo (M) Sdn Bhd ("Daewoo") to produce finalisation of accounts between Daewoo and UEM with regards to the project. Daewoo had on 12 September 2007 produced the said accounts. The Court has postponed the full trial date for the suit to 8 and 9 December 2009. MESB's solicitors are of the opinion that MESB has a good chance of succeeding in its claim.
- (ii) Lee Bee Leng & two (2) others vs (1) MESB and (2) University Teknologi Petronas. On 15 November 2005, MESB, being the first (1st) defendant was served with a Writ of Summons dated 24 October 2005 by Lee Bee Leng & two (2) others ("Plaintiffs") claiming for among others general damages amounting to RM500,000 or to be taxed by the court ("Negligence Claim") and special damages amounting to RM403,550 ("Dependency Claim") due to the death of the 1st Plaintiff's husband and 2nd & 3rd Plaintiff's father. The maximum exposure to liabilities of MESB and University Teknologi Petronas ("UTP") is therefore estimated at RM903,550. The Plaintiffs claimed that the death was caused by the alleged negligence of MESB and UTP.

MESB's solicitors are of the view that MESB may be able to resist the Dependency Claim successfully by virtue of the fact that the claim is beyond the legitimate timeframe, which is three (3) years ("Defence of Limitation"). As such, an application for striking out the Dependency Claim dated 7 September 2006 had been filed with the Ipoh High Court. The Court had on 14 November 2008 disallowed the Plaintiffs' Dependency Claim, thus reducing MESB and UTP's exposure to RM500,000.

For the Negligence Claim, MESB's solicitors are of the view that the Plaintiffs' claim would very much depend on (among other things) the availability and strength of the Plaintiffs' witnesses' testimonies and the proving of the requisite ingredients of the negligence by the Plaintiffs on the balance of probabilities. If the Plaintiffs fail to reach the standard required, then the Plaintiffs' action will fail against MESB and UTP. Moreover, the Plaintiffs must also prove specific acts or omissions of MESB and UTP, that are alleged to be negligent. MESB's solicitors have filed an application to strike out the Negligence Claim which has yet to be heard. In the opinion of MESB's solicitors, MESB should have a good arguable case to go to court.

- (iii) On 9 January 2007, MGB through its solicitors, received a Writ of Summons and Statement of Claim dated 23 November 2006 with the High Court of Shah Alam issued by CWorks Systems Berhad ("CWorks"). CWorks is claiming an outstanding amount of RM1,751,617 from MGB pursuant to a Software Development Agreement dated 9 May 2005 ("the Agreement") for the development and provision of a software for the National Product Code System, the Sale Force System and the Project Management Tool System in the PRC. The maximum exposure to MGB is estimated at RM1,751,617.

The Company's solicitors had on 16 January 2007 filed a Conditional Appearance challenging the action as not within the Jurisdiction of the High Court of Malaya but any remedy sought by CWorks should be referred to Arbitration under Malaysian Laws. On 30 August 2007, the Deputy Registrar of the High Court of Shah Alam has allowed the Company's application that the Suit by CWorks against the Company to be adjourned indefinitely 'sine die' and the claim by CWorks to be proceeded by the way of arbitration. However, CWorks filed an appeal against the Registrar's decision and the High Court has allowed the appeal and set aside the Order of 'sine die'. The Company's solicitors had filed an appearance and defence as well as counterclaim against CWorks. On 16 February 2009, CWorks solicitors served thier reply to the Company's defence and defence to the counterclaim. CWorks has also filed an application for Summary Judgment which is pending hearing.

The Company's solicitors are of the opinion that CWorks' claims are premature in nature and in breach of its contractual obligations.

3. MATERIAL CONTRACTS

Save as disclosed below, there are no other material contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by the Company and its subsidiaries within two (2) years immediately preceding the date of this Circular:

- (i) On 1 August 2007, MGB entered into a Restructuring Agreement with Zonemax, Newtron, Edmund Chuah and Unilink (collectively the "Parties" and individually a "Party") to carry out the share swap and the restructuring exercise of Unilink ("Proposed Restructuring").

The Proposed Restructuring entails the following conditions:

- a) MGB proposes to acquire 125 ordinary shares of Hong Kong Dollar ("HK\$") 1.00 each in Unilink ("Unilink Shares") representing 12.5% equity interest in Unilink from Newtron and/or its nominee; in consideration, MGB shall dispose 10,000 ordinary shares of HK\$1.00 each in HK Broadway representing 100% equity interest in HK Broadway to Newtron and/or its nominee ("Proposed Share Swap"). The Proposed Share Swap was completed on 31 December 2007;
 - b) Newtron proposes to sell 25 Unilink Shares representing 2.5% equity interest in Unilink to Edmund Chuah and/or his nominee for a cash consideration, or such mode of payment to be agreed between the parties; and
 - c) Edmund Chuah proposes to sell 190,000 ordinary shares of USD1.00 each in Heng-Ai representing 5% of the registered capital in Heng-Ai to Unilink, and in consideration, Unilink shall issue 26 new Unilink Shares representing 2.5% equity interest in Unilink to Edmund Chuah.
- (ii) On 30 January 2008, MGB entered into a Shares Sale Agreement with Goldis Berhad ("Goldis") for the acquisition of the following shares ("Proposed Acquisition"):-
- a) 750,000 ordinary shares of RM1.00 each in IPanel Malaysia Sdn Bhd ("IPM") representing 75% equity interest in IPM for a cash consideration of RM1,055,103;

- b) 136,500 ordinary shares of S\$1.00 each in IPanel Pte Ltd ("IPS") representing 30% equity interest in IPS for a cash consideration of RM10,197; and
- c) 60,000 preference shares of S\$1.00 each in IPS for a cash consideration of RM134,700 from Goldis.

The total cash consideration for the Proposed Acquisition amounted to RM1,200,000.

- (iii) On 20 June 2008, MGB entered into a Supplementary Agreement with Goldis to vary the terms of the Shares Sale Agreement dated 30 January 2008 in which the Bank Guarantee shall be replaced by post dated cheques for the balance of the purchase price.
- (iv) On 3 September 2008, the Company signed a Joint Venture cum Shareholders' Agreement with Jiang Xiaoli ("Jiang") to co-operate and collaborate on the development and commercialisation of the Optical Fiber Perimeter Security System via a joint venture company known as Ideal Ultimate Sdn Bhd ("IUSB") which was incorporated on 1 July 2008. Both parties agreed that the issued and paid-up share capital of IUSB shall be increased up to RM600,000 comprising 600,000 ordinary shares of RM1 each. The Company shall hold 348,000 ordinary shares, representing 58% of the issued and paid-up share capital of IUSB.
- (v) On 2 February 2009, the Company entered into a 33 years build, operate and transfer water concession agreement with Lai'An County Water Utility Board, Anhui Province in the People's Republic of China ("PRC") for the design, construction, production, operation, maintenance and sale of treated water in Lai'An County, Anhui Province in the PRC via a wholly owned foreign subsidiary known as Anhui Lai'An Metronic Water Supply Company Limited ("ALMWS"). The proposed registered capital for ALMWS is US\$3.35 million (equivalent to RM12 million at an average exchange rate of US\$1 equals to RM3.60).
- (vi) On 6 March 2009, the Company entered into a Conditional Share Sale Agreement ("SSA") with Global Soft (MSC) Bhd ("GS") for the disposal of 1,000,000 ordinary shares of RM1.00 each representing 25.27% equity interest in Ariantec Sdn Bhd for a total disposal consideration of RM9.666 million to be fully satisfied via the issuance of 96,657,750 new ordinary shares of RM0.10 each in GS at an issue price of RM0.10 per share ("Proposed Disposal"). The Proposed Disposal is subject to the conditions precedents set out in the SSA being fulfilled and complied with.

4. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of MGB at No.4, 2nd Floor, Jalan 3/27F, Desa Setapak, Wangsa Maju 53300 Kuala Lumpur during normal business hours from the date of this Circular to the date of the Sixth AGM of the Company:

- (a) Memorandum and Articles of Association of MGB;
- (b) The audited consolidated financial statements of MGB for the two (2) financial years ended 31 December 2007 and 2008;
- (c) The cause papers in respect of the material litigations referred to in Section 2 above; and
- (d) The material contracts referred to in Section 3 above.



METRONIC GLOBAL BERHAD

(Company No.: 632068-V)

(Incorporated in Malaysia under the Companies Act, 1965)

EXTRACT OF NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of Metronic Global Berhad will be held at Metronic Global Berhad Office, No. 2, Jalan Astaka U8/83, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan on Tuesday, 30 June 2009 at 9.00 a.m. for the purpose of considering, and if thought fit, passing the following resolutions:

ORDINARY RESOLUTION 9

“Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed Shareholders’ Mandate”)

THAT the mandate granted by the shareholders of the Company on 23 June 2008 pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) authorising the Company and its subsidiaries (“MGB Group”) to enter into the recurrent transactions of a revenue or trading nature as set out in Section 2.3 of the Circular to Shareholders dated 8 June 2009 (“the Circular”) with the related parties mentioned therein, which are necessary for the MGB Group’s day-to-day operations, be and is hereby renewed, provided that:-

- (i) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders’ mandate during the financial year and in the annual reports for subsequent financial years during which the shareholders’ mandate is in force based on the type of the recurrent transactions, the names of the related parties involved in each type of the recurrent transaction and their relationship with the Company;

AND THAT the authority conferred by such mandate shall continue to be in force until -

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time it will lapse, unless authority is renewed by a resolution passed at the next Annual General Meeting.
- (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act 1965), or
- (iii) revoked or varied by resolution passed by shareholders of the company in general meeting.

whichever is earlier;

AND THAT, authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to the proposed shareholders' mandate.

AND THAT, the estimates given on the recurrent related party transactions specified in Section 2.3 of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review procedures set out in Section 2.4 of the Circular.”