

Unless otherwise stated, all abbreviations contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus.

No securities will be allotted or issued based on this Abridged Prospectus after 6 months from the date of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY. All enquiries concerning the Rights Issue with Warrants, which is the subject matter of this Abridged Prospectus, should be addressed to our Share Registrar, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480, Wilayah Persekutuan (KL) (Tel: +603 – 6201 1120).

This Abridged Prospectus, together with the NPA and RSF (collectively, the "Documents"), will be despatched only to our Entitled Shareholders whose names appear on our Record of Depositors as at 5.00 p.m. on 20 March 2019 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 20 March 2019. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia and are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue with Warrants, application for Excess Rights Shares with Warrants, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants would result in the contravention of any law of such countries or jurisdictions. We, Mercury Securities and/or the advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for Excess Rights Shares with Warrants or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants made by any Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) are residents.

This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Abridged Prospectus. The SC has not, in any way, considered the merits of this Rights Issue with Warrants. A copy of this Abridged Prospectus, together with the NPA and RSF, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at our EGM convened on 29 November 2018. Approval has been obtained from Bursa Securities via its letter dated 18 July 2018 for the admission of the Warrants to the Official List as well as the listing and quotation of the Rights Shares, Warrants and the new Shares to be issued upon exercise of the Warrants on the Main Market of Bursa Securities (subject to the conditions specified in the said letter), which will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) have been duly credited with the Rights Shares and Warrants allotted to them and notices of allotment have been despatched to them. However, such admission, listing and quotation are not an indication that Bursa Securities recommends the Rights Issue with Warrants and are in no way reflective of the merits of the Rights Issue with Warrants.

The SC is not liable for any non-disclosure on the part of the Company and takes no responsibility for the contents of this Abridged Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Abridged Prospectus.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.

METRONIC

METRONIC GLOBAL BERHAD

(Company No. 632068-V)

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 645,342,048 NEW ORDINARY SHARES IN METRONIC ("METRONIC SHARES" OR "SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.065 PER RIGHTS SHARE TOGETHER WITH UP TO 484,006,536 FREE DETACHABLE WARRANTS IN METRONIC ("WARRANTS") ON THE BASIS OF 4 RIGHTS SHARES TOGETHER WITH 3 FREE WARRANTS FOR EVERY 2 EXISTING METRONIC SHARES HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY AT 5.00 P.M. ON 20 MARCH 2019

Principal Adviser



MERCURY SECURITIES SDN BHD

(Company No. 113193-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date : Wednesday, 20 March 2019 at 5.00 p.m.

Last date and time for:

Sale of Provisional Allotments : Monday, 1 April 2019 at 5.00 p.m.

Transfer of Provisional Allotments : Thursday, 4 April 2019 at 4.00 p.m.

Acceptance and payment : Tuesday, 9 April 2019 at 5.00 p.m.

Excess Rights Shares with Warrants Application and payment..... : Tuesday, 9 April 2019 at 5.00 p.m.

This Abridged Prospectus is dated 20 March 2019

ALL TERMS USED HEREIN ARE AS DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS UNLESS STATED OTHERWISE.

THE DIRECTORS OF THE COMPANY HAVE SEEN AND APPROVED ALL THE DOCUMENTATION RELATING TO THE RIGHTS ISSUE WITH WARRANTS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THE SAID DOCUMENTATION. HAVING MADE ALL REASONABLE INQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH, IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS ABRIDGED PROSPECTUS FALSE OR MISLEADING.

MERCURY SECURITIES, BEING THE PRINCIPAL ADVISER FOR THE RIGHTS ISSUE WITH WARRANTS, ACKNOWLEDGES THAT BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS ABRIDGED PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE RIGHTS ISSUE WITH WARRANTS.

SHAREHOLDERS / INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS SHOULD NOTE THAT THEY MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THE ABRIDGED PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THE ABRIDGED PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO THE COMPANY.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS, FOR WHICH ANY PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.

THE DISTRIBUTION OF THE ABRIDGED PROSPECTUS, TOGETHER WITH THE NPA AND RSF (COLLECTIVELY, THE "DOCUMENTS") IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE WITH WARRANTS UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:-

Abridged Prospectus	- This abridged prospectus dated 20 March 2019 in relation to the Rights Issue with Warrants
Act	- Companies Act, 2016 of Malaysia as amended from time to time and any re-enactment thereof
Base Case Scenario	- Assuming that none of the ESOS Options are granted and/or exercised into new Metronic Shares prior to the Entitlement Date and all Entitled Shareholders fully subscribe to their entitlements under the Rights Issue with Warrants
Bloomberg	- Bloomberg Finance Singapore L.P. and its affiliates
BNM	- Bank Negara Malaysia
Board	- The Board of Directors of Metronic
Bursa Depository	- Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	- Bursa Malaysia Securities Berhad (635998-W)
By-Laws	- The by-laws governing the ESOS
CDS	- Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account(s)	- Securities account(s) established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
Closing Date	- 9 April 2019 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Rights Shares with Warrants
CMSA	- Capital Markets and Services Act, 2007, of Malaysia as amended from time to time and any re-enactment thereof
Code	- Malaysian Code on Take-Overs and Mergers, 2016 as amended from time to time and any re-enactment thereof
Corporate Exercises	- Collectively, the Share Consolidation and Rights Issue with Warrants
Deed Poll	- Deed poll dated 1 March 2019 constituting the Warrants
Directors	- The directors of the Company which has the meaning given in Section 2(1) of the CMSA
E&E	- Electrical and electronic
EGM	- Extraordinary general meeting of the Company
Entitled Shareholder(s)	- Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date
Entitlement Date	- 20 March 2019 at 5.00 p.m., being the date on which the names of Shareholders must appear in the Record of Depositors of the Company in order to be entitled to participate in the Rights Issue with Warrants

DEFINITIONS (CONT'D)

EPS	- Earnings per Share
ESOS	- Employees' share option scheme of the Company which took effect on 13 March 2017
ESOS Options	- Options granted under the ESOS where each holder of the options can subscribe for 1 new Metronic Share for every 1 option held
Excess Rights Shares with Warrants	- Rights Shares with Warrants which are not taken up or not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) prior to the Closing Date
Excess Rights Shares with Warrants Application(s)	- Application(s) for additional Rights Shares with Warrants in excess of the Provisional Allotments
Exercise Period	- Any time within a period of 3 years commencing from and including the date of issue of the Warrants to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the third anniversary from the date of issue of the Warrants. Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid
Exercise Price	- RM0.08, being the price at which 1 Warrant is exercisable into 1 new Metronic Share, subject to adjustments in accordance with the provisions of the Deed Poll
Foreign-Addressed Shareholder(s)	- Shareholder(s) who have not provided to the Company a registered address in Malaysia or an address in Malaysia for the service of documents which will be issued in connection with the Rights Issue with Warrants by the Entitlement Date
FPE	- Financial period ended
FYE	- Financial year(s) ended / ending, as the case may be
GDC	- Gross development cost
GDP	- Gross domestic product
GDV	- Gross development value
GP	- Gross profit
Kuala Krai Project	- A mixed housing development project comprising 42 units of terraced shoplots, 127 units of terraced residential lots, 6 units of semi-detached residential lots and 4 units of detached residential lots to be developed by MOne on the Land
Land	- 179 parcels of sub-divided plots of freehold land measuring a total net land area of approximately 31,943 sqm at Mukim Telekong, Jajahan Kuala Krai, Kelantan Darul Naim
LAT	- Loss after taxation
LBT	- Loss before taxation
Listing Requirements	- Main Market Listing Requirements of Bursa Securities including any amendments made thereto from time to time

DEFINITIONS (CONT'D)

LPD	- 28 February 2019, being the latest practicable date prior to the printing of this Abridged Prospectus
LPS	- Loss per Share
LTD	- 28 February 2019, being the last trading day prior to the date of fixing the issue price of the Rights Shares and Exercise Price
Market Day(s)	- Any day on which Bursa Securities is open for trading in securities
Maximum Scenario	- Assuming that all the ESOS Options are granted and/or exercised into new Metronic Shares prior to the Entitlement Date and all Entitled Shareholders fully subscribe to their entitlements under the Rights Issue with Warrants
Mercury Securities or the Principal Adviser	- Mercury Securities Sdn Bhd (113193-W)
Metronic or the Company	- Metronic Global Berhad (632068-V)
Metronic Group or the Group	- Collectively, Metronic and its subsidiaries
Metronic Shares or Shares	- Ordinary shares in the Company
Minimum Scenario	- Assuming that none of the ESOS Options are granted and/or exercised into new Metronic Shares prior to the Entitlement Date and the Rights Issue with Warrants is undertaken on the Minimum Subscription Level
Minimum Subscription Level	- Minimum subscription level of 92,307,693 Rights Shares together with 69,230,769 Warrants based on the issue price of RM0.065 per Rights Share to arrive at RM6 million
MOne	- M One Country Development Sdn Bhd (733049-M), a wholly-owned subsidiary of the Company which is undertaking the Kuala Krai Project
MRT	- Mass rapid transit
NA	- Net assets
NPA	- Notice of provisional allotment in relation to the Rights Issue with Warrants
Official List	- A list specifying all securities which have been admitted for listing on the Main Market of Bursa Securities and not removed
PAT	- Profit after tax
PBT	- Profit before tax
Phase 1	- 42 units of terraced shoplots to be developed as the first phase of the Kuala Krai Project
Provisional Allotments	- The Rights Shares with Warrants provisionally allotted to Entitled Shareholders
Record of Depositors	- A record of securities holders established by Bursa Depository under the Rules of Bursa Depository

DEFINITIONS (CONT'D)

Rights Issue with Warrants	-	Renounceable rights issue of up to 645,342,048 Rights Shares together with up to 484,006,536 free detachable Warrants on the basis of 4 Rights Shares together with 3 free Warrants for every 2 existing Shares held by Entitled Shareholders on the Entitlement Date
Rights Shares	-	Up to 645,342,048 new Metronic Shares to be allotted and issued pursuant to the Rights Issue with Warrants
RM and sen	-	Ringgit Malaysia and sen, respectively
RMB	-	Renminbi, the official currency of the People's Republic of China
RSF	-	Rights subscription form in relation to the Rights Issue with Warrants
Rules of Bursa Depository	-	The rules of Bursa Depository as issued pursuant to the SICDA
Rules on Take-Overs, Mergers and Compulsory Acquisitions	-	Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the CMSA, as amended from time to time
SC	-	Securities Commission Malaysia
Share Consolidation	-	Consolidation of every 3 Metronic Shares into 1 Metronic Share, which was completed on 27 December 2018
Shareholders	-	Registered holders of Metronic Shares
SICDA	-	Securities Industry (Central Depositories) Act, 1991 of Malaysia as amended from time to time and any re-enactment thereof
sqm	-	Square metres
TEAP	-	Theoretical ex-all price
Undertaking	-	The written undertaking from the Undertaking Shareholder dated 10 October 2018 pursuant to which the Undertaking Shareholder has irrevocably and unconditionally undertaken, amongst others, to apply and subscribe in full for his entitlement of Rights Shares under the Rights Issue with Warrants and additional Rights Shares not taken up by other Entitled Shareholders by way of excess application to the extent such that the aggregate subscription proceeds of Rights Shares received by Metronic arising from the subscription by all Entitled Shareholders and/or their renounee(s) amounts to not less than RM6 million, details of which are set out in Section 3 of this Abridged Prospectus
Undertaking Shareholder	-	Dato' Kua Khai Shyuan (Non-Independent Non-Executive Director of Metronic)
VWAP	-	Volume-weighted average market price
Warrants	-	Up to 484,006,536 free detachable Metronic warrants to be allotted and issued pursuant to the Rights Issue with Warrants

DEFINITIONS (CONT'D)

In this Abridged Prospectus, all references to “the Company” are to Metronic and references to “we”, “us”, “our” and “ourselves” are to the Company and, where the context otherwise requires, our subsidiaries. All references to “you” in this Abridged Prospectus are to the Entitled Shareholders.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise stated.

Certain statements in this Abridged Prospectus may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty that the Company’s plans and objectives will be achieved.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

ADVISERS' DIRECTORY

- PRINCIPAL ADVISER** : Mercury Securities Sdn Bhd
L-7-2, No 2, Jalan Solaris
Solaris Mont' Kiara
50480 Kuala Lumpur
Tel : +603 - 6203 7227
Fax : +603 - 6203 7117
- SOLICITORS FOR THE RIGHTS
ISSUE WITH WARRANTS** : Messrs Ben & Partners
7-2, Level 2
Block D2, Dataran Prima
Jalan PJU 1/39
47301 Petaling Jaya
Selangor
Tel : +603 - 7805 2922
Fax : +603 - 7805 3922
- SHARE REGISTRAR** : ShareWorks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)
Tel : +603 - 6201 1120
Fax : +603 - 6201 3121
- AUDITORS AND REPORTING
ACCOUNTANTS** : Jamal, Amin & Partners (AF 1067)
No. 60-2B, 2nd Floor, Jalan 2/23A
Off Jalan Genting Klang, Taman Danau Kota
Setapak, 53300 Kuala Lumpur
Tel : +603 - 4142 1626
Fax : +603 - 4142 1601
- STOCK EXCHANGE LISTING** : Main Market of Bursa Securities

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS

This summary of the Rights Issue with Warrants only highlights the key information from other parts of the Abridged Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Abridged Prospectus.

Key information	Section	Summary
(i) Number of Rights Shares to be issued and basis of allotment	2.1 & 10.6	<p>The Rights Issue with Warrants entails a provisional allotment of up to 645,342,048 Rights Shares together with up to 484,006,536 free Warrants on a renounceable basis of 4 Rights Shares together with 3 free Warrants for every 2 existing Shares held by the Entitled Shareholders.</p> <p>The Rights Shares with Warrants which are not taken up or not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) prior to the Closing Date shall be made available for Excess Rights Shares with Warrants Applications. It is the intention of the Board to allot the Excess Rights Shares with Warrants, if any, in a fair and equitable manner in the following priority:-</p> <ol style="list-style-type: none"> (i) firstly, to minimise the incidence of odd lots; (ii) secondly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants, taking into consideration their respective shareholdings in the Company as at the Entitlement Date; (iii) thirdly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants, taking into consideration the quantum of their respective excess application; and (iv) finally, on a pro-rata basis and in board lots, to the transferee(s) and/or renounee(s) who have applied for Excess Rights Shares with Warrants, taking into consideration the quantum of their respective excess application. <p>The Excess Rights Shares with Warrants will firstly be allocated to minimise the odd lots (if any) held by each applicant of Excess Rights Shares with Warrants. Thereafter, the allocation process will perform items (ii), (iii) and (iv) in succession. Any remaining balance of Excess Rights Shares with Warrants will be allocated by performing the same sequence of allocation i.e. items (ii), (iii) and (iv) again in succession until all Excess Rights Shares with Warrants are allotted.</p>
(ii) Price of the Rights Shares	2.2	The Board has fixed the issue price of the Rights Shares at RM0.065 per Rights Share and the Exercise Price for the Warrants at RM0.08.
(iii) Shareholder's undertaking	3	<p>Undertaking Shareholder : Dato' Kua Khai Shyuan (Non-Independent Non-Executive Director)</p> <p>Undertaking amount : RM6 million</p> <p>Minimum Rights Shares to be subscribed for if none of the other Entitled Shareholders and/or their transferees and/or their renounees subscribe for the Rights Shares : 92,307,693 Rights Shares (representing 14.38% of the total number of 641,821,340 Rights Shares available for subscription under the Minimum Scenario and Base Case Scenario, or 14.30% of the total number of 645,338,636 Rights Shares available for subscription under the Maximum Scenario)</p>

SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS (CONT'D)

Key information	Section	Summary																									
(iv) Utilisation of proceeds	5	<p>The gross proceeds to be raised from the Rights Issue with Warrants will be utilised in the following manner:-</p> <table border="1"> <thead> <tr> <th>Proposed utilisation of proceeds</th> <th>Expected timeframe for utilisation from completion of the Rights Issue with Warrants</th> <th>Minimum Scenario (RM'000)</th> <th>Base Case Scenario (RM'000)</th> <th>Maximum Scenario (RM'000)</th> </tr> </thead> <tbody> <tr> <td>(i) Funding for Phase 1 of the Kuala Krai Project</td> <td>Within 24 months</td> <td>6,000</td> <td>22,400</td> <td>22,400</td> </tr> <tr> <td>(ii) Funding for existing and future engineering projects</td> <td>Within 36 months</td> <td>-</td> <td>18,488</td> <td>18,717</td> </tr> <tr> <td>(iii) Estimated expenses in relation to the Corporate Exercises</td> <td>Immediate</td> <td>-</td> <td>830</td> <td>830</td> </tr> <tr> <td>Total</td> <td></td> <td>6,000</td> <td>41,718</td> <td>41,947</td> </tr> </tbody> </table>	Proposed utilisation of proceeds	Expected timeframe for utilisation from completion of the Rights Issue with Warrants	Minimum Scenario (RM'000)	Base Case Scenario (RM'000)	Maximum Scenario (RM'000)	(i) Funding for Phase 1 of the Kuala Krai Project	Within 24 months	6,000	22,400	22,400	(ii) Funding for existing and future engineering projects	Within 36 months	-	18,488	18,717	(iii) Estimated expenses in relation to the Corporate Exercises	Immediate	-	830	830	Total		6,000	41,718	41,947
Proposed utilisation of proceeds	Expected timeframe for utilisation from completion of the Rights Issue with Warrants	Minimum Scenario (RM'000)	Base Case Scenario (RM'000)	Maximum Scenario (RM'000)																							
(i) Funding for Phase 1 of the Kuala Krai Project	Within 24 months	6,000	22,400	22,400																							
(ii) Funding for existing and future engineering projects	Within 36 months	-	18,488	18,717																							
(iii) Estimated expenses in relation to the Corporate Exercises	Immediate	-	830	830																							
Total		6,000	41,718	41,947																							
(v) Risk factors	6	<p>You should consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants:-</p> <ul style="list-style-type: none"> (i) as the Group's engineering business focuses on building management system works, the Group's engineering business is dependent on the performance of the construction sector; and (ii) as the Kuala Krai Project has been ongoing for a long time since November 2015 and is currently put on hold since December 2017 due to lack of funding, the Kuala Krai Project is subject to delay or non-completion risk. 																									
(vi) Procedures for acceptance and payment	10	<p>Acceptance of and payment for the Provisional Allotments allotted to you must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein. If you wish to accept all or part of your entitlement to the Provisional Allotments, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND (at your own risk) to the Share Registrar, ShareWorks Sdn Bhd so as to arrive not later than 5.00 p.m. on Tuesday, 9 April 2019.</p> <p>If you wish to apply for additional Rights Shares with Warrants in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a separate remittance made in RM for the full amount payable for the Excess Rights Shares with Warrants applied for, to our Share Registrar so as to arrive not later than 5.00 p.m. on Tuesday, 9 April 2019.</p>																									

TABLE OF CONTENTS

	PAGE
ADVISERS' DIRECTORY	VI
SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS	VII
LETTER TO THE ENTITLED SHAREHOLDERS CONTAINING:-	
1. INTRODUCTION	1
2. PARTICULARS OF THE RIGHTS ISSUE WITH WARRANTS	3
2.1 Details of the Rights Issue with Warrants	3
2.2 Basis of determining the issue price of the Rights Shares and the Exercise Price	4
2.3 Ranking of the Rights Shares and new Shares to be issued arising from the exercise of the Warrants	5
2.4 Last date and time for acceptance and payment	5
2.5 Salient terms of the Warrants	5
2.6 Details of other corporate exercises	8
3. SHAREHOLDER'S UNDERTAKING	9
4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS	11
5. UTILISATION OF PROCEEDS	11
6. RISK FACTORS	17
6.1 Risks relating to the Group	17
6.2 Risks relating to the Rights Issue with Warrants	19
7. INDUSTRY OVERVIEW AND PROSPECTS	21
7.1 Malaysian economy	21
7.2 Construction segment in Malaysia	21
7.3 Property market in Malaysia	24
7.4 Property market in Kelantan	25
7.5 Prospects and future plans of the Group	27
8. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS	28
8.1 Share capital	28
8.2 NA and gearing	29
8.3 Substantial Shareholders' shareholdings	32
8.4 Earnings and EPS	35
9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS	36
9.1 Working capital	36
9.2 Borrowings	36
9.3 Contingent liabilities	36
9.4 Material commitments	37

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS (CONT'D)

10. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT	37
10.1 General	37
10.2 NPA	37
10.3 Procedures for acceptance and payment	38
10.4 Procedures for part acceptance	40
10.5 Procedures for sale or transfer of Provisional Allotments	40
10.6 Procedures for the Excess Rights Shares with Warrants Application	41
10.7 Procedures to be followed by transferee(s) and/or renouncee(s)	42
10.8 CDS Account	42
10.9 Foreign-Addressed Shareholders	43
11. TERMS AND CONDITIONS	45
12. FURTHER INFORMATION	45
APPENDIX I : INFORMATION ON THE COMPANY	46

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

METRONIC

METRONIC GLOBAL BERHAD

(Company No. 632068-V)

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

Registered Office

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

20 March 2019

Board of Directors:-

Dato' Zaidi bin Mat Isa @ Hashim (*Independent Non-Executive Chairman*)

Hoo Wai Keong (*Executive Director / Chief Executive Officer*)

Dato' Kua Khai Shyuan (*Non-Independent Non-Executive Director*)

Khor Ben Jin (*Independent Non-Executive Director*)

Muhammad Faliq bin Mohd Redzuan (*Independent Non-Executive Director*)

To: Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 645,342,048 RIGHTS SHARES AT AN ISSUE PRICE OF RM0.065 PER RIGHTS SHARE TOGETHER WITH UP TO 484,006,536 FREE DETACHABLE WARRANTS ON THE BASIS OF 4 RIGHTS SHARES TOGETHER WITH 3 FREE WARRANTS FOR EVERY 2 EXISTING METRONIC SHARES HELD BY ENTITLED SHAREHOLDERS AT 5.00 P.M. ON 20 MARCH 2019

1. INTRODUCTION

On 15 June 2017, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the Share Consolidation and Rights Issue with Warrants.

On 18 July 2018, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 18 July 2018, granted its approval for the following:-

- (i) Share Consolidation;
- (ii) admission of the Warrants to the Official List of Bursa Securities;
- (iii) listing and quotation of up to 645,342,048 Rights Shares and up to 484,006,536 Warrants; and
- (iv) listing and quotation of up to 484,006,536 new Shares to be issued arising from the exercise of the Warrants.

The approval of Bursa Securities for the above is subject to the following conditions:-

Condition	Status of compliance
(i) Metronic or its adviser, Mercury Securities is required to make the relevant announcements pursuant to Paragraph 13.20(2) of the Listing Requirements ⁽¹⁾ ;	Met ⁽²⁾
(ii) Metronic and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants;	To be met
(iii) Metronic and Mercury Securities to inform Bursa Securities upon the completion of the Rights Issue with Warrants;	To be met
(iv) Metronic to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed; and	To be met
(v) Metronic to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be met

Notes:-

- (1) This refers to the requirement to disclose certain information pertaining to the Share Consolidation on the date of announcement of notice of books closing date as well as the books closing date itself.
- (2) Met via the announcements dated 11 December 2018 and 26 December 2018.

The Board is pleased to inform that the Shareholders had, during the EGM held on 29 November 2018, approved the Share Consolidation and Rights Issue with Warrants.

On 27 December 2018, Mercury Securities had, on behalf of the Board, announced that the Share Consolidation has been completed.

On 1 March 2019, Mercury Securities had, on behalf of the Board, announced that the Board had on even date resolved to fix the issue price of the Rights Shares at RM0.065 per Rights Share as well as the Exercise Price at RM0.08 per Warrant.

On 4 March 2019, Mercury Securities had, on behalf of the Board, announced that the Entitlement Date for the Rights Issue with Warrants has been fixed at 5.00 p.m. on 20 March 2019.

No person is authorised to give any information or make any representation not contained in this Abridged Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by Mercury Securities or Metronic in connection with the Rights Issue with Warrants.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS WHICH SETS OUT THE DETAILS OF THE RIGHTS ISSUE WITH WARRANTS AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE WITH WARRANTS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. PARTICULARS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Rights Issue with Warrants

The Rights Issue with Warrants entails a provisional allotment of up to 645,342,048 Rights Shares together with up to 484,006,536 free detachable Warrants on a renounceable basis of 4 Rights Shares together with 3 free Warrants for every 2 existing Shares held by the Entitled Shareholders on the Entitlement Date, at an issue price of RM0.065 per Rights Share.

The actual number of Rights Shares and Warrants to be issued will depend on the total number of issued shares of the Company on the Entitlement Date as well as the eventual level of subscription of the Rights Shares by Entitled Shareholders and/or their transferee(s) and/or their renounee(s). As at the LPD, the total number of issued shares of the Company is 320,910,670 Shares and the Company has up to 1,758,648 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS.

As the Rights Shares and Warrants are prescribed securities, the respective CDS Accounts of Entitled Shareholders will be duly credited with the number of Provisional Allotments they are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. Entitled Shareholders will find enclosed in this Abridged Prospectus, the NPA notifying Entitled Shareholders of the crediting of such securities into their respective CDS Accounts and the RSF to enable Entitled Shareholders to subscribe for the Provisional Allotments as well as to apply for Excess Rights Shares with Warrants if Entitled Shareholders so choose to. However, only Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus, together with the NPA and RSF.

The Warrants are attached to the Rights Shares without any cost and will be issued only to Entitled Shareholders and/or their transferee(s) and/or their renounee(s) who subscribe for the Rights Shares. The Warrants are exercisable into new Metronic Shares and each Warrant will entitle its holder to subscribe for 1 new Metronic Share at the Exercise Price. The Warrants will be immediately detached from the Rights Shares upon issuance and traded separately. The Warrants will be issued in registered form and constituted by the Deed Poll. The salient terms of the Warrants are set out in Section 2.5 of this Abridged Prospectus.

Any dealings in the Company's securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares, Warrants and new Shares to be issued and allotted upon the exercise of the Warrants will be credited directly into the respective CDS Accounts of successful applicants and exercising Warrant holders (as the case may be). No physical certificates will be issued to the successful applicants of the Rights Shares with Warrants, nor will any physical share certificates be issued for the new Shares to be issued arising from the exercise of the Warrants.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders may fully or partially renounce their entitlements under the Rights Issue with Warrants. However, the Rights Shares and Warrants cannot be renounced separately. As such, the Entitled Shareholders who renounce all of their Rights Share entitlements will not be entitled to the Warrants. If the Entitled Shareholders accept only part of their Rights Share entitlements, they shall be entitled to the Warrants in proportion to their acceptance of the Rights Share entitlements.

The Rights Shares with Warrants that are not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renounee(s), if applicable, shall be made available for Excess Rights Shares with Warrants Applications.

Fractional entitlements arising from the Rights Issue with Warrants, if any, will be disregarded, and dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion may deem fit or expedient and in the best interests of the Company.

Notices of allotment will be despatched to the successful applicants of the Rights Shares with Warrants within 8 Market Days from the last date for acceptance and payment of the Rights Shares with Warrants or such other period as may be prescribed by Bursa Securities.

The Warrants will be admitted to the Official List and the listing and quotation of the Rights Shares and Warrants will commence 2 Market Days upon the receipt by Bursa Securities of an application for quotation for these securities as specified under the Listing Requirements, which will include amongst others, confirmation that all notices of allotment have been despatched to the successful applicants, and after receipt of confirmation from Bursa Depository that all CDS Accounts of successful applicants have been duly credited with the Rights Shares and Warrants.

2.2 Basis of determining the issue price of the Rights Shares and the Exercise Price

Issue price of the Rights Shares

The Board had fixed the issue price of the Rights Shares at RM0.065 per Rights Share after taking into consideration, amongst others, the following:-

- (i) the funding requirements of the Group as set out in Section 5 of this Abridged Prospectus;
- (ii) the TEAP⁽¹⁾ of Metronic Shares based on the 5-day VWAP of Metronic Shares up to and including the LTD of RM0.0781; and
- (iii) the historical share price and volatility of Metronic Shares.

The issue price of RM0.065 per Rights Share represents a discount of approximately 16.77% to the TEAP of Metronic Shares of RM0.0781, calculated based on the 5-day VWAP of Metronic Shares up to and including the LTD of RM0.1043.

Note:-

- (1) TEAP is computed as follows:-

$$\text{TEAP} = \frac{(A \times X) + (B \times Y) + (C \times Z)}{A + B + C}$$

where:-

A = Number of Rights Shares

B = Number of Warrants

C = Number of existing Shares

X = Issue price of the Rights Shares

Y = Exercise Price

Z = 5-day VWAP of Metronic Shares up to and including the LTD

and the ratio of A:B:C is 4:3:2, in accordance with the entitlement basis of 4 Rights Shares together with 3 free Warrants for every 2 existing Shares held.

However, in view that the Exercise Price is out-of-the-money relative to the TEAP computed based on the formula above, then the TEAP has been recomputed based on the following adjusted formula:-

$$\text{TEAP} = \frac{(A \times X) + (C \times Z)}{A + C}$$

Exercise Price

The Board had fixed the Exercise Price at RM0.08 each after taking into consideration, amongst others, the TEAP of Metronic Shares based on the 5-day VWAP of Metronic Shares up to and including the LTD of RM0.0781.

The Exercise Price represents a premium of approximately 2.43% to the TEAP of Metronic Shares of RM0.0781, calculated based on the 5-day VWAP of Metronic Shares up to and including the LTD of RM0.1043.

2.3 Ranking of the Rights Shares and new Shares to be issued arising from the exercise of the Warrants

Rights Shares

The Rights Shares shall, upon allotment, issuance and full payment of the issue price of the Rights Shares, rank *pari passu* in all respects with the then existing issued Shares, save and except that the holders of such Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment of such Rights Shares.

New Shares arising from the exercise of Warrants

The new Shares to be issued arising from the exercise of the Warrants shall, upon allotment, issuance and full payment of the exercise price of the Warrants, rank *pari passu* in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment of such new Shares.

2.4 Last date and time for acceptance and payment

The Closing Date is 5.00 p.m. on **Tuesday, 9 April 2019**.

2.5 Salient terms of the Warrants

The salient terms of the Warrants are set out below:-

Issuer	: Metronic
Issue size	: Up to 484,006,536 Warrants
Form and detachability	: The Warrants will be issued in registered form and constituted by the Deed Poll. The Warrants which are to be issued with the Rights Shares will immediately be detached from the Rights Shares upon allotment and issuance and will be traded separately on Bursa Securities.

Board lot	:	For the purpose of trading on Bursa Securities, a board lot of Warrants shall be 100 units of Warrants, or such other number of units as may be prescribed by Bursa Securities.
Tenure of Warrants	:	3 years from the date of issuance of the Warrants.
Exercise Period	:	The Warrants may be exercised at any time within a period of 3 years commencing from and including the date of issuance of the Warrants to the close of business at 5.00 p.m. (Malaysia time) on the Market Day immediately preceding the date which is the third anniversary from the date of issuance of the Warrants. Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.
Exercise Price	:	RM0.08 per Warrant. The Exercise Price and/or the number of Warrants in issue during the Exercise Period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll.
Subscription rights	:	Each Warrant shall entitle its registered holder to subscribe for 1 new Metronic Share at any time during the Exercise Period at the Exercise Price, subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll.
Mode of exercise	:	The holders of the Warrants are required to lodge a subscription form with the Company's registrar, duly completed, signed and stamped together with payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia for the aggregate of the Exercise Price payable when exercising their Warrants to subscribe for new Metronic Shares. The payment of such fee must be made in Ringgit Malaysia.
Adjustments to the final Exercise Price and/or the number of the Warrants	:	Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of Warrants in issue may be subject to adjustments by the Board in consultation with an approved adviser appointed by the Company or the auditors in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or capital distribution, in accordance with the provisions of the Deed Poll. Any adjustment to the Exercise Price will be rounded up to the nearest 1 sen.
Rights of the Warrant holders	:	The Warrants do not confer on their holders any voting rights or any right to participate in any form of distribution and/or offer of further securities in the Company until and unless such holders of Warrants exercise their Warrants for new Metronic Shares (in accordance with the provisions of the Deed Poll) and such new Metronic Shares have been allotted and issued to such holders.

<p>Ranking of the new Shares to be issued pursuant to the exercise of the Warrants</p>	<p>: The new Shares to be issued pursuant to the exercise of the Warrants in accordance with the provisions of the Deed Poll shall, upon allotment, issuance and full payment of the Exercise Price, rank <i>pari passu</i> in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment of such new Shares.</p>
<p>Rights of the Warrant holders in the event of winding up, liquidation, compromise and/or arrangement</p>	<p>: Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then:-</p> <p>(i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of the Warrants (or some other persons designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of the Warrants; and</p> <p>(ii) in the event a notice is given by the Company to its Shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date or soon after it despatches such notice to its Shareholders, give notice thereof to all Warrant holders. Every Warrant holder shall thereupon be entitled, subject to the conditions set out in the Deed Poll, to exercise his / her Warrants at any time not more than 21 days prior to the proposed general meeting of the Company by submitting the subscription form (by irrevocable surrender of his Warrants to the Company) duly completed authorising the debiting of his / her Warrants together with payment of the relevant exercise price, whereupon the Company shall as soon as possible but in any event prior to the date of the general meeting, allot the relevant Metronic Shares to the holder of the said Warrants credited as fully paid subject to the prevailing laws.</p>
<p>Modification of rights of Warrants holders</p>	<p>: Save as otherwise provided in the Deed Poll, a special resolution of the Warrant holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrants holders.</p>
<p>Modification of the Deed Poll</p>	<p>: Any modification to the terms and conditions of the Deed Poll may be effected only by a further deed poll, executed by the Company and expressed to be supplemental to the Deed Poll. Any of such modification shall however be subject to the approval of Bursa Securities (if so required).</p>

Modification of the Deed Poll (cont'd)	: No amendment or addition may be made to the provisions of the Deed Poll without the sanction of a Special Resolution unless the amendments or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of the Company, upon consultation with an approved adviser appointed by the Company, will not be materially prejudicial to the interests of the Warrants holders.
Listing	: Bursa Securities had on 18 July 2018 granted its approval for the admission of the Warrants to the Official List and the listing and quotation of the Warrants and new Metronic Shares to be issued arising from the exercise of Warrants on the Main Market of Bursa Securities. The listing and quotation of the Warrants on the Main Market of Bursa Securities is subject to a minimum of 100 holders of Warrants.
Transferability	: The Warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.
Deed poll	: The Warrants shall be constituted under the Deed Poll.
Governing Law	: The Warrants and the Deed Poll shall be governed by the laws of Malaysia.

2.6 Details of other corporate exercises

As at the date of this Abridged Prospectus, save for the Rights Issue with Warrants, the Board confirmed that there are no other corporate exercises which have been approved by the regulatory authorities but are pending completion.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

3. SHAREHOLDER'S UNDERTAKING

Metronic intends to raise a minimum of RM6.0 million from the Rights Issue with Warrants to meet the funding requirements of the Group, which will be channelled towards the proposed utilisation as set out in Section 5 of this Abridged Prospectus.

In view of the above, the Board has determined to undertake the Rights Issue with Warrants on the Minimum Subscription Level.

To meet the Minimum Subscription Level, the Company has procured the Undertaking from the Undertaking Shareholder. Details of the Undertaking are as follows:-

Undertaking Shareholder	Existing direct shareholding as at the LPD		Minimum Rights Shares to be subscribed for pursuant to the Undertaking			Assuming none of the other Entitled Shareholders subscribe for their Rights Shares	
	No. of Shares	(1)%	Subscription based on entitlement	Subscription based on excess application	Total	No. of Shares held after Rights Issue with Warrants	(2)%
Dato' Kua Khai Shyuan	333,333	0.10	666,666	91,641,027	⁽³⁾ 92,307,693	92,641,026	22.42

Notes:-

- (1) Based on the issued share capital of 320,910,670 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 413,218,363 Shares pursuant to the Undertaking.
- (3) This represents 14.38% of the total number of 641,821,340 Rights Shares available for subscription under the Minimum Scenario and Base Case Scenario, or 14.30% of the total number of 645,338,636 Rights Shares available for subscription under the Maximum Scenario.

Pursuant to the Undertaking, the Undertaking Shareholder has:-

- (i) irrevocably and unconditionally warranted that he shall not sell or in any other way dispose of or transfer his existing interest in the Company or any part thereof during the period commencing from the date of the Undertaking up to the Entitlement Date; and
- (ii) confirmed that he has sufficient financial means and resources to subscribe in full for his entitlement of Rights Shares and additional Rights Shares not taken up by other Entitled Shareholders by way of excess application to the extent such that the aggregate subscription proceeds of Rights Shares received by Metronic arising from the subscription by all Entitled Shareholders and/or their renounee(s) amounts to not less than RM6.0 million.

Mercury Securities has verified the sufficiency of financial resources of the Undertaking Shareholder for the purpose of subscribing for the Rights Shares and excess Rights Shares pursuant to the Undertaking.

The Undertaking Shareholder has confirmed that his subscription for Rights Shares and excess Rights Shares pursuant to the Undertaking will not give rise to any mandatory take-over offer obligation under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions immediately after the completion of the Rights Issue with Warrants.

In the event the Undertaking Shareholder triggers an obligation to undertake a mandatory take-over offer under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions pursuant to the Undertaking, a separate announcement will be made. Nonetheless, the Undertaking Shareholder has confirmed that he will at all times observe and ensure compliance with the provisions of the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions and will seek from the SC the necessary exemptions from undertaking such mandatory take-over offer, if required.

As the Minimum Subscription Level will be fully satisfied via the Undertaking, the Company will not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by other Entitled Shareholders.

The Undertaking is not expected to result in any breach in the public shareholding spread requirement by the Company under Paragraph 8.02(1) of the Listing Requirements, which stipulates that a listed corporation must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. As at the LPD, the Company does not hold any treasury shares.

The pro forma public shareholding spread under the Minimum Scenario is illustrated as follows:-

Particulars	As at the LPD			After the Rights Issue with Warrants		
	No. of Shares	No. of Shareholders	%	No. of Shares	No. of Shareholders	%
Issued share capital	(1)320,910,670	4,701	100.00	(2)413,218,363	4,701	100.00
<u>Less:</u>						
Directors of Metronic						
- Dato' Kua Khai Shyuan	333,333	1	0.10	92,641,026	1	22.42
Person connected and associated to the Directors	-	-	-	-	-	-
Substantial Shareholders of Metronic						
- Tan Lian Hong	25,124,224	1	7.83	25,124,224	1	6.08
Person connected and associated to the Substantial Shareholders	-	-	-	-	-	-
Shareholders holding less than 100 Shares	21,134	876	(3)-	21,134	876	(3)-
Public shareholding spread	295,431,979	3,823	92.06	295,431,979	3,823	71.50

Notes:-

- (1) Based on the issued share capital of 320,910,670 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 413,218,363 Shares pursuant to the Undertaking.
- (3) Less than 0.01%.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

The Rights Issue with Warrants will enable the Company to raise funds and channel them towards the proposed utilisation as set out in Section 5 of this Abridged Prospectus.

After due consideration of the various options available, the Board is of the opinion that the Rights Issue with Warrants is the most suitable means of fund raising for the Company for the following reasons:-

- (i) it provides an opportunity for the Entitled Shareholders to participate in the equity offering of the Company on a pro-rata basis; and
- (ii) it will enable the Company to raise the requisite funds without incurring additional interest expense, thereby minimising any potential cash outflow in respect of interest servicing costs.

The free Warrants attached to the Rights Shares are intended to provide an added incentive to Entitled Shareholders to subscribe for the Rights Shares. In addition, the free Warrants will provide Entitled Shareholders with an opportunity to increase their equity participation in the Company at a pre-determined exercise price during the tenure of the Warrants and will allow Entitled Shareholders to further participate in the future growth of the Company as and when they are exercised.

The exercise of the Warrants in the future will allow the Company to obtain additional funds without incurring additional interest expenses from borrowings. Furthermore, should the Company increase its borrowings in the future, the exercise of Warrants will increase Shareholders' funds and lower the Company's gearing, thereby providing the Company with flexibility in terms of the options available to meet its funding requirements.

5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.065 per Rights Share, the gross proceeds to be raised from the Rights Issue with Warrants will be utilised in the following manner:-

Proposed utilisation of proceeds	Expected timeframe for utilisation from completion of the Rights Issue with Warrants	Minimum Scenario		⁽¹⁾ Base Case Scenario		⁽¹⁾ Maximum Scenario	
		(RM'000)	%	(RM'000)	%	(RM'000)	%
(i) Funding for Phase 1 of the Kuala Krai Project	Within 24 months	6,000	100.0	⁽²⁾ 22,400	53.7	⁽²⁾ 22,400	53.4
(ii) Funding for existing and future engineering projects	Within 36 months	-		18,488	44.3	18,717	44.6
(iii) Estimated expenses in relation to the Corporate Exercises	Immediate	⁽³⁾ -		⁽⁴⁾ 830	2.0	⁽⁴⁾ 830	2.0
Total		6,000	100.0	41,718	100.0	⁽⁵⁾41,947	100.0

Notes:-

(1) The proceeds in excess of the RM6 million under the Minimum Scenario shall be utilised up to its respective allocation in the following order:-

- (i) estimated expenses in relation to the Corporate Exercise;
- (ii) funding for Phase 1 of the Kuala Krai Project; and
- (iii) funding for existing and future engineering projects.

- (2) As detailed in Section 5(i) below, the Group's funding requirement for Phase 1 of the Kuala Krai Project is RM22.4 million.

The Group intends to utilise proceeds of RM6 million under the Minimum Scenario or up to RM22.4 million under the Base Case Scenario and Maximum Scenario for Phase 1 of the Kuala Krai Project.

The Company has set the Minimum Subscription Level based on a funding requirement of RM6 million instead of RM22.4 million in view that the Company:-

- (i) has other sources of funds (i.e. progressive sales billings to be received and/or bank borrowings) to meet the balance financial commitment of up to RM16.4 million; and
 - (ii) would not need to procure underwriting arrangements, thereby saving on additional expenses such as underwriting fees and legal fees.
- (3) Under the Minimum Scenario, the estimated expenses in relation to the Rights Issue with Warrants will be funded by the Company's internally generated funds.
- (4) If the actual expenses incurred are higher than the budgeted amount of RM830,000, the deficit will be funded from the portion allocated for funding for existing and future engineering projects. Conversely, any surplus of funds following payment of expenses will be utilised for funding for existing and future engineering projects.

(i) Funding for Phase 1 of the Kuala Krai Project

In December 2016, MOne (a wholly-owned subsidiary of the Company) had completed its acquisition of the Land which has been approved for the Kuala Krai Project comprising the following:-

- (a) 42 units of 3-storey terraced shoplots with built-up areas ranging from approximately 390 sqm to 843 sqm (Phase 1);
- (b) 127 units of terraced residential lots comprising 73 units of 1-storey lots and 54 units of 2-storey lots (Phase 2);
- (c) 6 units of 2-storey semi-detached residential lots (Phase 2); and
- (d) 4 units of 1-storey detached residential lots (Phase 2).

As at the LPD, MOne has obtained all the development and planning approvals from the relevant authorities for the Kuala Krai Project. The development of the Kuala Krai Project has commenced since November 2015, beginning with the development of Phase 1. However, the development of Phase 1 has been progressing slowly and is currently put on hold since December 2017 due to lack of funding. As at the LPD, 16 out of 42 units of shoplots are approximately 86% completed.

In this respect, the Company intends to utilise part of the proceeds to be raised from the Rights Issue with Warrants to finance the following:-

- (a) balance development works (mainly comprising infrastructure works such as roads, landscaping, drains, substation, street lights and sewerage treatment plant) for the 16 units of shoplots which are 86% completed as at the LPD (the total development cost for these 16 units is approximately RM7.7 million); and

- (b) entire development works for the remaining 26 units of shoplots which has yet to commence as at the LPD. If the Company is able to raise sufficient proceeds from the Rights Issue with Warrants to meet the balance GDC to be incurred for Phase 1 (as illustrated in the table below), the Company intends to commence such development works within 3 months from completion of the Rights Issue with Warrants. Otherwise, the expected commencement date will depend on the availability of other funding sources to cover the shortfall.

The estimated GDV and GDC of Phase 1 are approximately RM34.3 million and RM29.3 million respectively. The estimated GDC of RM29.3 million comprises the following:-

Stages	GDC (RM'000)	Amount incurred as at the LPD (RM'000)	Balance amount to be incurred (RM'000)
Construction works	24,832	5,590	19,242
Land cost	1,980	⁽¹⁾ 1,980	-
Infrastructure and landscape	1,755	594	1,161
Professional fees	259	259	-
Contribution to various authorities	128	128	-
Sales and marketing	135	135	-
Contingencies and other costs	165	115	50
	29,254	⁽²⁾8,801	⁽³⁾20,453

Notes:-

- (1) This represents the cash payment of RM1.98 million paid to the vendor in September 2015 for part satisfaction of the purchase price of the Land of RM9.80 million. The balance purchase price of the Land shall form part of the GDC for Phase 2 of the Kuala Krai Project.
- The balance purchase price is to be satisfied via:-
- (i) issuance of 60,000,000 new Metronic Shares at an issue price of RM0.10 each to the vendor (this has been completed in September 2015); and
- (ii) 3 completed units of 3-storey intermediate shoplots on the Land valued at RM1.82 million (these units form part of the 16 units currently being developed under Phase 1 as mentioned above and are expected to be delivered to the vendor tentatively by end-2019).
- (2) This was funded via internally generated funds. Some of the costs incurred, such as land cost and infrastructure cost, are attributable to the entire development (i.e. not to the 16 units currently being developed only).
- (3) Since 18 May 2017 (i.e. the latest practicable date prior to the first announcement of the Corporate Exercises) up to the LPD, the Group has incurred GDC of RM1.9 million via internally generated funds. As such, the balance amount to be incurred is now RM20.5 million instead of RM22.4 million previously. The RM1.9 million, together with any additional GDC incurred from the LPD up to the completion of the Rights Issue with Warrants, shall be reimbursed from the proceeds of RM22.4 million allocated for this project.

Based on the above, the Group intends to utilise proceeds of RM6 million under the Minimum Scenario or up to RM22.4 million under the Base Case Scenario and Maximum Scenario to finance the balance development costs to be incurred.

The balance funding requirement of RM16.4 million under the Minimum Scenario (RM22.4 million minus RM6 million funded via proceeds from the Rights Issue with Warrants) is expected to be financed via progressive sales billings to be received from the 16 units of shoplots and/or bank borrowings. However, the actual funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the actual proceeds raised from the Rights Issue with Warrants, the take-up rate for the 16 units of shoplots as well as the availability and suitability of other funding options at the relevant time.

As at the LPD, out of the 16 units of shoplots that are currently being developed:-

- (a) 6 units have been sold; and
- (b) 3 units have been earmarked as units to be delivered to the vendor as part satisfaction of the balance purchase price for the Land.

The balance development works for the 16 units of shoplots are expected to be completed by end-2019 whereas the entire Phase 1 is expected to be completed by end-2021.

The estimated built-up areas, GDV and GDC as well as the expected commencement and completion dates for the remaining phases of the Kuala Krai Project have yet to be determined at this juncture. Notwithstanding that, the Group intends to commence the development of the remaining phases of the Kuala Krai Project upon completion of Phase 1, subject to the availability of funds.

(ii) Funding for existing and future engineering projects

The proceeds of up to RM18.7 million from the Rights Issue with Warrants are earmarked for existing engineering projects secured by the Group as well as future engineering projects to be secured. Such proceeds are expected to be utilised for, amongst others, security deposit for bank guarantees as well as purchases of building automation equipment and parts.

As at the LPD, the Group's order book of engineering projects, which translates into a balance contract value to be realised of approximately RM83 million, comprise the following:-

Contract value	No. of contracts	Engineering systems ⁽¹⁾	Commencement date	Expected completion date
More than RM20 million	2	ELV, BMS	From August 2016 to March 2018	From March 2020 to May 2022
Between RM5 million to RM20 million	1	AV	August 2018	May 2019
Between RM1 million to RM5 million	5	BAS, BCS, BMS	From January 2013 to November 2017	From April 2019 to September 2019
Less than RM1 million	6	BAS, BCS, BMS	From November 2015 to July 2017	From April 2019 to September 2019

As at the LPD, the Group is in the midst of tendering for the following engineering projects:-

Contract value	No. of contracts	Engineering systems ⁽¹⁾
More than RM20 million	1	BMS, ICT
Between RM5 million to RM20 million	2	ELV, ICT
Between RM1 million to RM5 million	13	BAS, BCS, BMS, ELV, IBMS, ICT
Less than RM1 million	-	-

Notes:-

- (1) The types of engineering systems being provided by the Group for these projects are as follows:-
- (i) BAS: Building Automation System
 - (ii) BCS: Building Control System
 - (iii) BMS: Building Management System
 - (iv) ELV: Extra Low Voltage System
 - (v) IBMS: Intelligent Building Management System
 - (vi) ICT: Information and Communication Technology System
 - (vii) AV: Audio Visual

The exact amount of proceeds to be allocated between these engineering projects cannot be determined at this juncture as it will depend on the ongoing progress of the engineering works, the actual proceeds raised from the Rights Issue with Warrants as well as the suitability and availability of other funding options at the relevant time.

Any surplus of proceeds after being utilised for the abovementioned projects will be utilised for any future engineering projects to be secured by the Group. Conversely, any shortfall will be funded via progress billings to be received and/or bank borrowings.

Pending the utilisation of such proceeds, the Company will place the unutilised amount in interest-bearing bank deposits and/or money market financial instruments.

If the Company has yet to fully utilise the proceeds allocated for existing and future engineering projects within 24 months from completion of the Rights Issue with Warrants, the timeframe for utilisation of proceeds allocated for existing and future engineering projects will be extended and announced as well as disclosed in the Company's quarterly results announcements until the Company has fully utilised the proceeds.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

(iii) Estimated expenses in relation to the Corporate Exercises

The breakdown of the estimated expenses is set out as follows:-

Estimated expenses	Amount (RM'000)
Professional fees ⁽¹⁾	560
Fees to Bursa Securities, the SC and the Registrar of Companies in Malaysia	115
Printing, despatch, advertising expenses and meeting expenses	150
Miscellaneous charges	5
Total	830

Note:-

- (1) Comprises estimated professional fees payable to the Principal Adviser, Company Secretary, Share Registrar, Solicitors and Reporting Accountants for the Corporate Exercises.

The actual gross proceeds to be raised from the Rights Issue with Warrants will depend on the actual number of Rights Shares that will be issued.

The exact quantum of proceeds that may be raised by the Company from the exercise of the Warrants would depend on the actual number of Warrants exercised. The proceeds from the exercise of the Warrants will be received on an "as and when basis" over the tenure of the Warrants.

Strictly for illustrative purposes, based on the exercise price of RM0.08 per Warrant, the Company will raise gross proceeds of up to approximately RM38.7 million upon full exercise of the Warrants under the Maximum Scenario. Any proceeds arising from the exercise of the Warrants in the future will be used to finance the Group's future working capital requirements including payment of salaries to staff of the Group, operating expenses and administrative expenses such as utilities, rental costs, transportation costs, marketing costs and other miscellaneous items. The exact breakdown cannot be determined at this juncture and would be dependent on the actual requirements at the relevant time.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

6. RISK FACTORS

You should carefully consider, in addition to the other information contained in this Abridged Prospectus, the following risk factors before subscribing for or investing in the Rights Issue with Warrants:-

6.1 Risks relating to the Group

6.1.1 Risks relating to the Group's engineering business

(i) Dependence on the performance of the construction sector

The Group currently focuses on building management system works which encompass hardware and software required for the control and management of an intelligent building with components including heating, ventilation and air conditioning, lighting, fire and security equipment.

In view that it is incumbent for all modern-day buildings today to have adequate building and security management systems, especially for bigger and more sophisticated buildings which may require more intelligent systems, the demand for building and security management systems is closely linked to the performance of the construction sector.

Thus, the Group's engineering business is dependent on the performance of the construction sector. In turn, the performance of the construction sector is dependent on several key factors such as economic growth, government policies on infrastructure and development spending, performance of the property market and cost of building materials as well as labour. Further details on the industry overview and prospects of the construction segment in Malaysia are set out in Section 7.2 of this Abridged Prospectus.

Any significant or prolonged downturn in the construction sector may have a material adverse effect on the performance of the Group's engineering business as there may be lesser engineering contracts available to bid for.

(ii) Competition

The sustainability of the Group's engineering business is dependent on its ability to continuously replenish its order book of engineering projects from time to time. In turn, this is dependent on the Group's ability to successfully tender for engineering projects from contract awarders by competing against other engineering companies in terms of pricing, timely delivery and performance.

There is no assurance that the Group will be able to consistently succeed in competitive bidding for engineering projects moving forward or that the Group will not suffer erosion in profit margin in order to maintain competitive pricing for its bids.

(iii) Delay in completion of engineering projects

The performance of the Group's engineering business is dependent on the timely completion of its engineering projects. In turn, this is dependent on many external factors, some of which may be beyond the control of the Group such as obtaining various regulatory approvals as scheduled. Other factors that may cause delays include site accidents, shortage or late arrival of raw materials as well as change in regulatory environment and framework.

Any delay in completing the engineering projects within the timeframe agreed with its customers may expose the Group to additional cost and potential claims which may impact the Group's profitability. Such delays may also affect the Group's reputation which would then adversely affect the Group's ability to successfully bid for other engineering projects in the future. This may then affect the Group's ability to continuously replenish its order book of engineering projects, thus affecting future revenue and profitability.

(iv) Dependence on skilled personnel

In view of intense competition with other engineering companies, the Group's engineering business requires a large pool of skilled personnel (mainly engineers and technicians on a permanent employment basis) in creating high quality building management system solutions and deliver in the quickest time while also minimising project costs.

As such, any material loss of skilled workers or the Group's inability to replace and/or recruit skilled workers from time to time may have material adverse impact on the Group's business and/or its growth prospects.

While the Group strives to offer attractive remuneration and benefit packages as well as providing training to its employees, there can be no assurance that such efforts will be successful in enabling the Group to continuously attract and retain skilled talent.

Moreover, if there is a shortage of personnel with the relevant skills, attributes, qualifications and competencies, the process of identifying and hiring such personnel may be difficult and time consuming. In addition, the Group has to compete with other employers for such skilled personnel. In this regard, the Group may have to incur higher recruitment costs.

6.1.2 Risks relating to the Group's property development business

(i) Delay or non-completion of the Kuala Krai Project

Currently, the Group's property business is only involved in the Kuala Krai Project. While the development of Phase 1 of the Kuala Krai Project has commenced since November 2015, the progress has been slow and is currently put on hold due to lack of funding. For this reason, the Group has earmarked proceeds from the Rights Issue of Warrants of RM6 million under the Minimum Scenario or up to RM22.4 million under the Base Case Scenario and Maximum Scenario to fund Phase 1 of the Kuala Krai Project.

As the development has been ongoing for a long time, there is a risk that the Kuala Krai Project may encounter further delay, depending on the eventual quantum of proceeds raised from the Rights Issue with Warrants as well as the Group's ability to identify and secure other funding sources to cover any shortfall on the funding requirement (if necessary). If the Group is unable to secure other funding sources to bridge the gap (if any) between the amount raised from the Rights Issue with Warrants and the funding requirement of RM22.4 million for Phase 1, the Kuala Krai Project is expected to encounter further delay.

Once progress has resumed, the successful and expeditious completion of the Kuala Krai Project is dependent on several operational factors including fluctuation in cost of building materials and labour, shortages of labour including foreign workers, quality and speed of work done by appointed contractors and subcontractors as well as construction errors and site accidents. Any adverse development on any of these factors may result in further delay on the Kuala Krai Project.

As at the LPD, the Group has incurred GDC of RM8.8 million for the Kuala Krai Project. Any further delay in the Kuala Krai Project will result in the Group having to recoup their investment in a longer timeframe while further tying the Group's cash flow in property development costs.

Further, in the event the Kuala Krai Project is not completed, the Group would not be able to realise the income arising from this project. This may adversely affect the financial performance of the Group.

(ii) Inability to achieve high take-up rate for the Kuala Krai Project

Phase 1 of the Kuala Krai Project consists of 42 units of 3-storey terraced shoplots. Out of these 42 units, the Group has commenced development of 16 units which are 86% completed as at the LPD. Out of these 16 units, only 9 units have been sold as at the LPD.

The take-up rate for the Kuala Krai Project is dependent on various factors beyond the Group's control, including the supply and demand for similar properties (i.e. residential lots and shoplots) in Kelantan where Kuala Krai is located in. If the property market in Kelantan continues to remain soft as set out in Section 7.4 of this Abridged Prospectus, it will affect the Group's ability to achieve a high take-up rate for the Kuala Krai Project. In this regard, the Group may need to incur additional sales and marketing costs to promote the Kuala Krai Project.

6.2 Risks relating to the Rights Issue with Warrants

(i) Failure or delay in the completion of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be terminated or delayed in the event of a material adverse change of events or circumstances (such as force majeure events including without limitation, acts of government, natural disasters including without limitation the occurrence of a tsunami and/or earthquakes, acts of terrorism, strikes, national disorder, declaration of a state of war or accidents, or any change in law, regulation, policy or ruling), which is beyond the control of the Group and the Principal Adviser, arising prior to the completion of the Rights Issue with Warrants.

The Company has procured the Undertaking from the Undertaking Shareholder to subscribe in full for his entitlement and to apply and subscribe for additional Rights Shares not taken up by other Entitled Shareholders, in order to meet the Company's minimum funding requirement. The successful implementation of the Rights Issue with Warrants is dependent on the fulfilment by the Undertaking Shareholder of his obligations under the Undertaking.

There can be no assurance that the abovementioned factors or events will not cause a failure or delay in the completion of the Rights Issue with Warrants.

In the event the Rights Shares and Warrants have been allotted to successful Entitled Shareholders and/or their renounees and/or their transferees, if applicable, and the Rights Issue with Warrants is subsequently cancelled or terminated other than pursuant to Section 245 of the CMSA, a return of monies to the successful applicants can only be achieved by way of cancellation of share capital under the Act. Such cancellation may require the approval of the shareholders by way of a special resolution in a general meeting, consent of the Company's creditors (where applicable) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be returned within a short period of time under such circumstances.

In the event the Rights Issue with Warrants cannot be implemented or completed due to a stop order issued by the SC pursuant to Section 245 of the CMSA, the Company will undertake the necessary procedures to ensure the refund of monies is made in full without interest in respect of any application for the subscription of the Rights Shares and Warrants including the Excess Rights Shares with Warrants within 14 days after the Company becomes liable to do so, in accordance with the provisions of the CMSA. If such monies are not repaid within 14 days after the Company becomes liable to do so, the Company will repay such monies in accordance with Section 245(7) of the CMSA.

(ii) Capital market risk

The market price of the new securities arising from the Rights Issue with Warrants, like all listed securities traded on Bursa Securities, is subject to fluctuation. The respective price of the Company's securities is influenced by, amongst others, the prevailing market sentiments, the volatility of the stock market, movements in interest rates and the outlook of the industry in which the Company operates in.

In view of the foregoing, there can be no assurance that the Shares (together with the Rights Shares and any new Shares issued pursuant to the exercise of the Warrants) will trade at or above the TEAP disclosed in Section 2.2 of this Abridged Prospectus after completion of the Rights Issue with Warrants.

The Warrants are new instruments issued by the Company. Therefore, there can be no assurance that an active market for the Warrants will develop upon listing on Bursa Securities, or if developed, will be sustainable. In addition, there is no assurance that the Warrants will be "in-the-money" during the Exercise Period.

Accordingly, there is no assurance that the market price of the Warrants will be at a level that meets the specific investment objectives or targets of any subscriber of the Warrants.

(iii) Forward-looking statements and other information

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of future results and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on the estimates and assumptions made by the Company, unless stated otherwise, and although the Board believes these forward-looking statements to be reasonable at this point in time given the prevailing circumstances, they are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, but are not limited to, those set out in this Abridged Prospectus.

7. INDUSTRY OVERVIEW AND PROSPECTS

7.1 Malaysian economy

The Malaysian economy grew by 4.7% in the fourth quarter of 2018 (3Q 2018: 4.4%), supported by continued expansion in domestic demand and a positive growth in net exports. For 2018 as a whole, the economy expanded by 4.7% (2017: 5.9%).

Domestic demand expanded at a more moderate pace of 5.6% (3Q 2018: 6.9%) during the quarter. Growth was weighed down by a moderation in gross fixed capital formation. Private consumption growth remained robust at 8.5% (3Q 2018: 9.0%), despite the frontloading of purchases during the tax holiday period in the previous quarter. Income and employment growth continued to drive household spending. Government measures to alleviate cost of living, such as special payments to civil servants and pensioners, also provided some support to consumer spending.

Growth in the manufacturing sector remained driven by continued strength in the electronics and electrical (E&E) and transport-related production. Relatively strong growth in the E&E cluster was attributed to the front loading of exports globally in anticipation of higher trade tariffs between the US and PR China. Growth in the transport-related production was supported by the manufacture of passenger cars and auto parts, as a result of aggressive promotional campaigns by car dealers as well as the replenishment of vehicle stocks after the end of the tax holiday. These improvements were offset by the slower performance in the primary- and construction-related clusters amidst slowing regional demand for resource-based manufactures such as chemicals, refined palm oil products and basic iron and steel products.

The construction sector registered lower growth due to a moderation in the civil engineering and special trade subsectors. The civil engineering subsector was impacted by near completion of large petrochemical projects and delays in highway construction. Support from early works activity on the special trade subsector waned, as projects transitioned to mid-phase. Growth in the non-residential sub-sector improved slightly, while growth in the residential subsector remained weak amid the high number of unsold residential properties.

(Source: Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2018, BNM)

The outlook for the Malaysian economy remains resilient in the near term despite considerable external and domestic headwinds. Real GDP is projected to expand 4.8% and 4.9% in 2018 and 2019, respectively, supported mainly by domestic demand. Private sector expenditure, in particular, household spending will remain as the anchor of growth following a continuous increase in employment and wage amid benign inflation. Meanwhile, private investment will be supported by new and ongoing projects in the services and manufacturing sectors. On the contrary, public expenditure is expected to grow marginally in 2018 and contract in 2019 following the lower capital outlays by public corporations.

(Source: Economic Outlook 2019, Ministry of Finance Malaysia)

7.2 Construction segment in Malaysia

Construction sector activities typically consist of civil and structural works as well as mechanical and electrical works. While civil and structural works involve building and infrastructure works, mechanical and electrical works involve the design and/or installation of building management systems and security management systems such as heating, ventilation and air conditioning, lift and escalator systems, fire protection systems, closed-circuit television (CCTV) systems, lighting systems, electricity transmission and distribution systems, communications and information technology networks as well as high, medium, low and extra low voltage (ELV) electrical works.

These building and security management systems are commonly installed in all buildings today, whether for residential, commercial or industrial uses. Due to advancements in technology, newer modern-day buildings are beginning to adopt building and security management systems which are becoming increasingly more sophisticated in terms of automation as well as integration of all building and security management systems in a particular building into 1 single intelligent system. Ultimately, these systems are designed with the aim of improving the convenience of managing such systems as well as enhancing the comfort and safety of occupants in the building.

The Group is principally involved in, amongst others, the provision of engineering systems such as building management systems and security management systems similar to the ones described above. In view that it is incumbent for all modern-day buildings today to have adequate building and security management systems, especially for bigger and more sophisticated buildings such as shopping malls, hospitals, hotels, office towers, airports and MRT stations which may require more intelligent systems, the demand for building and security management systems is expected to be dependent on the performance of the construction sector.

Hence, the prospects of the Group's engineering segment is expected to be dependent on the prospects of the construction sector in Malaysia as set out below:-

The value of construction work done in the fourth quarter 2018 recorded a moderate growth of 4.1 per cent year-on-year to record RM36.5 billion (Q3 2018: RM36.3 billion).

The expansion in value of construction work done was driven by positive growth in the Civil engineering, Special trades' activities and Non-residential buildings sub-sectors, which grew by 14.3 per cent, 8.2 per cent and 2.5 per cent, respectively. However, the Residential buildings sub-sector declined to 9.2 per cent.

In terms of contributions, Civil engineering sub-sector continued to dominate the performance of value of construction work done with 42.6 per cent share, followed by Non-residential buildings (28.4%), Residential buildings (24.2%) and Special trades' activities (4.8%).

The private sector continued to propel the construction activity with 56.2 per cent share (RM20.5 billion) as compared to the public sector with 43.8 per cent share (RM16.0 billion).

The value of construction work done for 2018 amounted to RM145.5 billion, grew by 5.1 per cent as compared to RM138.5 billion in the previous year.

(Source: Quarterly Construction Statistics - Fourth Quarter 2018, Department of Statistics Malaysia)

The construction sector registered a moderate growth of 6.7% (2016: 7.4%). Growth was supported mainly by the civil engineering sub-sector, due to steady progress of large petrochemical, transportation, and utility projects. The special trade sub-sector benefited from increased activity from projects in the early stages of construction, such as land clearing, piling and land reclamation work. Growth in the residential sub-sector moderated, consistent with the record-high number of unsold residential properties. In the non-residential sub-sector, growth was sustained by higher activity from mixed developments, industrial and social projects such as theme parks and sports complexes, which was offset by the ongoing weakness in the commercial segment due to an oversupply of office space and shopping complexes.

The construction sector is expected to record a stronger growth. This will be driven primarily by large new and existing multi-year civil engineering projects. These projects are mainly in the transportation and utilities segment.

(Source: BNM's Annual Report 2017)

Value added of the construction sector grew 4.8% (y-o-y) during the first half of 2018 supported by civil engineering subsector. For the year, the sector is expected to expand, albeit moderately at 4.5% following near completion of several mega projects and overhang, particularly in the non-residential subsector. The growth momentum is expected to improve slightly in 2019, with the sector expanding 4.7%, following an increase in new planned supply in the affordable homes and industrial segments. However, review of several infrastructure projects as well as subdued activities in non-residential subsector is expected to weigh down the sector's performance.

The civil engineering subsector is expected to remain as the driver of the construction sector in 2018 and 2019 largely supported by ongoing projects. Among the infrastructure projects include the Pan Borneo Highway in Sabah and Sarawak; Central Spine Road in East Coast; as well as MRT Sungai Buloh — Serdang — Putrajaya (SSP) Line and Light Rail Transit Line 3 (LRT3) in Klang Valley. Meanwhile, in the petrochemical and power plant segment, ongoing projects are the Deepwater Petroleum Terminal 2 at the Refinery and Petrochemical Integrated Development (RAPID) Complex in Pengerang, Johor; Floating LNG 2 in Sabah; and the Central Processing Platform in Bokor, Sarawak. In addition, mixed-development projects such as the Tun Razak Exchange and Bukit Bintang City Centre in Kuala Lumpur are expected to support the growth of the subsector.

The residential subsector is expected to grow at a marginal pace following the mismatch between supply and demand. Towards this end, the Government suspended the development of residential properties, serviced apartments and luxury condominiums priced over RM1 million in prime areas, effective November 2017. In addition, the developers are focusing on sales of existing projects to address the overhang issues. Meanwhile, the Government will continue to provide affordable housing for the low- and middle-income groups through various programmes.

The non-residential subsector is projected to decline following oversupply and overhang of high-end shops and shopping complexes as well as downward trend in the incoming supply of commercial buildings. However, the demand for commercial buildings in prime areas is anticipated to remain stable supported by residential development projects in Klang Valley suburbs, particularly in areas along MRT and LRT routes; as well as in major cities such as Johor Bahru, Melaka and Pulau Pinang.

(Source: Economic Outlook 2019, Ministry of Finance Malaysia)

The construction sector is estimated to expand by 10.3% per annum during the plan period. This is attributed to continued civil engineering works and a growing residential subsector to fulfil the demand for housing, particularly from the middle-income group. Demand for affordable housing by the low-income group will also remain favourable, which will be supported by several Government initiatives, such as Program Perumahan Rakyat 1Malaysia (PR1MA), Rumah Idaman Rakyat and Rumah Mesra Rakyat 1Malaysia. Other subsectors such as civil engineering and non-residential will remain robust in line with the development of major projects such as the Tun Razak Exchange, KL118 Tower, Refinery and Petrochemical Integrated Development (RAPID), and the Pan-Borneo Highway.

(Source: Eleventh Malaysian Plan, 2016-2020)

7.3 Property market in Malaysia

Property Market Activity

Market activity recorded a total of 149,889 transactions valued at RM67.74 billion, down by 2.4% in the number and 0.1% in value compared to H1 2017. The residential sub-sector continued to lead the overall market, with a contribution of 62.8% and 46.7% in volume and value respectively. However, this sub-sector recorded a slight decrease of 0.8% and 3.6% in the number and value respectively. Commercial and industrial sub-sectors recorded upward movements in the volume, increased by 3.5% and 3.8% respectively.

Residential Property

There were 94,202 transactions worth RM31.66 billion recorded during the review period, a slight drop of 0.8% in the number and 3.6% in value. States' performance was mixed. Major states namely Johor and Pulau Pinang increased by 14.2% and 5.4% respectively in market activity. On other hand, Kuala Lumpur and Selangor decreased marginally by 4.8% and 0.5% respectively.

The number of new launches in the first half year decrease compared to those recorded in H2 2017 (36,955 unit). The market recorded 37,723 units of new launches, decrease by 7.1%. Major states such as Kuala Lumpur showed a decrease of 18.6% while Selangor recorded a significant decrease of 55.9%. Johor recorded a minimal increase of 8.3% over the same period last year. Sales performance was still low at 19.2% across the board.

Construction activities showed mixed performance. Completed units fell slightly by 5.6% (40,710 units) as compared to H1 2017 (43,132 units) while starts also recorded a decrease of 11.3% (59,957 units), largely influenced by the substantial drop in Kuala Lumpur (-70.0%) and Sarawak (-51.9%). Nonetheless, new planned supply, recorded an increase of 29.2%. By the end of June 2018, there were 5.51 million (H1 2017: 5.35 million) existing residential units with almost 0.47 million in incoming supply and 0.46 million in planned supply.

The Malaysia House Price Index continued to increase over the same period of the previous year. In Q2 2018, the Malaysia House Price Index stood at 189.5 points (base year 2010), up by 1.7% on an annual basis. However, the index point for Q2 2018 was 0.9% lower than Q1 2018 (191.2 points).

Commercial Property

The commercial sub-sector recorded a slight increase in market activity. There were 10,759 transactions worth RM15.82 billion recorded in H1 2018, a 3.5% increase in volume and a higher 31.8% surge in value. Selangor led market activities, with 2,345 transactions (21.8%), followed by Kuala Lumpur and Johor, each with 1,775 (16.5%) and 1,716 (16.0%) transactions.

Shop sub-sector dominated 51.4% of the commercial property transactions and 27.4% of total value. However, shop market activity declined by 5.2% in volume and 5.3% in value, recording 5,530 transactions worth RM4.37 billion.

The shop overhang slightly improved compared to H2 2017 by recording a decrease of 4.4% with 4,348 units worth RM3.31 billion. The unsold under construction units saw an increase of 14.8% (6,754 units) while the unsold not constructed units recorded an increase of 20.8% to 401 units (H2 2017: 332 units).

Construction activity of the shop sub-sector saw a downward trend except for the new planned supply which recorded an increase of 30.6% (3,698 units) as compared to 2,832 for the same period of 2017.

Commercial sub-sector, price of shops was stable in most major states except for Kuala Lumpur which recorded a mixed movement. Two storey and three and a half storey shops located in Taman Usahawan Kepong and Kompleks Bandar recorded double digit growth. Premium prices were recorded in Johor and Pulau Pinang where double storey shops in Taman Bukit Indah, Johor Bahru fetched prices between RM1,200,000 to RM1,280,000 per unit whilst double storey shops in Island Glades, Timur Laut, were transacted for more than RM2 million per unit.

(Source: Overview of the Property Market Report First Half 2018, Valuation and Property Services Department, Ministry of Finance)

7.4 Property market in Kelantan

The state's property market performance remained soft in H1 2018 as indicated by the moderation of market activity and construction sector. There were 6,429 transactions recorded worth RM646.9 million, decreased by 15.2% in volume and 16.8% in value against H1 2017 (7,583 transactions worth RM777.8 million). Agriculture sub-sector continued to steer the property market, capturing 44.6% of the total transactions followed by residential with 42.4%, development land (10.5%), commercial (2.4%) and industrial (0.05%) sub-sectors.

Market activity witnessed downward movements across all sub-sectors. The industrial sub-sector led the downtrend with 81.3% followed by commercial (-28.7%), agriculture (-15.1%), residential (-14.9%) and development land (-11.8%) sub-sectors. In terms of value, all sub-sectors recorded similar trend except residential and development land sub-sectors.

Residential property

The residential sub-sector recorded lower market activity with 2,725 transactions worth RM370.4 million, indicating a decline of 14.9% in volume but increased marginally by 2.6% in value (H1 2017: 3,202 transactions worth RM361.07 million).

The primary market recorded a greater number of new launches with 1,452 units, up by more than two fold compared with 377 units launched in H1 2017. Sales performance was moderated at 10.0% (H1 2017: 24.7%). By property type, single storey terrace formed the bulk, accounting 37.6% of total.

In tandem with the softening market, the residential overhang was less promising in H1 2018. There were 211 overhang units worth RM42.41 million recorded, indicating an increase of 59.8% and 55.6% in volume and value respectively. On a better note, the unsold under construction and not constructed decreased by 2.8% to 2,658 units (H2 2017: 2,735 units) and 38.9% to 434 units (H2 2017: 710 units) respectively.

Construction activities showed mixed movements in the review period. Starts and new planned supply increased by more than double to 3,554 units (H1 2017: 1,754 units) and 1,576 units (H1 2017: 438 units) respectively. On the contrary, completions shrank by 33.2% to 1,219 units against H1 2017 (1,826 units). As at end-June 2018, there were 79,958 existing residential unit with another 11,787 units in the incoming supply and 3,747 units in the planned supply.

Price movements of residential properties varied during the review period. Single storey detach in Jajahan Kota Bahru charted capital appreciations up to 13.9% due to high demand for that type of property. Vacant plots especially detached plots remained as the most sought after residential property type. As at Q2 2018, the All House Price Index for the state stood at 150.7 points, up by 4.9% from 143.7 points in Q2 2017. The average All House Price for the state as at Q2 2018 stood at RM172,500; increased from RM164,400 in Q2 2017.

The residential rental market was largely stable with upward movements recorded in several areas particularly for terraced houses. Rental of single storey low-cost and medium low-cost terraces in Jajahan Tanah Merah and double storey terrace in Jajahan Kota Bahru showed double digit growth due to tenancy renewals and rental revisions. Similarly, rental of detached houses was also stable with marginal movements witnessed in few locations.

Commercial property

The commercial sub-sector recorded 154 transactions worth RM56.97 million, dropped by 28.7% in volume and 12.1% in value (H1 2017: 216 transactions worth RM64.82 million).

Shop sub-sector recorded 70 transactions worth RM40.57 million in H1 2018, dominating 45.5% of the commercial property transactions. As compared to H1 2017, volume and value declined by 17.6% and 17.2% respectively.

In tandem with the easing of market activity, the shop overhang was less promising in H1 2018. There were 123 units worth RM78.65 million in the review period, a tremendous increase in volume and value against H2 2017 (seven units worth RM4.90 million). On a better note, the unsold under construction recorded fewer at 259 units, reduced by 49.4% (H2 2017: 512 units).

Shop sub-sector also saw a mixed movement in construction activity with starts increased to 167 units (H1 2017: 127 units). On the contrary, completions and new planned supply reduced to 205 units (H1 2017: 465 units) and 32 units (H1 2017: 49 units) respectively. As at end-June 2018, there were 12,814 units existing shops with another 1,634 units in the incoming supply and 771 units in the planned supply.

Prices of the shops were generally stable with increases recorded in selected areas. Three storey shops in Jajahan Kota Bahru and Jajahan Pasir Mas charted capital appreciations of 13.1% to 18.0% due to high demand for the type of the properties. Whereas, three storey shops in Lembah Sireh, Kota Bahru fetched RM1,300,000 per unit, recorded higher price range. Rental of ground floor shops was equally stable with some isolated increases recorded due to rental revisions and tenancy renewals. The central town prime areas of Kota Bahru continued to secure premium rentals between RM2,100 to RM6,000 per month whilst in the secondary area, rental ranged between RM1,500 to RM5,000 per month.

(Source: Overview of the Property Market Report First Half 2018, Valuation and Property Services Department, Ministry of Finance)

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

7.5 Prospects and future plans of the Group

The Group's engineering segment is currently occupied with various projects as set out in Section 5(ii) of this Abridged Prospectus. The largest of these projects is the design, supply, installation, testing and commissioning of building management system for underground works for the MRT Line 2 project, which was awarded to the Group in March 2018 for a total contract sum of RM50 million. As at the LPD, the Group's existing order book translates into a balance contract value to be realised of approximately RM83 million. The Group is also in the midst of tendering for several other engineering projects as set out in Section 5(ii) of this Abridged Prospectus, which are collectively worth a total contract sum of approximately RM104 million.

As for the property development segment, since the Group's diversification into property development in 2015, the Group has commenced its maiden property development project i.e. the Kuala Krai Project, as further set out in Section 5(i) of this Abridged Prospectus. However, the progress of the Kuala Krai Project has been slow and is currently put on hold due to, amongst others, the lack of funding sources. The Group was affected by, amongst others, the introduction of cooling measures by the government to restrict the overheating of the property market and curb excessive price increases, as well as the tightening of lending criteria by the banks in the past few years. These resulted in the dampening of the property market in Malaysia as well as the difficulty for the Group to obtain bank borrowings to fund its property development initiatives.

Given the above, moving forward, the Group intends to focus on its engineering segment which has been the primary source of income for the Group. Notwithstanding that, the Group will continue to look for suitable engineering projects to ensure the sustainability of its order book as well as maintain its market share. In this respect, the Group expects to leverage on its track record, technical expertise and experience in completing large scale projects to ensure that its engineering segment remains competitive in the market.

While the Group focuses on its engineering segment, the Group will also seek other value accretive investments as well as complete the balance development works on Phase 1 of the Kuala Krai Project, where the first 16 units of shoplots are expected to be completed by end-2019. Upon completion of the entire Phase 1 of the Kuala Krai Project, the Group may continue with the development of Phase 2 of Kuala Krai Project, depending on the property market conditions as well as the availability of funding options at that time. Notwithstanding that, at this juncture, the Group does not have any plans to exit the property development sector after the Kuala Krai Project.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

8. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS**8.1 Share capital**

The pro forma effects of the Rights Issue with Warrants on the issued share capital of the Company are as follows: -

	Minimum Scenario		Base Case Scenario		Maximum Scenario	
	No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)
Issued share capital as at the LPD	320,910,670	89,877,524	320,910,670	89,877,524	320,910,670	89,877,524
To be issued assuming full granting and/or exercise of the ESOS Options	-	-	-	-	1,758,648	(¹)306,884
Enlarged issued share capital after full exercise of outstanding Convertible Securities	320,910,670	89,877,524	320,910,670	89,877,524	322,669,318	90,184,408
To be issued pursuant to the Rights Issue with Warrants	92,307,693	(²)6,000,000	641,821,340	(²)41,718,387	645,338,636	(²)41,947,011
Enlarged issued share capital after completion of the Rights Issue with Warrants	413,218,363	95,877,524	962,732,010	131,595,911	968,007,954	132,131,419
To be issued assuming full exercise of the Warrants	69,230,769	(³)10,910,769	481,366,005	(³)75,863,282	484,003,977	(³)76,279,027
Enlarged issued share capital	482,449,132	106,788,293	1,444,098,015	207,459,193	1,452,011,931	208,410,446

Notes:-

- (1) Based on the illustrative exercise price of RM0.10 for the 1,758,648 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS (based on the last transacted market price of Metronic Shares as at the LPD of RM0.11 less 10% discount and rounded up to the nearest Sen).
- (2) Based on the issue price of RM0.065 per Rights Share.
- (3) Based on the Exercise Price of RM0.08 per Warrant after accounting for the reversal of warrant reserve based on the issuance of the Warrants at an illustrative fair value of RM0.0776 per Warrant (computed based on the Trinomial option pricing model with data sourced from Bloomberg).

8.2 NA and gearing

As at the LPD, there are no material transactions which may have a material effect on the operations, financial position and results of the Group since the Group's latest unaudited 6-month FPE 31 December 2018.

The pro forma effects of the Rights Issue with Warrants on the NA and gearing of the Group are as follows:-

Minimum Scenario

Group level	Unaudited As at 31 December 2018 (RM'000)	(i) After the Rights Issue with Warrants ⁽¹⁾⁽²⁾ (RM'000)	(ii) After (i) and assuming full exercise of the Warrants ⁽³⁾ (RM'000)
Share capital	89,878	95,878	106,788
Revaluation reserve	17,666	17,666	17,666
Shares grant reserve	686	686	686
Warrants reserve	-	5,372	-
Foreign currency translation reserve	(257)	(257)	(257)
Accumulated losses	(44,320)	(50,522)	(50,522)
Shareholders' equity / NA	63,653	68,823	74,361
Non-controlling interests	72	72	72
Total equity	63,725	68,895	74,433
No. of Shares in issue ('000)	320,911	413,218	482,449
NA per Share (RM)	0.20	0.17	0.15
Total borrowings (RM'000)	2,575	2,575	2,575
Gearing (times)	0.04	0.04	0.03

Notes:-

- (1) Based on the minimum subscription level of 92,307,693 Rights Shares at an issue price of RM0.065 per Rights Share together with 69,230,769 Warrants.
- (2) After accounting for the creation of warrant reserve based on the issuance of 69,230,769 Warrants at an illustrative fair value of RM0.0776 per Warrant (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and deducting estimated expenses incidental to the Corporate Exercises of approximately RM0.83 million.
- (3) Based on the Exercise Price of RM0.08 per Warrant and after accounting for the reversal of warrant reserve.

Base Case Scenario

Group level	Unaudited As at 31 December 2018 (RM'000)	(i) After the Rights Issue with Warrants ⁽¹⁾⁽²⁾ (RM'000)	(ii) After (i) and assuming full exercise of the Warrants ⁽³⁾ (RM'000)
Share capital	89,878	131,596	207,459
Revaluation reserve	17,666	17,666	17,666
Shares grant reserve	686	686	686
Warrants reserve	-	37,354	-
Foreign currency translation reserve	(257)	(257)	(257)
Accumulated losses	(44,320)	(82,504)	(82,504)
Shareholders' equity / NA	63,653	104,541	143,050
Non-controlling interests	72	72	72
Total equity	63,725	104,613	143,122
No. of Shares in issue ('000)	320,911	962,732	1,444,098
NA per Share (RM)	0.20	0.11	0.10
Total borrowings (RM'000)	2,575	2,575	2,575
Gearing (times)	0.04	0.02	0.02

Notes:-

- (1) Assuming all the Entitled Shareholders and/or their renounce(s) fully subscribe for their respective entitlements at the issue price of RM0.065 per Rights Share.
- (2) After accounting for the creation of warrant reserve based on the issuance of 481,366,005 Warrants at an illustrative fair value of RM0.0776 per Warrant (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and deducting estimated expenses incidental to the Corporate Exercises of approximately RM0.83 million.
- (3) Based on the Exercise Price of RM0.08 per Warrant and after accounting for the reversal of warrant reserve.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Maximum Scenario

Group level	Unaudited As at 31 December 2018 (RM'000)	(I) After assuming full granting and/or exercise of the ESOS Options ⁽¹⁾ (RM'000)	(II) After (I) and the Rights Issue with Warrants ⁽²⁾⁽³⁾ (RM'000)	(III) After (II) and assuming full exercise of the Warrants ⁽⁴⁾ (RM'000)
Share capital	89,878	90,184	132,131	208,410
Revaluation reserve	17,666	17,666	17,666	17,666
Shares grant reserve	686	686	686	686
Warrants reserve	-	-	37,559	-
Foreign currency translation reserve	(257)	(257)	(257)	(257)
Accumulated losses	(44,320)	(44,451)	(82,839)	(82,839)
Shareholders' equity / NA	63,653	63,828	104,946	143,666
Non-controlling interests	72	72	72	72
Total equity	63,725	63,900	105,018	143,738
No. of Shares in issue ('000)	320,911	322,669	968,008	1,452,012
NA per Share (RM)	0.20	0.20	0.11	0.10
Total borrowings (RM'000)	2,575	2,575	2,575	2,575
Gearing (times)	0.04	0.04	0.02	0.02

Notes:-

- (1) Assuming all the 1,758,648 ESOS Options which may be granted pursuant to maximum allowable amount under the ESOS are granted and exercised at an illustrative exercise price of RM0.10 each.
- (2) Assuming all the Entitled Shareholders and/or their renouces(s) fully subscribe for their respective entitlements at the issue price of RM0.065 per Rights Share.
- (3) After accounting for the creation of warrant reserve based on the issuance of 484,003,977 Warrants at an illustrative fair value of RM0.0776 per Warrant (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and deducting estimated expenses incidental to the Corporate Exercises of approximately RM0.83 million.
- (4) Based on an Exercise Price of RM0.08 per Warrant and after accounting for the reversal of warrant reserve.

8.3 Substantial Shareholders' shareholdings

The Substantial Shareholders of the Company based on the Record of Depositors as at the LPD and the pro forma effects of the Rights Issue with Warrants on its shareholdings are as follows:-

Minimum Scenario

Substantial Shareholders	(i)				(ii)			
	As at the LPD		After the Rights Issue with Warrants		After (i) and assuming full exercise of the Warrants			
	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares
Tan Lian Hong	25,124,224	-	25,124,224	-	25,124,224	-	25,124,224	-
Dato' Kua Khai Shyuan	333,333	-	92,641,026	-	161,871,795	-	161,871,795	-

Notes:-

- (1) Based on the issued share capital of 320,910,670 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 413,218,363 Shares.
- (3) Based on the enlarged issued share capital of 482,449,132 Shares.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Base Case Scenario

Under the Base Case Scenario, the Undertaking Shareholder, namely Dato' Kua Khai Shyuan, will not become a Substantial Shareholder of the Company.

Substantial Shareholders	(I)				(II)							
	As at the LPD		After the Rights Issue with Warrants		After (I) and assuming full exercise of the Warrants							
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect				
No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(3)%	No. of Shares	(3)%			
Tan Lian Hong	25,124,224	7.83	-	-	75,372,672	7.83	-	-	113,059,008	7.83	-	-

Notes:-

- (1) Based on the issued share capital of 320,910,670 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 962,732,010 Shares.
- (3) Based on the enlarged issued share capital of 1,444,098,015 Shares.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Maximum Scenario

Under the Maximum Scenario, the Undertaking Shareholder, namely Dato' Kua Khai Shyuan, will not become a Substantial Shareholder of the Company.

Substantial Shareholders	As at the LPD		(i) After assuming full granting and/or exercise of the ESOS Options		(ii) After (i) and the Rights Issue with Warrants	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of Shares (1)%	No. of Shares (1)%	No. of Shares (2)%	No. of Shares (2)%	No. of Shares (3)%	No. of Shares (3)%
Tan Lian Hong	25,124,224	-	25,124,224	-	75,372,672	-

Substantial Shareholders	(iii) After (ii) and assuming full exercise of the Warrants	
	Direct	Indirect
	No. of Shares (1)%	No. of Shares (1)%
Tan Lian Hong	113,059,008	-

Notes:-

- (1) Based on the issued share capital of 320,910,670 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 322,669,318 Shares.
- (3) Based on the enlarged issued share capital of 968,007,954 Shares.
- (4) Based on the enlarged issued share capital of 1,452,011,931 Shares.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

8.4 Earnings and EPS

For the FYE 31 December 2016 and 18-month FPE 30 June 2018, the Group registered LAT attributable to owners of the Company of RM5.00 million and RM4.30 million respectively. The effects of the Rights Issue with Warrants on the consolidated earnings and EPS of Metronic for the FYE 30 June 2019 will depend on, amongst others, the number of Rights Shares to be issued and the level of returns generated from the utilisation of the proceeds to be raised from the Rights Issue with Warrants.

In general, the consolidated EPS (or LPS) of Metronic will be diluted as a result of the increase in the number of Metronic Shares in issue following the issuance of the Rights Shares and the new Metronic Shares arising from the exercise of the Warrants.

Assuming the Rights Issue with Warrants had been completed on 1 January 2017 (being the beginning of the latest audited 18-month FPE 30 June 2018) and the Rights Shares (and the new Metronic Shares arising from the full exercise of Warrants, in the case of Proforma II below) were issued on the same date, the pro forma effects of the Rights Issue with Warrants on the consolidated losses and LPS of Metronic, after taking into consideration subsequent events, would be as follows:-

	Audited 18-month FPE 30 June 2018	Adjusted for Share Consolidation ⁽¹⁾	Pro forma I			Pro forma II		
			After the Rights Issue with Warrants			After Pro forma I and assuming full exercise of the Warrants		
			Minimum Scenario	Base Case Scenario	Maximum Scenario	Minimum Scenario	Base Case Scenario	Maximum Scenario
(LAT) attributable to owners of the Company (RM'000)	(4,296)	(4,296)	(4,296)	(4,296)	(4,296)	(4,296)	(4,296)	
Weighted average no. of Metronic Shares ('000)	904,962	320,911	413,218	962,732	482,449	1,444,098	1,452,012	
(LPS) (sen)	(0.47)	(1.34)	(1.04)	(0.45)	(0.89)	(0.30)	(0.30)	

Note:-

(1) Metronic completed the Share Consolidation involving the consolidation of 3 Metronic Shares into 1 Metronic Share, on 27 December 2018.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital and sources of liquidity

The Group's working capital is funded through cash generated from operating activities, credit extended by suppliers, credit facilities from financial institutions as well as the Group's existing cash and bank balances.

As at the LPD, we held cash and bank balances of RM1.0 million and short term deposits of RM11.6 million. We have also utilised bank overdraft facilities of RM1.6 million out of a credit limit of RM3.0 million.

The Board confirmed that, after taking into consideration the funds generated from the Company's operations, the banking facilities available to the Group as well as the proceeds to be raised from the Rights Issue with Warrants, the Group will have sufficient working capital available for a period of 12 months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, the Group's total outstanding borrowings (all of which are interest bearing and denominated in RM) are set out as follows:-

Borrowings	Total (RM'000)
<u>Short term borrowings:</u>	
- Bank overdraft	1,638
- Bankers' acceptance	2,151
- Margin financing	1,090
Total	4,879

There has not been any default on payments of either interest and/or principal sums on any borrowings throughout the past 1 financial year and subsequent financial period up to the LPD.

9.3 Contingent liabilities

As at the LPD, save as disclosed below, the Board confirmed that there are no other contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial results or position of the Group:-

Contingent liabilities	Total (RM'000)
<u>Secured</u>	
Performance and financial guarantees issued by licensed banks to third parties for projects secured by subsidiaries of the Company	4,510
<u>Unsecured</u>	
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries of the Company	25,800
Corporate guarantees given in the form of performance bonds for projects granted to subsidiaries of the Company	43,043

Contingent liabilities	Total (RM'000)
<u>Others</u> Damages for infringement of trademark as set out in Section 8(i) of Appendix I of this Abridged Prospectus	(1)985
Total	74,338

Note:-

- (1) Based on the award by the Kuala Lumpur High Court of general damages of RM1.68 million together with interest at 5% per annum calculated from 25 February 2014 up to the LPD and cost of proceedings of RM20,000, less provision of RM800,000 made by the Company as at the LPD.

Notwithstanding that, the Company wishes to highlight that the Company is in the midst of appealing against the award and the solicitors appointed by the Company is of the opinion that the Company has a fair chance to be successful in its appeal against the award.

9.4 Material commitments

As at the LPD, there are no material commitments for capital expenditure.

10. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT

Full instructions for the acceptance of and payment for the Provisional Allotments as well as Excess Rights Shares with Warrants Applications and the procedures to be followed should you and/or your transferee(s) and/or your renounee(s) (if applicable) wish to sell or transfer all or any part of your/his rights entitlement are set out in this Abridged Prospectus and the RSF. You and/or your transferee(s) and/or your renounee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. In accordance with Section 232(2) of the CMSA, the RSF must not be circulated unless accompanied by this Abridged Prospectus.

Acceptance of and/or payment for the Provisional Allotments which do not conform strictly to the terms of this Abridged Prospectus, the RSF or the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of the Board.

10.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotments that you are entitled to subscribe for in full or in part under the terms and conditions of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for such Rights Shares with Warrants that you have been provisionally allotted as well as to apply for Excess Rights Shares with Warrants if you choose to do so. This Abridged Prospectus and the RSF are also available from the registered office of the Company, the Share Registrar or Bursa Securities' website (<http://www.bursamalaysia.com>).

10.2 NPA

The Provisional Allotments are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the NPA will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your transferee(s) and/or your renounee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making the applications.

10.3 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Allotments allotted to you must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein. Acceptances which do not strictly conform to the terms and conditions of this Abridged Prospectus, the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of the Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.

If you wish to accept all or part of your entitlement to the Provisional Allotments, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND (at your own risk) to the Share Registrar, ShareWorks Sdn Bhd, at the following address:-

ShareWorks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)
Tel : +603 - 6201 1120
Fax : +603 - 6201 3121

so as to arrive not later than 5.00 p.m. on **Tuesday, 9 April 2019**, being the last date and time for the acceptance and payment for the Rights Shares with Warrants.

If you lose, misplace or for any other reason require another copy of the RSF, you may obtain additional copies from the registered office of the Company, the Share Registrar or Bursa Securities' website (<http://www.bursamalaysia.com>).

1 RSF must be used for acceptance of the Provisional Allotments standing to the credit of 1 CDS Account. Separate RSFs must be used for the acceptance of Provisional Allotments standing to the credit of more than 1 CDS Account. The Rights Shares with Warrants accepted by you will be credited into the CDS Account(s) where the Provisional Allotments are standing to the credit.

Successful applicants to the Rights Shares with Warrants will be given the Warrants on the basis of 3 Warrants for every 4 Rights Shares successfully subscribed for. The minimum number of Rights Shares that can be subscribed or accepted is 1 Rights Share. However, you should take note that a trading board lot comprises 100 Shares and 100 Warrants. Fractions of a Rights Share and/or Warrant arising from the Rights Issue with Warrants will be disregarded and the aggregate of such fractions shall be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interest of the Company.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by the Share Registrar, you are advised to use 1 reply envelope for each completed RSF.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares accepted in the form of a banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia and which must be made payable to "**METRONIC RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters and your CDS Account number, and must be received by the Share Registrar by 5.00 p.m. on **Tuesday, 9 April 2019**. The payment must be made for the exact amount payable for the Rights Shares accepted. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU AND/OR YOUR TRANSFEREE(S) AND/OR YOUR RENOUNCEE(S) BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

YOU SHOULD NOTE THAT ANY RSF AND REMITTANCE LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

ALL RIGHTS SHARES AND WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING SUCH RIGHTS SHARES AND THE WARRANTS INTO THE CDS ACCOUNTS OF THE SUCCESSFUL APPLICANTS. NO PHYSICAL SHARE OR WARRANT CERTIFICATES WILL BE ISSUED.

If acceptance of and payment for the Provisional Allotments allotted to you (whether in full or in part, as the case may be) are not received by our Share Registrar by 5.00 p.m. on **Tuesday, 9 April 2019**, the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar.

The Board will then have the right to allot any Rights Shares with Warrants not validly taken up to applicants applying for the Excess Rights Shares with Warrants in the manner as set out in Section 10.6 of this Abridged Prospectus.

10.4 Procedures for part acceptance

If you do not wish to accept the Rights Shares with Warrants provisionally allotted to you in full, you are entitled to accept part of your entitlements that can be subscribed / applied for. The minimum number of Rights Shares with Warrants that may be subscribed or accepted is 1 Rights Share. Fractions of a Rights Share and/or Warrant arising from the Rights Issue with Warrants will be disregarded and the aggregate of such fractions shall be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interest of the Company. Applicants should take note that a trading board lot comprises 100 Shares and 100 Warrants respectively.

You must complete both Part I(A) of the RSF by specifying the number of Rights Shares with Warrants which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to the Share Registrar in the same manner as set out in Section 10.3 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

10.5 Procedures for sale or transfer of Provisional Allotments

As the Provisional Allotments are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Allotments to 1 or more persons, you may do so through your stockbroker during the period up to the last date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Allotments, you may sell such entitlement on the open market during the period up to the last date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository during period up to the last date and time for transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository).

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL ALLOTMENTS, YOU ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. YOU ARE HOWEVER ADVISED TO ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNT BEFORE SELLING OR TRANSFERRING.

If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments by completing Parts I(A) and II of the RSF and delivering the RSF together with the full amount payable on the balance of the Rights Shares with Warrants applied for to the Share Registrar. Please refer to Section 10.3 of this Abridged Prospectus for the procedures for acceptance and payment.

YOU SHOULD NOTE THAT ANY RSF AND REMITTANCE LODGED WITH THE SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

10.6 Procedures for the Excess Rights Shares with Warrants Application

If you wish to apply for additional Rights Shares with Warrants in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a separate remittance made in RM for the full amount payable for the Excess Rights Shares with Warrants applied for, to our Share Registrar so as to arrive not later than 5.00 p.m. on **Tuesday, 9 April 2019**, being the last time and date for Excess Rights Shares with Warrants Applications and payment.

Payment for the Excess Rights Shares with Warrants Application(s) must be made in the same manner as set out in Section 10.3 of this Abridged Prospectus except that the banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia must be made payable to "**METRONIC EXCESS RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name in block letters and your CDS Account number, and must be received by our Share Registrar by 5.00 p.m. on **Tuesday, 9 April 2019**. The payment must be made for the exact amount payable for the Excess Rights Shares with Warrants Application(s). Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

It is the intention of the Board to allot the Excess Rights Shares with Warrants, if any, in a fair and equitable manner in the following priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants, taking into consideration their respective shareholdings in the Company as at the Entitlement Date;
- (iii) thirdly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants, taking into consideration the quantum of their respective excess application; and
- (iv) finally, on a pro-rata basis and in board lots, to the transferee(s) and/or renounee(s) who have applied for Excess Rights Shares with Warrants, taking into consideration the quantum of their respective excess application.

The Excess Rights Shares with Warrants will firstly be allocated to minimise the odd lots (if any) held by each applicant of Excess Rights Shares with Warrants. Thereafter, the allocation process will perform items (ii), (iii) and (iv) in succession. Any remaining balance of Excess Rights Shares with Warrants will be allocated by performing the same sequence of allocation i.e. items (ii), (iii) and (iv) again in succession until all Excess Rights Shares with Warrants are allotted.

Notwithstanding the foregoing, the Board reserves the right to allot any Excess Rights Shares with Warrants applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interests of the Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in Section 10.6 (i), (ii), (iii) and (iv) above is achieved. The Board also reserves the right at its absolute discretion not to accept any application for Excess Rights Shares with Warrants, in full or in part, without assigning any reason thereof.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE EXCESS RIGHTS SHARES WITH WARRANTS APPLICATION OR APPLICATION MONIES IN RESPECT THEREOF. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

10.7 Procedures to be followed by transferee(s) and/or renounee(s)

As a transferee and/or renounee, the procedures for acceptance, selling or transferring of Provisional Allotments, applying for the Excess Rights Shares with Warrants and/or payment is the same as that which is applicable to Entitled Shareholders as described in Sections 10.3 to 10.6 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this Abridged Prospectus and/or accompanying RSF, you can request the same from the registered office of the Company, the Share Registrar or Bursa Securities' website (<http://www.bursamalaysia.com>).

TRANSFEREE(S) AND/OR RENOUNEE(S) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

10.8 CDS Account

Bursa Securities has already prescribed the Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the new securities arising from the Rights Issue with Warrants are prescribed securities and, as such, all dealings with such securities will be by book entries through CDS Accounts and shall be governed by the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares with Warrants. Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application being rejected.

Your subscription for the Rights Shares with Warrants shall signify your consent to receiving such Rights Shares with Warrants as deposited securities that will be credited directly into your CDS Account. No physical certificates will be issued.

All Excess Rights Shares with Warrants allotted shall be credited directly into the CDS Accounts of successful applicants. If you have multiple CDS Accounts into which the Provisional Allotments have been credited, you cannot use a single RSF to accept all these Provisional Allotments. Separate RSFs must be used for acceptance of Provisional Allotments credited into separate CDS Accounts. If successful, the Rights Shares with Warrants that you subscribed for will be credited into the CDS Accounts where the Provisional Allotments are standing to the credit.

10.9 Foreign-Addressed Shareholders

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction other than Malaysia, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

The distribution of this Abridged Prospectus, the NPA and the RSF, as well as the acceptance of the Provisional Allotments and the subscription for or the acquisition of the Rights Shares with Warrants may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain countries or jurisdiction under the relevant laws of those countries or jurisdictions.

This Abridged Prospectus, the NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue with Warrants will not be made or offered or deemed made or offered for acquisition or subscription of any Rights Shares, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue with Warrants to which this Abridged Prospectus relates is only available to Entitled Shareholders receiving this Abridged Prospectus, the NPA and the RSF or otherwise within Malaysia.

As a result, this Abridged Prospectus, the NPA and the RSF have not been (and will not be) sent to our Foreign-Addressed Shareholders. However, Foreign-Addressed Shareholders may collect this Abridged Prospectus, the NPA and the RSF from the Share Registrar, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting this Abridged Prospectus, the NPA and the RSF.

The Company will not make or be bound to make any enquiry as to whether you have a registered address in Malaysia or an address for service in Malaysia if not otherwise stated on our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. The Company will assume that the Rights Issue with Warrants and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue with Warrants and would not be in breach of the laws of any jurisdiction. The Company will further assume that you had accepted the Rights Issue with Warrants in Malaysia and will at all applicable times be subject to the laws of Malaysia.

A Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) may only accept or renounce all or any part of his/their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so, and our Company, the Board and officers, Mercury Securities and/or the advisers named herein ("**Parties**") would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any country or jurisdiction to which the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) is or might be subject to.

The Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) shall be solely responsible to seek advice from his/their legal and/or professional advisers as to whether the acceptance or renunciation in any manner whatsoever of his entitlement under the Rights Issue with Warrants would result in the contravention of the laws of the countries or jurisdictions to which he/they is/are or might be subject to. The Parties shall not accept any responsibility or liability in the event any acceptance or renunciation made by any Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of his/their entitlements or to any net proceeds thereof.

The Company reserves the right, in our absolute discretion, to treat any acceptances as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Allotments relating to any acceptance which is treated as invalid will be included in the pool of Rights Shares with Warrants available for excess application by other Entitled Shareholders and/or their transferee(s) and/or their renounee(s).

Each person, by accepting the delivery of this Abridged Prospectus, the NPA and the RSF, accepting any Provisional Allotments by signing any of the forms accompanying this Abridged Prospectus or subscribing for or acquiring the Rights Shares with Warrants, will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:-

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Entitled Shareholder and/or his transferee(s) and/or his renounee(s) is or might be subject to;
- (ii) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) has complied with the laws to which the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) is or might be subject to in connection with the acceptance or renunciation;
- (iii) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) is not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Allotments, be in breach of the laws of any jurisdiction to which that person is or might be subject to;
- (iv) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) is/are aware that the Rights Shares with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged or dealt with in any other way in accordance with all applicable laws in Malaysia;
- (v) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) has/have obtained a copy of this Abridged Prospectus and has/have read and understood the contents of this Abridged Prospectus, has/have had access to such financial and other information and has/have been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renounee(s) deem(s) necessary in connection with the Foreign-Addressed Shareholder and/or his transferee and/or his renounee's decision to subscribe for or purchase the Rights Shares and Warrants; and

- (vi) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) has/have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares and Warrants, and is/are and will be able, and is/are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and Warrants.

NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN-ADDRESSED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE TO THEM. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY RIGHTS SHARES AND WARRANTS UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares and Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll, the NPA and RSF.

12. FURTHER INFORMATION

You are requested to refer to the enclosed Appendices for further information.

Yours faithfully
For and on behalf of the Board of
METRONIC GLOBAL BERHAD


HOO WAI KEONG
Executive Director / Chief Executive Officer

APPENDIX I – INFORMATION ON THE COMPANY**1. SHARE CAPITAL**

As at the LPD, the issued share capital of the Company is RM89,877,524 comprising 320,910,670 Shares.

2. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Please refer to Section 8.3 of this Abridged Prospectus for information on the Substantial Shareholders' shareholdings before and after the Rights Issue with Warrants.

3. DIRECTORS

The details of the Board as at the LPD are set out in the table below:-

Name (Designation)	Age	Address	Nationality
Dato' Zaidi bin Mat Isa @ Hashim <i>(Independent Non-Executive Chairman)</i>	49	No. 9 Jalan Saga SD 8/5A Bandar Sri Damansara 52200 Kuala Lumpur Wilayah Persekutuan (KL)	Malaysian
Hoo Wai Keong <i>(Executive Director / Chief Executive Officer⁽¹⁾)</i>	43	No. 162, Jalan Sultanah Aminah Taman Iskandar 80050 Johor Bahru Johor	Malaysian
Dato' Kua Khai Shyuan <i>(Non-Independent Non-Executive Director)</i>	35	No. 51, Jalan Putri 2/5 Taman Puteri Wangsa 81800 Ulu Tiram Johor	Malaysian
Khor Ben Jin <i>(Independent Non-Executive Director)</i>	43	6B Jalan Puteri Puchong 6/6 Bandar Puteri Puchong 47100 Puchong Selangor	Malaysian
Muhammad Faliq bin Mohd Redzuan <i>(Independent Non-Executive Director)</i>	32	C-2-1 Sutera Bukit Tunku Jalan Tun Ismail 50480 Kuala Lumpur Wilayah Persekutuan (KL)	Malaysian

Note:-

(1) On 1 March 2019, Hoo Wai Keong was redesignated from Executive Director to Executive Director / Chief Executive Officer.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)

Save for Dato' Kua Khai Shyuan, none of the Directors have any direct and/or indirect shareholding in the Company as at the LPD. The pro forma effects of the Rights Issue with Warrants on the shareholding of Dato' Kua Khai Shyuan are as follows:-

Minimum Scenario

Director	As at the LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	No. of Shares	(4)%
Dato' Kua Khai Shyuan	333,333	0.10	-	-	92,641,026	22.42	-	-	161,871,795	33.55	-	-

Notes:-

- (1) Based on the issued share capital of 320,910,670 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 413,218,363 Shares.
- (3) Based on the enlarged issued share capital of 482,449,132 Shares.

Base Case Scenario

Director	As at the LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	No. of Shares	(4)%
Dato' Kua Khai Shyuan	333,333	0.10	-	-	999,999	0.10	-	-	1,499,998	0.10	-	-

Notes:-

- (1) Based on the issued share capital of 320,910,670 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 962,732,010 Shares.
- (3) Based on the enlarged issued share capital of 1,444,098,015 Shares.

APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)

Maximum Scenario

Director	As at the LPD		(I) Assuming full granting and/or exercise of the ESOS Options				(II) After (I) and the Rights Issue with Warrants					
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(5)%	No. of Shares	(5)%
Dato' Kua Khai Shyuan	333,333	0.10	-	-	333,333	0.10	-	-	999,999	0.10	-	-

Director	(III) After (II) and assuming full exercise of the Warrants			
	Direct		Indirect	
	No. of Shares	(6)%	No. of Shares	(6)%
Dato' Kua Khai Shyuan	1,499,998	0.10	-	-

Notes:-

- (1) Based on the issued share capital of 320,910,670 Shares as at the LPD.
- (2) Based on the enlarged issued share capital of 322,669,318 Shares.
- (3) Based on the enlarged issued share capital of 968,007,954 Shares.
- (4) Based on the enlarged issued share capital of 1,452,001,931 Shares.

APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)**4. HISTORICAL FINANCIAL INFORMATION**

The following table sets out a summary of the financial information of the Group for the FYE 31 December 2015, FYE 31 December 2016 and 18-month FPE 30 June 2018 as well as the 6-month FPE 31 December 2018:-

Historical financial performance

	Audited			Unaudited
	FYE 31 December 2015	FYE 31 December 2016	18-month FPE 30 June 2018 ⁽¹⁾	6-month FPE 31 December 2018 ⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Revenue	36,335	48,066	43,664	11,007
Cost of sales	(22,409)	(26,765)	(21,487)	(6,683)
GP	13,926	21,302	22,178	4,324
Other operating income	7,541	9,266	3,131	241
Administrative expenses	(2,729)	(13,824)	(5,698)	(1,063)
Other operating expenses	(14,741)	(17,101)	(22,152)	(6,651)
Finance costs	(494)	(514)	(844)	(260)
PBT / (LBT) from continuing operations	3,503	(871)	(3,386)	(3,409)
Tax credit / (expense)	(242)	(4,124)	938	-
PAT / (LAT) from continuing operations	3,261	(4,995)	(2,448)	(3,409)
Profit / (Loss) from assets classified as held for sale, net of tax	800	(13)	(1,829)	(47)
PAT / (LAT)	4,061	(5,009)	(4,277)	(3,456)
Profit / (Loss) attributable to:-				
- owners of the parent	3,973	(5,005)	(4,296)	(3,425)
- non-controlling interests	88	(4)	18	(31)
PAT / (LAT)	4,061	(5,009)	(4,277)	(3,456)
GP margin (%)	38.33	44.32	50.79	39.28
PAT / (LAT) margin from continuing operations (%)	11.18	(10.42)	(9.80)	(31.40)

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)

Historical financial position

	Audited			Unaudited
	As at 31 December 2015	As at 31 December 2016	As at 30 June 2018 ⁽¹⁾	As at 31 December 2018 ⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Non-current assets	40,703	44,913	42,908	40,808
Current assets	51,244	50,247	59,881	54,664
Total assets	91,947	95,160	102,789	95,472
Share capital	75,840	75,840	89,878	89,878
Revaluation reserve	13,113	24,040	17,666	17,666
Shares grant reserve	-	-	686	686
Foreign currency translation reserve	270	(569)	(366)	(257)
Accumulated losses	(32,065)	(37,070)	(36,993)	(44,320)
Total equity attributable to owners of the Company	57,159	62,242	70,870	63,652
Non-controlling interests	88	84	103	72
Total equity	57,247	62,326	70,973	63,724
Non-current liabilities	263	146	-	-
Current liabilities	34,437	32,688	31,817	31,748
Total liabilities	34,700	32,834	31,817	31,748
Total equity and liabilities	91,947	95,160	102,789	95,472

Historical cash flow

	Audited			Unaudited
	FYE 31 December 2015	FYE 31 December 2016	18-month FPE 30 June 2018 ⁽¹⁾	6-month FPE 31 December 2018 ⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Net cash from / (used in)				
Operating activities	(3,964)	(6,942)	(10,358)	1,753
Investing activities	1,545	(3,249)	4,341	11
Financing activities	3,359	8,026	15,061	(1,660)
Net increase / (decrease) in cash and cash equivalents	940	(2,165)	9,044	104
Effects of changes in exchange rate	(319)	181	749	113
Cash and cash equivalents at beginning of the year / period	(790)	(169)	(2,153)	7,640
Cash and cash equivalents at end of the year / period	(169)	(2,153)	7,640	7,857

Notes:-

- (1) As a result of the change in the Company's financial year end from 31 December to 30 June, the audited financial statements of the Company were prepared for a period of 18 months from 1 January 2017 to 30 June 2018.
- (2) As a result of the change in the Company's financial year end from 31 December to 30 June, there were no comparative figures for the 6-month FPE 31 December 2018.

APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)**(i) FYE 31 December 2016 vs. FYE 31 December 2015**

The Group recorded a 32.3% increase in revenue for FYE 31 December 2016 as compared to FYE 31 December 2015 mainly due to acceleration in the Group's engineering works for the MRT Line 1 project. The commencement and progress of the Group's work is highly dependent on the progress of other contractors in charge of other aspects of the MRT Line 1 project. As these contractors started completing their respective stages of work, the Group was able to commence the majority of its assigned engineering works thus leading to higher progress billing for FYE 31 December 2016.

The Group recorded a higher GP of RM21.3 million (GP margin of 44.3%) in FYE 31 December 2016 as compared to a GP of RM13.9 million (GP margin of 38.3%) in FYE 31 December 2015. Apart from higher revenue, the higher GP was contributed by higher GP margin which in turn was mainly due to:-

- (a) value engineering initiatives undertaken by the Group which resulted in reduction in the cost of engineering services provided to clients; and
- (b) variation of work orders by clients which resulted in an increase in the overall contract value with a higher profit margin as compared to the original contract sum.

Despite higher GP, the Group recorded a LAT from continuing operations of RM5.0 million in FYE 31 December 2016 as compared to a PAT from continuing operations of RM3.3 million in FYE 31 December 2015. This was mainly due to:-

- (a) bad debts amounting to RM5.4 million written-off in FYE 31 December 2016;
- (b) one-off reversal of deferred tax asset amounting to RM4.8 million in FYE 31 December 2016; and
- (c) impairment loss on investment in quoted shares held by the Group amounting to RM4.4 million in FYE 31 December 2016 (FYE 31 December 2015: RM1.6 million) as a result of further reduction in the market value of the quoted shares.

Despite the LAT above, the Group recorded a 8.9% increase in NA as at 31 December 2016 as compared to 31 December 2015 mainly due to a revaluation surplus of RM10.9 million arising from the revaluation of the Group's land and buildings.

For FYE 31 December 2016, the Group recorded a decrease in cash and cash equivalents of RM2.2 million (FYE 31 December 2015: increase of RM0.9 million) mainly due to the following:-

- (a) acceleration in the Group's engineering works for the MRT Line 1 project as described above which resulted in the Group utilising its working capital to fund such works pending collection on the progress billings. As a result, the Group recorded net cash used in operating activities of RM6.9 million (FYE 31 December 2015: net cash used of RM4.0 million); and
- (b) acquisition of quoted shares amounting to RM8.2 million (FYE 31 December 2015: RM4.5 million).

The above was mainly funded by proceeds from disposal of the Group's investment in quoted shares amounting to RM5.1 million (FYE 31 December 2015: RM6.6 million), advances from a director amounting to RM5.6 million (FYE 31 December 2015: nil), withdrawal of fixed deposits pledged with licensed banks of RM1.8 million (FYE 31 December 2015: RM0.2 million) and borrowings (comprising bank overdrafts, bankers' acceptances and margin financing).

APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)**(ii) 18-month FPE 30 June 2018 vs. FYE 31 December 2016**

The Group's revenue for 18-month FPE 30 June 2018 decreased by RM4.4 million as compared to FYE 31 December 2016 (the annualised revenue for 18-month FPE 30 June 2018 was RM29.1 million, representing a decrease in revenue of RM19.0 million or 39.4% on an annualised basis). This was mainly due to loss of contribution from the MRT Line 1 Project following its completion in July 2017 as well as slowdown in the progress of the Group's engineering works due to delays in the work progress of other contractors in charge of other aspects of the projects.

The Group recorded a GP of RM22.2 million (GP margin of 50.8%) in 18-month FPE 30 June 2018 (the annualised GP for the 18-month FPE 30 June 2018 was RM14.8 million) as compared to a GP of RM21.3 million (GP margin of 44.3%) in FYE 31 December 2016. The higher GP margin was mainly due to variation in work orders by clients which resulted in higher overall contract value and higher profit margin as compared to the original contract sum.

The Group recorded a lower LAT from continuing operations of RM2.4 million for 18-month FPE 30 June 2018 (the annualised LAT for the 18-month FPE 30 June 2018 was RM1.6 million) as compared to RM5.0 million for FYE 31 December 2016. The lower LAT was mainly due to:-

- (a) lower bad debts written off of RM0.1 million in the 18-month FPE 30 June 2018 (FYE 31 December 2016: RM5.4 million); and
- (b) lower impairment loss on investment in quoted shares held by the Group of RM0.9 million in the 18-month FPE 30 June 2018 (FYE 31 December 2016: RM4.4 million).

The above was partly offset by higher staff cost of RM14.3 million in the 18-month FPE 30 June 2018 (FYE 31 December 2016: RM10.2 million). Further, the Group also had a one-off amount waived by other creditors amounting to RM2.9 million in FYE 31 December 2016, which was not present in 18-month FPE 30 June 2018.

Further, the Group recorded a loss from assets classified as held for sale of RM1.8 million mainly comprising impairment loss on trade and other receivables recorded under Metronic Engineering Private Limited, a 89%-owned subsidiary of the Company.

The Group recorded a 13.9% increase in NA as at 30 June 2018 as compared to 31 December 2016 mainly due to increase in share capital by RM14.0 million. This arises from the issuance of 67,200,000 new Shares pursuant to a private placement exercise (raising gross proceeds of RM4.7 million) and 137,139,625 new Shares pursuant to the exercise of ESOS Options (raising gross proceeds of RM9.3 million).

For 18-month FPE 30 June 2018, the Group recorded an increase in cash and cash equivalents of RM9.0 million (FYE 31 December 2016: decrease of RM2.2 million) mainly due to the following:-

- (a) proceeds from the issuance of new Shares arising from a private placement exercise and the exercise of ESOS Options amounting to RM14.0 million (FYE 31 December 2016: nil);
- (b) proceeds from disposal of property, plant and equipment and investment properties amounting to RM6.1 million (FYE 31 December 2016: nil) following the disposal of a 3-storey semi-detached office cum factory as further described in Section 7(iii) of Appendix I of this Abridged Prospectus; and

APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)

- (c) proceeds from disposal of the Group's investment in quoted shares amounting to RM2.6 million (FYE 31 December 2016: RM5.1 million).

The above was partly utilised to fund the following:-

- (a) the Group's working capital whereby the increase in amount owing by contract customers (mainly for the MRT Line 2 project) contributed to net cash used in operating activities of RM10.3 million (FYE 31 December 2017: RM6.9 million); and
- (b) acquisition of quoted shares for investment amounting to RM4.3 million (FYE 31 December 2015: RM8.2 million).

(iii) 6-month FPE 31 December 2018

Despite recording a GP of RM4.3 million, the Group recorded a LAT from continuing operations of RM3.4 million in 6-month FPE 31 December 2018 mainly due to:-

- (a) impairment loss on investment in quoted shares held by the Group of RM1.8 million; and
- (b) staff costs of RM4.3 million.

In line with the LAT above, coupled with expected credit losses totalling RM3.9 million arising from the effects of adopting Malaysian Financial Reporting Standards (MFRS) 9, the Group recorded a 10.2% decrease in NA as at 31 December 2018 as compared to 30 June 2018. The expected credit losses arose as the Group expects further impairment to be made on its trade receivables, amount owing by contract customer and other receivables following the adoption of MFRS 9 which, amongst others, imposes a forward-looking impairment methodology to reflect the expected credit losses on financial instruments.

For 6-month FPE 31 December 2018, the Group recorded an increase in cash and cash equivalents of RM0.5 million mainly due to collection of trade receivables which resulted in net cash generated from operating activities of RM1.8 million. This was partly used to repay borrowings amounting to RM1.5 million.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)**5. HISTORICAL SHARE PRICES**

The monthly highest and lowest market prices of Metronic Shares traded on Bursa Securities for the past 12 months up to February 2019 (being the last full trading month prior to the date of this Abridged Prospectus) are as follows:-

	High (RM)	Low (RM)
<u>2018</u>		
March	0.060	0.050
April	0.060	0.050
May	0.055	0.035
June	0.045	0.035
July	0.045	0.035
August	0.045	0.035
September	0.040	0.030
October	0.040	0.025
November	0.035	0.025
December	⁽¹⁾ 0.090	0.020
<u>2019</u>		
January	0.115	0.070
February	0.110	0.095

Note:-

(1) Adjusted pursuant to the Share Consolidation.

Last transacted market price on 14 June 2017, being the last Market Day immediately prior to the announcement of the Rights Issue with Warrants (RM)	RM 0.065
Last transacted market price on 15 March 2019, being the Market Day immediately prior to the ex-date for the Rights Issue with Warrants	0.080
Last transacted market price on at the LPD (RM)	0.110

(Source: Bloomberg)

6. OPTION TO SUBSCRIBE FOR SHARES

As at the LPD, save for the Provisional Allotments and Excess Rights Shares with Warrants as well as the ESOS Options, no option to subscribe for the Shares has been granted or is entitled to be granted to any person.

Under the ESOS, the Company may grant options to subscribe for new Shares up to but not exceeding 15% of the Company's total number of issued Shares (excluding treasury shares, if any) at any point of time during the duration of 5 years from the effective date of the ESOS i.e. 13 March 2017. The exercise price for such options shall be determined by the Board at its discretion upon recommendation of the ESOS committee based on the 5-day VWAP of Metronic Shares immediately prior to the date of offer with a discount of not more than 10%. As at the LPD, the Company has up to 1,758,648 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS.

APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)**7. MATERIAL CONTRACTS**

Save as disclosed below, the Board confirmed there are no other contracts which are material to the Group (not being contracts entered into in the ordinary course of business) which have been entered into by the Group during the 2 years preceding the date of this Abridged Prospectus:-

- (i) 3 sale and purchase agreements dated 20 March 2017 entered into between MOne (as purchaser) and Northern Paradise Sdn Bhd (as vendor) in respect of an acquisition of 3 parcels of leasehold land held under the following titles:-
 - (a) H.S.(M) 555 No. PT 37962 Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 520.24 square metres in area;
 - (b) H.S.(M) 556 No. PT 37963 Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 520.24 square metres in area; and
 - (c) H.S.(M) 557 No. PT 37964 Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 627.5395 square metres in area,

for an aggregate cash consideration of RM5,850,000. The acquisition was completed on 21 June 2017;

- (ii) Sale and purchase agreement dated 14 April 2017 entered into between MOne (as purchaser), and Northern Paradise Sdn Bhd (as Vendor) in respect of a leasehold land held under individual title H.S.(M) 558, PT 37965, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan for a total cash consideration of RM1,950,000. As at the LPD, the said transaction is pending completion;
- (iii) Sale and purchase agreement dated 30 November 2017 entered into between Metronic Engineering Sdn Bhd, being a wholly-owned subsidiary of the Company (as vendor) and Dynamic Pile Testing Sdn Bhd (as purchaser) in respect of a disposal of its 3 storey semi-detached office cum factory held under GRN 332748, Lot No. 64260 Mukim of Damansara, District of Petaling, Selangor Darul Ehsan for a total cash consideration of RM6,060,000. The said disposal was completed on 2 April 2018; and
- (iv) Settlement agreement dated 24 January 2019 entered into between Ahmad Zaki Resources Bhd (“AZRB”) and Metronic Engineering Sdn Bhd (“MESB”), a wholly-owned subsidiary of the Company, in relation to the settlement of the adjudication proceeding initiated by MESB against AZRB under the Construction Industry Payment and Adjudication Act 2012 for a full and final settlement sum of RM2,300,000 (via eight equal installments of RM250,000) payable by AZRB to MESB. The adjudication proceeding was initiated following disputes over non-payment for works done and costs incurred by MESB for Al Faisal University Campus Development Project, Riyadh and Kingdom of Saudi Arabia. As at the LPD, AZRB has paid 3 out of the 8 installments.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)**8. MATERIAL LITIGATION**

As at the LPD, saved as disclosed below, the Board confirmed that neither Metronic nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position of the Group and the Board has confirmed that there are no proceedings, pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group:-

(i) Writ of Summon in the Kuala Lumpur High Court (Civil Suit No.: 22IP-8-02/2014)

The Company and its wholly owned subsidiary, Metronic Integrated System Sdn Bhd ("**MIS**") has been served a writ of summon by Hew Chai Seng (the "**Plaintiff**") on 25 February 2014 for infringement of trademark.

After the full trial, the Kuala Lumpur High Court Judge had on 16 December 2015 granted judgement in favour of the Plaintiff and allowed the Plaintiff's claim with costs of RM50,000 and for general damages to be assessed.

On 11 January 2016, the Company had filed an appeal to the Court of Appeal. On 25 April 2017, the said appeal was dismissed by the Court of Appeal.

On 23 May 2017, MIS filed a notice of motion to seek leave for appeal to the Federal Court ("**Leave Application**"). On 28 August 2017, the Leave Application was dismissed by the Federal Court.

On 10 April 2018, the Deputy Registrar of the Kuala Lumpur High Court has decided to award general damages of RM1.68 million to the Plaintiff together with an interest at the rate of 5% per annum calculated from 25 February 2014 until the date of full and final settlement and cost of proceedings of RM20,000 to the Plaintiff ("**Award**").

Subsequently on 15 April 2018, the Company has filed an appeal against the Award ("**Appeal against Award**") and applied for a stay of execution of the Award. On 5 July 2018, the Kuala Lumpur High Court allowed the Company's application for stay of execution pending the Appeal against the Award. The matter was then fixed for case management on 30 October 2018.

On 19 February 2019, the Kuala Lumpur High Court has adjourned the hearing to 4 April 2019 for parties to file additional written submission.

As at the LPD, without any further directions from the Kuala Lumpur High Court, the order for stay of execution pending the Appeal against the Award shall remain. The solicitors appointed by the Company is of the opinion that the Company has a fair chance to be successful in its Appeal against the Award.

(ii) Claim for outstanding rental on the Group's property in Beijing

On 19 May 2016, Metronic Microsystem (Beijing) Co. Ltd ("**MMBCL**"), a wholly-owned subsidiary of the Company, has filed a legal claim against 英泰格瑞房地产投资顾问有限公司, which has occupied MMBCL's property in Beijing at No. 18, Level 8, Top Fine International Centre, Dong San Huan Middle Road, Chao Yang District, Beijing, People's Republic of China ("**Beijing Property**"), for outstanding rental and late payment charges amounting to RMB7.25 million (approximately RM4.41 million⁽¹⁾) ("**Claim**"). The amount comprises outstanding rental amounting to RMB5.81 million (approximately RM3.5 million⁽¹⁾) and late payment charges of RMB1.44 million (approximately RM0.9 million⁽¹⁾).

APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)

The case was heard before the Beijing Chaoyang Municipal Council Court on 8 December 2016 and 2 June 2017, respectively. The Beijing Chaoyang Municipal Council Court had appointed a professional valuer to conduct a valuation on the Beijing Property. Based on the valuation report provided, MMBCL had on 11 May 2018 submitted the justification of Claim to the Beijing Chaoyang Municipal Court.

On 19 October 2018, the Beijing Chaoyang Municipal Council Court had awarded the outstanding rental amounting to RMB3.97 million (approximately RM2.4 million⁽¹⁾) payable to MMBCL. As at the LPD, the outstanding rental has yet to be paid.

Note:-

(1) Based on BNM's exchange rate of RMB1:RM0.6085 as at the LPD.

9. CONSENTS

- (i) The written consents of the Principal Adviser, Share Registrar, Reporting Accountants and the Solicitors for the Rights Issue with Warrants for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.
- (ii) The written consent of Bloomberg for the inclusion in this Abridged Prospectus of its name and citation of the market data made available to its subscribers in the form and context in which such name and market data appear has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company following the date of this Abridged Prospectus during normal business hours from Monday to Friday (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:-

- (i) Constitution of Metronic;
- (ii) the Undertaking referred to in Section 3 of this Abridged Prospectus;
- (iii) the material contracts referred to in Section 7 above;
- (iv) the letters of consent referred to in Section 9 above;
- (v) the Deed Poll; and
- (vi) the relevant cause papers in respect of the material litigation as referred in Section 8 above.

11. RESPONSIBILITY STATEMENT

- (i) The Board has seen and approved this Abridged Prospectus, together with the NPA and RSF, and they collectively and individually accept full responsibility for the accuracy of the information contained therein and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.

APPENDIX I – INFORMATION ON THE COMPANY (CONT'D)

- (ii) Mercury Securities, being the Principal Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of their knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue with Warrants.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]