



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

ANNOUNCEMENT TO BURSA MALAYSIA

Control No:MGB/A/8/2006

SUBJECT MATTER:

METRONIC GLOBAL BERHAD (“MGB”)

HEADS OF AGREEMENT WITH FEELINGK CO., LTD TO SET UP A JOINT VENTURE COMPANY

CONTENTS:

MGB wishes to announce that on 17 May 2006, it has entered into a binding Heads of Agreement (“HOA” or “the Agreement”) with FEELingK Co., Ltd (“FEELingK”) to set up a joint venture company, to be named as FEELingK Malaysia Sdn Bhd (“FKM” or the “JVC”) with the primary objective of deploying Card Notification Solution (“CNS”), Bulk Short Message Services (“B-SMS”), Voice SMS and the related consultancy, implementation and operations (hereinafter collectively referred to as Services and Solution) in Malaysia, Pakistan, India, United Arab Emirates, Saudi Arabia, Qatar, Australia, New Zealand and any other countries to be mutually agreed by MGB and FEELingK (“the Parties”) (hereinafter collectively referred to as Scheduled Territory).

FEELingK was incorporated in the Republic of Korea and is listed on the KOSDAQ Market, Korea. It currently has a capital stock of Korean WON3,550,500,000. It is principally involved in the provision of mobile internet solutions.

The salient terms of the Agreement are as follows:-

- 1 The proposed initial issued and paid up share capital of the JVC is RM100 comprising 100 ordinary shares of RM1.00 each in the following agreed proportion:-

| Parties | Number of shares subscribed @ par | % of issued and paid-up share capital |
|----------------|--|--|
| MGB | 60 | 60% |
| FEELingK | 40 | 40% |
| Total | 100 | 100% |

The JVC may establish any business ventures, associates or strategic partnerships in any of the countries in the Scheduled Territory.

- 2 Services and Solution

The Parties shall jointly cooperate in the deployment of the Services and Solution in the Scheduled Territory. The Parties acknowledge that the Services and Solutions may require local customization and adaptation in relation to the specific countries in the Scheduled Territory.

The agreed scope of work of the Parties are as follows:-

MGB

MGB shall be responsible to provide the following:

Technical:

- Assisting the JVC in respect of any project proposals
- Provide, where applicable, the full range of necessary hardware and site preparation
- Provide technical support application
- Provide system warranty and 1st tier support on Operation and Maintenance application technical support
- Prepare operation and maintenance organization framework

Business:

- Provide business, marketing plan, manpower facilities, operational overheads and other contact details to the JVC
- Direct interface with other business organizations or persons for sales and/or revenue sharing businesses
- Direct interface with local content providers on local content adaptation, if required
- Undertake marketing and sales activities for the JVC

FEELingK

FEELingK shall be responsible to provide the following:

Planning & Consulting:

- To customize and adapt the Services and Solution to fit in the local content/requirement
- Prepare, mobilize and make available the project team

Technical:

- Provide all technical support including dedicated manpower for consulting, software installation, implementation, customization, network integration and maintenance support.
- To ensure the Services and Solution are fit for the purposes for which the Services and Solution are represented and warranted for.
- Provide 2nd tier maintenance support for the period specified in the solution supply agreement
- Provide business and usage statistics for further improvement in new services
- Provide training to employees of MGB or persons identified by MGB for the operation and maintenance of the Services and Solution

Business:

- Provide successful system implementation and integration
- Provide Software license for the application(s) to be installed in the application server
- Provide consultancy services in marketing and operational aspects

3. All new intellectual property rights developed and patented by JVC during the subsistence of the Agreement shall remain the property of the JVC.
4. The Agreement shall be effective as of the Effective Date until superceded by a Joint Venture cum Shareholders Agreement (“JVSA”) which is expected to be executed by the Parties within one (1) month from the date of the Agreement or any other time to be mutually agreed upon by the Parties.

Notwithstanding the foregoing the Agreement shall be automatically terminated upon written notice by the following events:

- (i) breach of confidentiality obligation by any of the Parties;
- (ii) any Party ceasing to conduct its operations in the normal course of business, becomes the subject of a voluntary bankruptcy petition, becomes the subject of a bankruptcy petition, is placed in receivership or attempts to assign this Agreement for the benefit of creditors;
or
- (iii) by mutual written agreement of both Parties.

5. The Parties agree that the restraints on either Party accessing the customers or projects of the other Party shall survive the termination of this Agreement for a period of 12 months thereafter.

None of the directors or substantial shareholders of MGB or persons connected to them has any interest, direct or indirect, in the JVC or the Agreement.

MGB shall make a further announcement upon the signing of the JVSA.

This announcement is dated 18 May 2006