



METRONIC GLOBAL BERHAD

(Company No.: 632068-V)

(Incorporated in Malaysia under the Companies Act, 1965)

ANNOUNCEMENT TO BURSA MALAYSIA

Control No:MGB/A/1/2007

SUBJECT MATTER:

METRONIC GLOBAL BERHAD (“MGB”)

**MATERIAL LITIGATION-CWORKS SYSTEMS BERHAD (“CWORKS”) VS
MGB**

CONTENTS:

The Board of Directors of MGB wishes to announce that MGB had on 9 January 2007 received through its solicitors a Writ of Summons and Statement of Claim dated 23 November 2006 with the High Court of Shah Alam (Suit No MT4-22-1551-2006) issued by CWORKS.

CWORKS is claiming an outstanding amount of RM1,751,617.27 from MGB pursuant to a Software Development Agreement dated 9.5.2005 (“the Agreement”) for the development and provision of a software for the National Product Code System, the Sale Force System and the Project Management Tool System in China.

MGB’s solicitors had on 9.1.2007 filed a Memorandum of Appearance against the CWORKS suit .

Based on our solicitors’ advice, primarily the claims are unsubstantiated and the said claims are in breach for non conformity of the Rules of Pleading, hence the prospects for striking off the suit appears feasible. MGB had confirmed the non-fulfillment of the Agreement by CWORKS via a letter dated 5.12.2006 demanding the fulfilment of CWORKS contractual obligation. However, the letter remained unanswered. MGB’s solicitors are of the opinion that CWORKS’s claims are premature in nature and in breach of its own actual obligations.

Therefore, the Board of MGB is of opinion that the prospect of defending the suit is good.

This announcement is dated 10.1.2007.