Unusual Market Activity

COMPUGATES HOLDINGS BERHAD

Type	Reply to query
Reply to Bursa Malaysia's Query Letter - Reference ID	BMSB/LC/PLCs. C56(1)
Subject	Unusual Market Activity

Contents :

We refer to the further query from Bursa Malaysia Securities Berhad's ("Bursa Securities") letter dated 14 February 2006 and the announcement in relation to the Unusual Market Activity dated 13 February 2006.

In accordance with the Corporate Disclosure Policy on Response To Unusual Market Activity pursuant to paragraph 9.11 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities LR"), the Board of Directors of Compugates Holdings Berhad ("Compugates" or "the Company") ("Board") wishes to clarify that the distributorship agreement which the Compugates group of companies (“Compugates Group” or “Group”) intends to enter with Philips Malaysia Sdn Bhd (“Philips”) for the non-exclusive distributorship of Philips’ communication products in Malaysia is currently pending finalisation. The Company has been given a draft copy of the said non-exclusive distributorship agreement, the terms of which are still being negotiated by the parties. Amongst the other terms of distribution, it is stated therein the following terms:

1) a credit term of 7 days from the invoice date and a credit limit of RM1 million at any one point in time; and
2) the models of handphones to be distributed are as follows subject to Phillips reserving its rights to amend, vary, add to or otherwise change from time to time and upon notification to the Company:

i) Philips 768
ii) Philips 960
iii) Philips 766
iv) Philips Xenium 9@98
v) Philips Xenium 9@9i
vi) Philips 362

In the event that the said distributorship agreement is executed, the Company will be one of Philips’ authorised distributors of certain of Philips’ handphones within Malaysia.

The Board believes that there is a reasonably good chance of the Company securing the Philips distributorship soon.

In relation to the negotiations with several foreign telecommunication companies, the Board wishes to clarify that the Company is negotiating with various parties within the Asia Pacific region. These negotiations are at a very preliminary stage and form part of the Group’s continuing efforts to expand its business. Therefore, the Board is not able to ascertain as to the outcome of the negotiations.

The Company will continue to make the necessary announcements to Bursa Securities in compliance with the requirements of the Bursa Securities LR.

The Board of Directors
Compugates Holdings Berhad

This announcement is dated 15 February 2006.

Announcement Info

Company Name	COMPUGATES HOLDINGS BERHAD

Stock Name	COMPUGT
Date Announced	15 Feb 2006
Category	General Announcement
Reference No	CC-060214-62104