COMPUGATES HOLDINGS BERHAD (“CHB”) - UPDATE ON THE STATUS OF THE MEMORANDUM OF UNDERSTANDING BETWEEN PT. EXCELCOMINDO PRATAMA WITH COMPUGATES INTERNATIONAL LIMITED (“CIL”), A SUBSIDIARY OF COMPUGATES INTERNATIONAL SDN BHD

COMPUGATES HOLDINGS BERHAD

Type	Announcement
Subject	COMPUGATES HOLDINGS BERHAD (“CHB”) - UPDATE ON THE STATUS OF THE MEMORANDUM OF UNDERSTANDING BETWEEN PT. EXCELCOMINDO PRATAMA WITH COMPUGATES INTERNATIONAL LIMITED (“CIL”), A SUBSIDIARY OF COMPUGATES INTERNATIONAL SDN BHD
Contents	1. INTRODUCTION Further to the announcements made on 30 July 2007, 28 September 2007, 31 December 2007 and 30 June 2008, CHB is pleased to announce that PT. Compugates International (“PT Compugates”), a subsidiary of CIL, which is in turn a subsidiary of CHB, had on 23 June 2008, entered into a cooperation agreement with PT. Excelcomindo Pratama Tbk. (“XL”) for the Sale of XL products (“Agreement”). Under the Agreement, PT Compugates has exclusive sale of the products from XL within the approved operational area within all XL’s service network areas (“Marketing Area”). 2. INFORMATION ON XL XL is a company incorporated under the laws of Indonesia and having its registered office at grhaXL, Jl. Mega Kuningan Lot E4-7 No 1, Kawasan Mega Kuningan, Jakarta 12950, Indonesia. XL is a company having its line of business in the telecommunication industry as cellular operator in Indonesia and the party whom having the GSM Network. 3. INFORMATION ON PT COMPUGATES PT Compugates is a company incorporated under the laws of Indonesia and having its registered office at Jalan Pejaten Raya No. 5E, Pasar Minggu Jakarta Selatan 12510. PT Compugates is a company having its line of business of distribution of telecommunication products, sim cards and voucher cards. The authorised share capital of PT Compugates is USD400,000.00 divided into 400,000 shares of USD1.00 each while its issued and paid-up share capital is USD100,000.00 divided into 100,000 shares of USD1.00 each. 4. SALIENT TERMS OF THE AGREEMENT 4.1 The Rights and Obligations of PT Compugates, amongst others, are as follows: (i) Purchase the products according to procedures applicable with XL as provided in the Agreement; (ii) Sell the XL products within the Marketing Area; (iii) Receive adequate support from XL as provided in the Agreement;

(iv) Involve all XL Kiosks in the sale of the products;
(v) Comply with policies relating to the price sale of products to users;
(vi) Effect sale of the products through the Sale Channel evenly within the Marketing Area;
(vii) Shall not assign any of its rights and obligations under the Agreement, whether partially or entirely, to any third party without prior written consent from XL;
(viii) Shall not sell other products that are similar to the products or which are procured from any of XL's competitors; and
(ix) Shall not effect sale of the products through XL Dealer and its downlines or other agents having a collaboration arrangement with XL.

4.2 The Rights and Obligations of XL, amongst others, are as follows:

(i) Right to determine the number of physical vouchers that can be purchased by PT Compugates;
(ii) Right to set sale target with respect to the products that must be met by PT Compugates, with due consideration of inputs from PT Compugates;
(iii) Right to determine the price of the products to be applied to PT Compugates; and
(iv) Right to effect changes to the products price and rate of commission with notice delivered to PT Compugates by no later than one (1) month prior to such changing becoming effective.

5. APPROVALS REQUIRED

The execution of the Agreement by PT Compugates is not subject to any other approvals.

6. FINANCIAL EFFECTS

6.1 Share Capital

The execution of the Agreement will not have any effect on the issued and paid-up share capital of CHB as it does not involve issuance of new shares.

6.2 Net Assets and Gearing

The Agreement is not expected to have a material effect on the gearing of the CHB Group but it is expected to have a positive effect on the net assets of the Group for the financial year ending 31 December 2009.

6.3 Earnings

The Agreement is expected to contribute positively to the earnings per share of the Group for the financial year ending 31 December 2009.

6.4 Substantial Shareholders' Shareholdings

The execution of the Agreement will not have any effect on its substantial shareholders' shareholdings.

7. AGREEMENT PERIOD

The Agreement applies for a period of three (3) years from the date of signing by PT Compugates and XL ("the Parties"), subject to a review every one (1) year by XL based on the number of XL Kiosks created by PT Compugates. The Agreement may be extended upon the mutual written agreement of the Parties.

8. INTEREST OF DIRECTORS AND MAJOR SHAREHODLERS

None of the directors and / or major shareholders and / or persons connected to the directors or major shareholders of CHB has any interest, whether directly or indirectly, in the Agreement.

9. DIRECTORS' RECOMMENDATION

The Board having considered all the relevant factors in respect of the Agreement and is of the opinion that the execution of the Agreement which is entered into in the ordinary course of business of PT Compugates is in the best interest of CHB Group.

This announcement is dated 18 July 2008.

Remarks: The Agreement was duly signed by XL on 17 July 2008 and the same was only received by CHB on 18 July 2008.

Announcement Info

Company Name	COMPUGATES HOLDINGS BERHAD
Stock Name	COMPUGT
Date Announced	18 Jul 2008
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