AGREEMENT WITH PHILIPS MALAYSIA SDN BHD ("PHILIPS")

COMPUGATES HOLDINGS BERHAD

Type	Announcement
Subject	AGREEMENT WITH PHILIPS MALAYSIA SDN BHD ("PHILIPS")

Contents :

We are pleased to announce that Compugates Marketing Sdn Bhd (“CMSB”), a wholly-owned subsidiary of Compugates has entered into the Distribution Agreement (“Agreement”) with Philips Malaysia Sdn Bhd (“Philips”) on 20 February 2006 for the non-exclusive distributorship of Philip’s communication products in Malaysia.

The following salient terms of the Agreement are in addition to the salient terms of the Agreement announced to Bursa Malaysia Securities Berhad vide the Company’s Reply to Query dated 15 February 2006 :-

- The distribution term is for a period of two (2) years from the date of the Agreement.
- CMSB to procure the issuance of a Bank Guarantee for the amount of RM500,000 within thirty (30) days from date of the Agreement which mshall remain valid until the expiry of the Agreement;
- CMSB is to achieve a minimum quarterly volume of 30,000 units;

Philips requires that CMSB achieves a target of RM63 million by 31 December 2006 in sales of those Philip’s products.

None of the Directors and/or Substantial Shareholders and/or person connected with Directors and/or Substantial Shareholders have any interest, direct or indirect, in the Agreement.

There is also no change in the substantial shareholdings as no share is issued for this purpose.

The Directors are of the opinion that the Agreement is in the best interest of the Compugates group. It is expected that the distributorship of the Philips products under the Agreement will contribute positively to the revenue of the Compugates group in 2006.

Announcement Info

Company Name	COMPUGATES HOLDINGS BERHAD
Stock Name	COMPUGT
Date Announced	20 Feb 2006
Category	General Announcement
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