

VOLUNTARY UNCONDITIONAL CASH OFFER

by



UNITED OVERSEAS BANK LIMITED

(Company Registration No.: 193500026Z)
(Incorporated in the Republic of Singapore)

for and on behalf of

VST HOLDINGS LIMITED

(Company Registration No.: 116157)
(Incorporated in the Cayman Islands)
(Hong Kong Stock Code: 856)

to acquire all the issued and paid-up ordinary shares in the capital of

ECS HOLDINGS LIMITED

(Company Registration No.: 199804760R)
(Incorporated in the Republic of Singapore)

OFFER ANNOUNCEMENT

1. INTRODUCTION

United Overseas Bank Limited ("**UOB**") wishes to announce, for and on behalf of VST Holdings Limited (the "**Offeror**"), that the Offeror intends to make a voluntary unconditional cash offer (the "**Offer**") for all the issued and paid-up ordinary shares (the "**Shares**") in the capital of ECS Holdings Limited (the "**Company**"), other than those Shares held, directly or indirectly, by the Offeror as at the date of the Offer (the "**Offer Shares**").

2. THE OFFER

- 2.1 In accordance with Rule 15 of The Singapore Code on Take-overs and Mergers (the "**Code**"), and subject to the terms and conditions set out in the formal offer document to be issued by UOB, for and on behalf of the Offeror, (the "**Offer Document**"), the Offeror will make the Offer for the Offer Shares on the following basis:

For each Offer Share: S\$0.68 in cash (the "Offer Price**").**

- 2.2 The Offer Shares are to be acquired (a) fully paid, (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever, and (c) together with all rights, benefits and entitlements attached thereto as at the date of this Announcement (the "**Offer Announcement Date**") and hereafter attaching thereto (including the right to receive and retain all dividends, other distributions and return of capital (if any) which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date). If any dividend, other distribution or

return of capital is declared, paid or made by the Company on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by the amount of such dividend, distribution or return of capital paid or made by the Company to such shareholders of the Company ("**Shareholders**") who accepts or has accepted the Offer.

- 2.3 The Offer will be extended, on the same terms and conditions, to all new Shares unconditionally issued or to be issued pursuant to the valid exercise of any options (each, an "**Option**") to subscribe for new Shares granted under the ECS Share Option Scheme II which was approved by Shareholders on 13 December 2000 (the "**Share Option Scheme**"), prior to the close of the Offer. For the purpose of the Offer, the expression "**Offer Shares**" shall include the aforesaid Shares.
- 2.4 As at the Offer Announcement Date, the Offeror owns or controls an aggregate of 330,694,093 Shares, representing approximately 89.512% of the total number of issued Shares¹.

The Offer will be unconditional in all respects.

3. THE OPTIONS PROPOSAL

- 3.1 As at the Offer Announcement Date, there are outstanding Options granted under the Share Option Scheme. Under the rules of the Share Option Scheme, the Options are not transferable by the holders thereof ("**Optionholders**"). In view of this restriction, UOB, on behalf of the Offeror, will not make an offer to acquire the Options (although for the avoidance of doubt, the Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise of Options prior to the close of the Offer).

Instead, UOB will, on behalf of the Offeror, make a proposal (the "**Options Proposal**") to Optionholders, on the terms that, subject to the relevant Options continuing to be exercisable into new Shares, the Offeror will pay to such Optionholders a cash amount (determined as provided below) (the "**Option Price**") in consideration of such Optionholders agreeing:

- (a) not to exercise any of such Options into new Shares; and
- (b) not to exercise any of their rights as Optionholders,

in each case from the date of their acceptance of the Options Proposal to the respective dates of expiry of such Options. Optionholders who have accepted the Options Proposal will also be required to surrender all their Options for cancellation. If the Offer is withdrawn or if the relevant Options cease to be exercisable into new Shares, the Options Proposal will lapse accordingly.

- 3.2 The Option Price is computed on a "see-through" basis. In other words, the Option Price in relation to any Option is the amount by which the Offer Price is in excess over the exercise price of that Option.
- 3.3 For the avoidance of doubt, the Offer and Options Proposal are separate and are mutually exclusive. The Options Proposal does not form part of the Offer, and *vice versa*. Without prejudice to the foregoing, if the Optionholders exercise their Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise, they may not accept the Options Proposal in respect of such Options. Conversely, if Optionholders wish to accept the Options Proposal in respect of their Options, they may not exercise those Options

¹ In this Announcement, unless otherwise stated, all references to the total number of issued Shares shall be to 369,440,174 Shares.

in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise.

- 3.4 Details of the Options Proposal will be despatched to the Optionholders no later than the date of despatch of the Offer Document.

4. UNDERTAKINGS TO ACCEPT OFFER

- 4.1 Each of the following Shareholders (collectively, the "**Undertaking Shareholders**") has given an irrevocable undertaking (each an "**Undertaking**" and collectively the "**Undertakings**") in favour of the Offeror to, *inter alia*, accept or procure the acceptance of the Offer in respect of (a) the Offer Shares held by him and (b) any Offer Shares which he may directly or indirectly acquire on or after the date of his Undertaking:

Undertaking Shareholders	Number of Shares	Percentage of Shares ⁽¹⁾ (%)	Number of Options
Mr. Tay Eng Hoe	700,000	0.189	-
Mr. Narong Intanate	569,000	0.154	1,000,000
Mr. Tan Teck Thye	143,000	0.039	-
Total	1,412,000	0.382	1,000,000

Note:

- (1) Based on the total number of issued Shares of 369,440,174 Shares as at the Offer Announcement Date.

Pursuant to the Undertakings, each of the Undertaking Shareholders undertakes, *inter alia*:

- (a) to accept the Offer in respect of the Offer Shares held by him and any Offer Shares which he may, directly or indirectly, acquire on or after the date of his Undertaking; and
- (b) where applicable, not to (i) exercise all or any of the Options held by him; and (ii) not to exercise any rights as a Optionholder (other than to accept the Options Proposal).

The Undertakings will terminate, lapse and cease to have any effect on the date the Offer is withdrawn.

5. INFORMATION ON THE OFFEROR

- 5.1 The Offeror is a company incorporated in the Cayman Islands with limited liability and its shares have been listed and quoted on the Stock Exchange of Hong Kong Limited since 9 May 2002.
- 5.2 The Offeror is an information, communication and technology products and services provider, serving a wide regional customer base. The Offeror and its subsidiaries (which include the Company) have offices in six countries namely China, Thailand, Malaysia, Singapore, Indonesia and the Philippines. The three main businesses are distribution, enterprise systems and IT services. The enterprise systems segment designs, installs and implements IT infrastructure for companies, while the IT services segment provides a comprehensive range of professional, technical support and training services.

5.3 As at the Offer Announcement Date, the Offeror has an issued and paid-up capital of approximately HK\$149,318,800 consisting of 1,493,187,998 ordinary shares. The board of directors of the Offeror comprises of the following:

- (a) Mr. Li Jialin (Chief Executive Officer and Executive Chairman);
- (b) Mr. William Ong Wei Hiam (Executive Director);
- (c) Mr. Chan Hoi Chau (Executive Director);
- (d) Ms. Chow Ying Chi (Executive Director);
- (e) Ms. Liu Li (Non-Executive Director);
- (f) Mr. Liang Xin (Non-Executive Director);
- (g) Mr. Li Wei (Independent Non-Executive Director);
- (h) Mr. Ng Yat Cheung (Independent Non-Executive Director); and
- (i) Mr. Lam Hin Chi (Independent Non-Executive Director).

6. INFORMATION ON THE COMPANY

6.1 Based on publicly available information, the Company was incorporated under the laws of Singapore on 1 October 1998 and is listed on the Main Board of the SGX-ST. The principal activities of the Company and its subsidiaries (the "**Group**") consist of, *inter alia*, investment holding and the distribution of information, communications and technology products.

6.2 As at the Offer Announcement Date, based on publicly available information:

- (a) the board of directors of the Company comprises of the following:
 - (i) Mr. Tay Eng Hoe (Executive Chairman);
 - (ii) Mr. William Ong Wei Hiam (Executive Director and Chief Executive Officer);
 - (iii) Mr. Narong Intanate (Non-Executive Director);
 - (iv) Mr. Foo Sen Chin (Non-Executive Director);
 - (v) Mr. Koh Soo Keong (Lead Independent Director); and
 - (vi) Mr. Li Yi (Independent Director);
- (b) the Company has an issued and paid-up share capital of S\$115,058,917.58 consisting of 369,440,174 Shares;
- (c) the Company does not hold any treasury shares; and
- (d) there are 7,020,000 outstanding Options granted under the Share Option Scheme. Save for the Options, the Company has not granted any other options or issued any rights, warrants or other securities convertible into, exercisable for or redeemable with any Shares.

7. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

7.1 Rationale

(a) Illiquid Market for the Shares and Trading in Shares Already Suspended

The trading volume of the Shares, prior to the loss of the public float has been low, with an average daily trading volume of approximately 99,952 Shares, 71,569 Shares and 128,443 Shares during the one (1)-month period, three (3)-month period and 12-month period up to and including the last full day of trading in the Shares on the SGX-ST immediately prior to the Offer Announcement Date (the "**Last Trading Day**"). This represents less than 0.04% of the total number of issued Shares for any of the aforementioned relevant periods.

Further, arising from the loss of the public float, trading in Shares was halted on 23 September 2014, and has been subsequently suspended since 25 September 2014 at the request of the Company, and remains suspended as at the Offer Announcement Date. Shareholders should note that the Offeror does not intend to take any steps to restore the public float in order to lift the suspension in trading of the Shares.

(b) Opportunity to Exit with an Upfront Premium

The Offer presents Shareholders who find it difficult to exit the Company as a result of the suspension in trading in Shares with an opportunity to liquidate and realise their investment in the Shares at a premium over the market prices of the Shares up to and including the Last Trading Day, without incurring brokerage and other trading costs.

(c) Greater Management Flexibility

The Offeror is making the Offer with a view to delisting the Company from the SGX-ST and exercising any rights of compulsory acquisition that may arise under Section 215(1) of the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**"). The Offeror believes that privatising the Company will give the Offeror and the management of the Company more flexibility to manage the business of the Company, optimise the use of its management and capital resources and facilitate the implementation of any operational change.

(d) Compliance Costs of Maintaining Listing

In maintaining its listed status, the Company incurs compliance and associated costs. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses relating to the maintenance of a listed status and focus its resources on its business operations.

7.2 Offeror's Intentions for the Company

Save as disclosed above, the Offeror does not currently have any intention to make major changes to (a) the business of the Group; (b) the deployment of the fixed assets of the Group; or (c) the employment of the employees of the Group.

8. FINANCIAL EVALUATION OF THE OFFER

The Offer Price represents the following premia over the historical traded prices of the Shares:

	Description	Share Price (S\$) ⁽¹⁾	Premium over Share Price ⁽²⁾ (%)
(a)	Last transacted price per Share on 22 September 2014 (being the Last Trading Date)	0.610	11.48
(b)	Volume weighted average price (" VWAP ") of the Shares traded on the SGX-ST for the one (1) -month period prior to and including the Last Trading Day	0.624	8.97
(c)	VWAP for the three (3) -month period prior to and including the Last Trading Day	0.609	11.66
(d)	VWAP for the six (6) -month period prior to and including the Last Trading Day	0.623	9.15
(e)	VWAP for the 12-month period prior to and including the Last Trading Day	0.634	7.26

Notes:

- (1) The figures set out in paragraph 8 are based on data extracted from Bloomberg L.P..
- (2) Computed based on the share prices which were rounded to the nearest three (3) decimal places.

9. LISTING STATUS AND COMPULSORY ACQUISITION

9.1 Listing Status

As at the Offer Announcement Date, the number of Shares owned or controlled by the Offeror in the Company is 330,694,093 Shares, representing approximately 89.512% of the total number of issued Shares. Taking into account the other Shares not held by the public (as defined in the Listing Manual), the percentage of Shares held in public hands fell below the 10% threshold required under Rule 723 of the listing manual of the SGX-ST (the "**Listing Manual**").²

Under Rule 724(1) of the Listing Manual, if the percentage of the Shares held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the Shares held in public hands to at least 10%, failing which the Company may be delisted.

² The term "**public**" is defined in the Listing Manual as persons other than (a) directors, chief executive officer, substantial shareholders, or controlling shareholders of the issuer or its subsidiary companies, and (b) associates of the persons set out in (a). As at the date of this Announcement, based on the latest information available to the Offeror, approximately 9.997% of the total number of issued Shares are held by members of the public.

This loss of the public float was disclosed by the Company in its announcement dated 23 September 2014. On 25 September 2014, trading of Shares was suspended at the request of the Company, and remains suspended as at the Offer Announcement Date.

The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror, when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take any step or support any action by the Company to restore the public float and/or lift the trading suspension of the Shares. In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

9.2 Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any Shares held by the Company as treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares from Shareholders who have not accepted the Offer at a price equal to the Offer Price.

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total number of issued Shares, the Shareholders who have not accepted the Offer have a right to require the Offeror to acquire their Shares at the Offer Price. Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

10. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

10.1 As at the Offer Announcement Date:

- (a) the Offeror owns or controls an aggregate of 330,694,093 Shares, representing approximately 89.512% of the total number of issued Shares; and
- (b) Mr. William Ong Wei Hiam, who is a director of both the Offeror and the Company, holds 300,000 Options.

10.2 Save as disclosed in this Announcement, as at the Offer Announcement Date, none of the Offeror, its directors and UOB (as financial adviser to the Offeror in connection with the Offer) (collectively, the "**Relevant Persons**"):

- (a) owns, controls or has agreed to acquire any:
 - (i) Shares;
 - (ii) securities which carry voting rights in the Company; or
 - (iii) convertible securities, warrants, options or derivatives in respect of such Shares or securities,(collectively, the "**Company Securities**");
- (b) has received any irrevocable undertaking (other than the Undertakings) from any party to accept or reject the Offer;

- (c) has entered into any arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror or the Company which might be material to the Offer; or
- (d) has:
 - (i) granted a security interest over any Company Securities to another person, whether through a charge, pledge or otherwise;
 - (ii) borrowed from another person any Company Securities (excluding borrowed Company Securities which have been on-lent or sold); or
 - (iii) lent any Company Securities to another person.

10.3 In the interest of confidentiality, the Offeror has not made enquiries in respect of certain other parties who are or may be deemed to be acting in concert with it in connection with the Offer. For the same reason, UOB has not made enquiries in respect of its subsidiaries and associated companies and their respective directors. Further enquiries will be made of such persons by the Offeror and UOB and the relevant disclosures, if any, will be made in the Offer Document.

11. OVERSEAS SHAREHOLDERS

This Announcement does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Announcement in any jurisdiction in contravention of applicable law. The Offer will be made solely by the Offer Document and the relevant form(s) of acceptance accompanying the Offer Document, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted.

The release, publication or distribution of this Announcement in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Announcement is released, published or distributed should inform themselves about and observe such restrictions.

Copies of this Announcement and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (a "**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

The ability of Shareholders who are not resident in Singapore to accept the Offer may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in Singapore should inform themselves of, and observe, any applicable requirements.

The Offeror reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders who are not resident in Singapore by announcement to the SGX-ST and if necessary, by paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.

12. CONFIRMATION OF FINANCIAL RESOURCES

UOB, as financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer by the holders of the Offer Shares on the basis of the Offer Price.

13. OFFER DOCUMENT

The Offer Document setting out the terms and conditions of the Offer and enclosing the relevant form(s) of acceptance will be despatched to Shareholders not earlier than 14 days and not later than 21 days from the Offer Announcement Date.

Shareholders of the Company should exercise caution and seek appropriate independent professional advice when dealing in the Shares.

14. RESPONSIBILITY STATEMENT

The directors of the Offeror (including any director who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement are fair and accurate and that there are no other material facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the directors of the Offeror has been to ensure, through reasonable enquiries, that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

The directors of the Offeror jointly and severally accept full responsibility accordingly.

Issued by

UNITED OVERSEAS BANK LIMITED

For and on behalf of
VST HOLDINGS LIMITED
14 November 2014

Forward-Looking Statements

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect the Offeror's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information.

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Offeror nor UOB undertakes any obligation to update publicly or revise any forward-looking statements.