

ECS HOLDINGS LIMITED
(Incorporated in Singapore with limited liability)
(Company Registration No. 199804760R)

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "SGX-ST") ON THE FINANCIAL STATEMENT RESULTS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2014

The Board of Directors of ECS Holdings Limited (the "**Company**") refers to the Financial Statement Results Announcement for the first quarter ended 31 March 2014 and wishes to announce the following response in relation to the queries raised by the SGX-ST received on 15 May 2014.

Query from SGX-ST:

Revenue for the period ended 31 March 2014 decreased approximately 14.6% to \$930,887,000 compared to the period ended 31 March 2013. However, we note that trade and other receivables have increased by about 11.6% from \$694,073,000 as at 31 March 2013 to \$774,925,000 as at 31 March 2014. Please explain the reason(s) for the increase in trade and other receivables and whether the Company foresees any issue on the collection of these receivables.

Company's Response:

The Company's revenue for the Enterprise Systems segment has increased to \$351.6 million for the period ended 31 March 2014 compared to \$257.4 million for the period ended 31 March 2013, which contributed to 37.8% of total revenue as compared to 23.6% of total revenue in the corresponding quarter in 2013. The Enterprise Systems business, which is mainly project based, has generally longer credit terms. The Company does not foresee any issue on the collection of these receivables.

Query from SGX-ST:

Allowance made for inventory obsolescence and inventories written off amounted to \$1,996,000 for the period ended 31 March 2014 compared to \$54,000 for the period ended 31 March 2013. Please explain the reason(s) for the increase.

Company's Response:

The Company's Distribution business decreased by 30.6% in the period ended 31 March 2014 as compared to the same corresponding period in 2013, resulting in the increase of ageing inventory as at 31 March 2014 as compared to the corresponding quarter ended 31 March 2013. Therefore, based on the Company's provision policy, the Company has made a total allowance for inventory obsolescence of \$1,996,000.

By Order of the Board

Lim Yok Yen
Company Secretary

19 May 2014