

CIRCULAR DATED 12 DECEMBER 2014

THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATIONS OF THE INDEPENDENT DIRECTORS OF ECS HOLDINGS LIMITED (“COMPANY”) AND THE ADVICE OF CIMB BANK BERHAD, SINGAPORE BRANCH TO THE INDEPENDENT DIRECTORS OF THE COMPANY. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company (“**Shares**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee, as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with the CDP, you should immediately forward this Circular to the purchaser, the transferee or the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



ECS HOLDINGS LIMITED

(Incorporated in Singapore)
(Company Registration No. 199804760R)

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY UNCONDITIONAL CASH OFFER

By

UNITED OVERSEAS BANK LIMITED

(Incorporated in Singapore)
(Company Registration No. 193500026Z)

for and on behalf of

VST HOLDINGS LIMITED

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

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

Independent Financial Adviser to the Independent Directors of the Company



CIMB BANK BERHAD (13491-P)

Singapore Branch
(Incorporated in Malaysia)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT THE OFFER WILL REMAIN OPEN FOR ACCEPTANCE UNTIL **5.30 P.M. ON 29 DECEMBER 2014 (SUBJECT TO RULE 22.6 OF THE CODE AS DESCRIBED IN PARAGRAPH 2.6 OF THIS CIRCULAR)**, OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.

CONTENTS

CORPORATE INFORMATION	1
DEFINITIONS	2
CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS	6
SUMMARY TIMETABLE	7
LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS	8
1. BACKGROUND	8
2. THE OFFER.....	9
3. THE OPTIONS PROPOSAL	11
4. INFORMATION ON THE OFFEROR AND IRREVOCABLE UNDERTAKINGS	12
5. OFFEROR'S RATIONALE AND INTENTIONS	13
6. OFFEROR'S LISTING STATUS AND COMPULSORY ACQUISITION	15
7. DIRECTORS' INTERESTS AND INTENTIONS	16
8. ADVICE AND RECOMMENDATIONS	16
9. ACTION TO BE TAKEN BY SHAREHOLDERS	18
10. OVERSEAS SHAREHOLDERS	18
11. RESPONSIBILITY STATEMENT	20
APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS.....	21
APPENDIX 2 – ADDITIONAL GENERAL INFORMATION ON THE COMPANY	51
APPENDIX 3 – ADDITIONAL INFORMATION ON THE OFFEROR	60
APPENDIX 4 – EXTRACTS FROM THE COMPANY'S ARTICLES OF ASSOCIATION	64

CORPORATE INFORMATION

Board of Directors	:	Mr Tay Eng Hoe (<i>Executive Chairman</i>) Mr Ong Wei Hiam (<i>Group Chief Executive Officer and Executive Director</i>) Mr Narong Intanate (<i>Non-Executive Director</i>) Mr Foo Sen Chin (<i>Non-Executive Director</i>) Mr Koh Soo Keong (<i>Lead Independent Director</i>) Mr Li Yi (<i>Independent Director</i>)
Company Secretary	:	Teo Chin Kee
Registered Office	:	19 Kallang Avenue, #07-153, Singapore 339410
Share Registrar and Transfer Office	:	M&C Services Private Limited 112 Robinson Road #05-01 Singapore 068902
Independent Financial Adviser to the Independent Directors in respect of the Offer	:	CIMB Bank Berhad, Singapore Branch 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623
Legal Adviser to the Company in respect of the Offer	:	Stamford Law Corporation 10 Collyer Quay #27-00 Ocean Financial Centre Singapore 049315
Auditors of the Company	:	KPMG LLP Certified Public Accountants 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581 Partner in charge: Ms Chu Sook Fun (appointed financial year ended 31 December 2011)

DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

“Articles”	: The articles of association of the Company
“CDP”	: The Central Depository (Pte) Limited
“Circular”	: This circular dated 12 December 2014 issued by the Company to Shareholders in relation to the Offer and the Options Proposal
“Closing Date”	: 5.30 p.m. on 29 December 2014, or such later date(s) as may be announced from time to time by or for and on behalf of the Offeror, such date being the last day for the lodgement of acceptance of the Offer
“Code”	: The Singapore Code on Take-overs and Mergers
“Companies Act”	: The Companies Act, Chapter 50 of Singapore
“Company”	: ECS Holdings Limited
“CPFIS Investors”	: Investors who have purchased Shares using their monies pursuant to The Central Provident Fund Investment Scheme
“ECS Option Price”	: Has the meaning ascribed to it in Section 3 of this Circular
“ECS Options”	: The options to subscribe for new Shares granted under the ECS Share Option Scheme
“ECS Share Option Scheme”	The ECS Share Option Scheme II which was approved by Shareholders on 13 December 2000
“Encumbrances”	: Has the meaning given in Section 2.3 of this Circular
“FAA”	: Form of Acceptance and Authorisation, which is applicable to Shareholders whose Offer Shares are deposited with CDP and which forms part of the Offer Document
“FAT”	: Form of Acceptance and Transfer, which is applicable to Shareholders whose Offer Shares are held in scrip form and which forms part of the Offer Document
“FY”	: Financial year ending or ended 31 December
“Group”	: The Company and its subsidiaries
“IFA”	: CIMB Bank Berhad, Singapore Branch, the independent financial adviser to the Independent Directors in respect of the Offer
“IFA’s Letter”	: Has the meaning ascribed to it in Section 8.1 of this Circular

DEFINITIONS

“Independent Directors”	: The Directors of the Company who are considered independent for the purposes of making the recommendations to Shareholders in respect of the Offer, namely, Messrs Koh Soo Keong, Li Yi, Narong Intanate and Foo Sen Chin
“Irrevocable Undertakings”	: The irrevocable undertakings dated 14 November 2014 given by each of the Undertaking Shareholders to the Offeror in connection with the Offer and the Options Proposal (where applicable)
“Latest Practicable Date”	: 4 December 2014, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	: The Listing Manual of the SGX-ST, as amended up to the Latest Practicable Date
“Market Day”	: A day on which the SGX-ST is open for trading of securities
“Offer”	: The voluntary unconditional cash offer made by UOB, for and on behalf of the Offeror, to acquire the Offer Shares, on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT, as such offer may be amended, extended and revised from time to time by or for and on behalf of the Offeror
“Offer Announcement”	: The announcement of the Offer and the Options Proposal released by UOB, for and on behalf of the Offeror, on the Offer Announcement Date
“Offer Announcement Date”	: 14 November 2014, being the date of the Offer Announcement
“Offer Document”	: The offer document dated 28 November 2014 issued by UOB, for and on behalf of the Offeror, to Shareholders
“Offer Price”	: S\$0.68 in cash for each Offer Share
“Offer Shares”	: All the issued and paid-up Shares to which the Offer relates, as more particularly defined in Section 2.2 of this Circular
“Offeror”	: VST Holdings Limited
“Optionholders”	: The holders of the ECS Options
“Options Proposal”	: Has the meaning ascribed to it in Section 3 of this Circular
“Options Proposal Letter”	: The letter despatched to the Optionholders setting out the terms of the Options Proposal
“Overseas Shareholder”	: Has the meaning ascribed to it in Section 10.1 of this Circular

DEFINITIONS

“Register”	: The register of holders of Shares issued by the Company from time to time, as maintained by the Registrar
“Registrar”	: M&C Services Private Limited, the share registrar and transfer office of the Company
“Securities Account”	: A securities account maintained by a depositor with CDP, but does not include a securities sub-account
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: The holders of Offer Shares, including persons whose Offer Shares are deposited with CDP
“Shares”	: Issued and paid-up ordinary shares in the capital of the Company
“SIC”	: The Securities Industry Council of Singapore
“Substantial Shareholder”	: A person (including a corporation) who has an interest in not less than 5% of the issued voting Shares of the Company
“Undertaking Shareholders”	: Messrs Tay Eng Hoe, Narong Intanate and Tan Teck Thye
“UOB”	: United Overseas Bank Limited, the financial adviser to the Offeror in relation to the Offer
“S\$” and “cents”	: Singapore dollars and cents respectively, being the lawful currency of Singapore
“%” or “per cent.”	: Percentage or per centum

The term **“acting in concert”** shall have the meaning ascribed to it in the Code, and references to **“concert parties”** shall be construed accordingly.

The term **“associated company”** shall have the meaning ascribed to it in the Listing Manual.

The terms **“depositor”**, **“depository agent”** and **“depository register”** shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The term **“subsidiaries”** and **“related corporations”** shall have the meanings ascribed to them respectively in the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

DEFINITIONS

Any discrepancies in this Circular between the listed amounts and the total thereof are due to rounding. Accordingly, figures may have been adjusted to ensure that totals reflect an arithmetic aggregation of the figures that precede them.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Code, the Listing Manual or any statutory or regulatory modification thereof and not otherwise defined in this Circular, shall have the meaning assigned to it under the Companies Act, the Code, the Listing Manual or any such statutory or regulatory modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular 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”, “if”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’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 should not place undue reliance on such forward-looking statements, and the Company assumes no obligation to update publicly or revise any forward-looking statement.

SUMMARY TIMETABLE

Date of despatch of Offer Document	:	28 November 2014
Date of despatch of Circular	:	12 December 2014
Closing Date	:	5.30 p.m. on 29 December 2014 (subject to Rule 22.6 of the Code as described in paragraph 2.6 of this Circular), or such later date(s) as may be announced from time to time by or for and on behalf of the Offeror.
Date of settlement of consideration for valid acceptances of the Offer	:	Within 10 days after the date of receipt of each valid acceptance.

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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

Board of Directors:

Mr Tay Eng Hoe (*Executive Chairman*)
Mr Ong Wei Hiam (*Group Chief Executive Officer and Executive Director*)
Mr Narong Intanate (*Non-Executive Director*)
Mr Foo Sen Chin (*Non-Executive Director*)
Mr Koh Soo Keong (*Lead Independent Director*)
Mr Li Yi (*Independent Director*)

Registered Office:

19 Kallang Avenue
#07-153
Singapore 339410

12 December 2014

To: The Shareholders and Optionholders of the Company

Dear Sir / Madam

VOLUNTARY UNCONDITIONAL CASH OFFER BY THE OFFEROR FOR THE OFFER SHARES

1. BACKGROUND

- 1.1 Offer Announcement.** On 14 November 2014, UOB announced, for and on behalf of the Offeror, *inter alia*, that the Offeror intends to make the Offer and the Options Proposal.

A copy of the Offer Announcement is available on the website of the SGX-ST at www.sgx.com.

- 1.2 Offer Document and Options Proposal Letter.** Shareholders should have received a copy of the Offer Document, setting out, *inter alia*, the terms and conditions of the Offer. **Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.** A copy of the Offer Document is available on the website of the SGX-ST at www.sgx.com.

A copy of the Options Proposal Letter has also been despatched to each of the Optionholders as at the date of despatch of the Offer Document. **Optionholders are advised to read the terms and conditions of the Options Proposal set out in the Options Proposal Letter carefully.**

- 1.3 Purpose of Circular.** The purpose of this Circular is to provide Shareholders and Optionholders with relevant information pertaining to the Offer and the Options Proposal and to set out the recommendations of the Independent Directors and the advice of the IFA to the Independent Directors in connection with the Offer. The IFA has been appointed as the independent financial adviser to the Independent Directors in respect of the Offer. **Shareholders and Optionholders should read the Offer Document and/or the Options Proposal Letter, this Circular and the IFA Letter carefully and consider the recommendation of the Independent Directors and the advice of the IFA to the**

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

Independent Directors in respect of the Offer before deciding whether or not to accept the Offer and/or the Options Proposal.

2. THE OFFER

Based on the information set out in the Offer Document, UOB has, for and on behalf of the Offeror, offered to acquire the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT. The principal terms and conditions of the Offer, as extracted from the Offer Document, are set out below:

2.1 Offer Price. As set out in the Offer Document, the Offer is made on the following basis:

For each Offer Share: S\$0.68 in cash.

The Offeror shall pay the Offer Price in cash for the Offer Shares which are validly tendered in acceptance of the Offer.

2.2 Offer Shares. The Offer is extended to all Shares other than those Shares held (directly or indirectly) by the Offeror as at the date of the Offer.

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 ECS Options granted under the ECS 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.

2.3 No Encumbrances. 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 ("**Encumbrances**"), and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter 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 who accept or have accepted the Offer.

2.4 Unconditional Offer. The Offer is not subject to any conditions and is unconditional in all respects. Shareholders who accept the Offer before the close of the Offer will be paid the Offer Price in cash within 10 days after the receipt by the Offeror of valid and complete acceptances of the Offer.

2.5 Warranty. According to Section 2.4 of the Offer Document, a Shareholder who tenders his Shares in acceptance of the Offer will be deemed to have unconditionally and irrevocably warranted that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from Encumbrances, and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, other distributions and return of

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

capital (if any) which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).

2.6 Duration of the Offer. According to Section 2.5 of the Offer Document:

(a) Closing Date

Except insofar as the Offer may be withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances by Shareholders for a period of at least 28 days from the date of posting of the Offer Document.

The Offer will close at 5.30 p.m. on 29 December 2014 (subject to Rule 22.6 of the Code as described in sub-paragraph (b) below) or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

(b) Offer to Remain Open for 14 Days thereafter

Pursuant to Rule 22.6 of the Code, as the Offer is unconditional in all respects (including as to acceptances), unless the Offeror has stated in the Offer Document that the Offer will not be extended beyond the first closing date, being 29 December 2014 (as described in subparagraph (a) above), the Offer must remain open for acceptance for not less than 14 days after the date on which it would otherwise have closed, in order to give those Shareholders who have not accepted the Offer the opportunity to do so.

As the Offeror has not stated in the Offer Document that the Offer will not be extended beyond the first closing date, pursuant to Rule 22.6 of the Code, the Offer will remain open for a period of not less than 14 days after the date on which the Offer would otherwise have closed.

The final closing date of the Offer will be announced by UOB, for and on behalf of the Offeror, at the appropriate time in accordance with Rule 22.6 of the Code.

(c) Final Day Rule

Pursuant to Rule 22.9 of the Code, the Offer (whether revised or not) will not be capable of becoming or being declared to be unconditional as to acceptances after 5.30 p.m. on the 60th day after the date of posting of the Offer Document (being 28 November 2014) or of being kept open after the expiry of such period, unless it has previously become or been declared to be unconditional as to acceptances, except with the prior approval of the SIC. The SIC will consider granting such permission in circumstances including but not limited to where a competing offer has been announced.

2.7 Further terms of the Offer. Further details of the Offer, including details on (a) the settlement of the consideration for the Offer; (b) the requirements relating to the announcement of the level of acceptance of the Offer; and (c) the right of withdrawal of the acceptances of the Offer, are set out in Appendix IV to the Offer Document.

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

- 2.8 Procedures for Acceptance.** The procedures for the acceptance of the Offer are set out in Appendix V to the Offer Document.

3. THE OPTIONS PROPOSAL

As at the Offer Announcement Date, there were outstanding ECS Options granted under the ECS Share Option Scheme. Under the rules of the ECS Share Option Scheme, the ECS Options are not transferable by the Optionholders. In view of this restriction, UOB, on behalf of the Offeror, will not make an offer to acquire the ECS 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 ECS Options prior to the close of the Offer).

As stated in Section 3 of the Offer Document, UOB has, for and on behalf of the Offeror, made a proposal to Optionholders (the "**Options Proposal**"), on the terms that, subject to the relevant ECS Options continuing to be exercisable into new Shares, the Offeror will pay to such Optionholders a cash amount (the "**ECS Option Price**") in consideration of such Optionholders agreeing:

- (a) not to exercise any of such ECS 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 ECS Options. Optionholders who have accepted the Options Proposal will also be required to surrender all their ECS Options for cancellation.

If the Offer is withdrawn or if the relevant ECS Options cease to be exercisable into new Shares, the Options Proposal will lapse accordingly.

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 ECS 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 ECS Options. Conversely, if Optionholders wish to accept the Options Proposal in respect of their ECS Options, they may not exercise those Options.

- 3.1 ECS Option Price.** As set out in the Offer Document, the ECS Option Price is computed on a "see-through" basis. In other words, the ECS Option Price in relation to any ECS Option is the amount by which the Offer Price is in excess over the exercise price of that ECS Option.

The Offeror shall pay the ECS Option Price in cash for the ECS Options which are validly tendered in acceptance of the Options Proposal.

- 3.2 Further terms of the Options Proposal.** Further details of the Options Proposal are set out in the Options Proposal Letter.

- 3.3 Procedures for Acceptance.** The procedures for the acceptance of the Options Proposal are set out in the Options Proposal Letter.

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

4. INFORMATION ON THE OFFEROR AND IRREVOCABLE UNDERTAKINGS

- 4.1 Information on the Offeror as set out in Section 5 of the Offer Document is reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the Offer Document.

“5. INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the Cayman Islands with limited liability and its shares have been listed and quoted on the Hong Kong Stock Exchange since 9 May 2002.

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 (6) countries namely China, Thailand, Malaysia, Singapore, Indonesia and the Philippines. The three (3) 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.

As at the Latest Practicable Date, the Offeror has an issued and paid-up capital of HK\$149,318,800 consisting of 1,493,187,998 ordinary shares. The board of directors of the Offeror comprises 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).”*

Appendix I to the Offer Document sets out certain additional information of the Offeror, which is reproduced in Appendix 3 to this Circular.

- 4.2 **Irrevocable Undertakings.** The Undertaking Shareholders have each provided an Irrevocable Undertaking to the Offeror. Information on the Irrevocable Undertakings as set out in Section 4 of the Offer Document is reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in 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*

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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. As at the Latest Practicable Date, the Offer Shares and Options held, directly or indirectly, by each of the Undertaking Shareholders are as follows:

Undertaking Shareholders	Number of Shares	Percentage of Shares (%)	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

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

- (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) during the period commencing on the date of his Undertaking and ending on the date on which his Undertaking lapses, not to:
 - (i) exercise all or any of the Options held by him and any Options which may be issued or granted to him on or after the date of his Undertaking (the “**Undertaking Options**”) into new Shares; and
 - (ii) exercise any of his rights as a holder of the Undertaking Options (other than to accept the Options Proposal made by the Offeror in connection with the Offer).

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

5. OFFEROR’S RATIONALE AND INTENTIONS

5.1 **Rationale for the Offer.** The full text of the rationale for the Offer and the Offeror’s intentions in relation to the Company as set out in Section 7 of the Offer Document is reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the Offer Document. Shareholders are advised to read these pages carefully.

“7. RATIONALE FOR THE OFFER AND INTENTIONS IN RELATION TO THE COMPANY”

7.1 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 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 Latest Practicable 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.

7.2 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.

7.3 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. 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.

7.4 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 its listed status and focus its resources on its business operations.

7.5 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, other than in the ordinary course of business."

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

6. OFFEROR'S LISTING STATUS AND COMPULSORY ACQUISITION

The full text of the Offeror's intentions in relation to its right of compulsory acquisition under Section 215(1) of the Companies Act and the Company's listing status as set out in Section 9 of the Offer Document is reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the Offer Document. Shareholders are advised to read these pages carefully.

"9. LISTING STATUS AND COMPULSORY ACQUISITION

9.1 Listing Status

As at the Latest Practicable 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.³

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.

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 Latest Practicable 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.

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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."

7. DIRECTORS' INTERESTS AND INTENTIONS

- 7.1 Interests in Offer Shares and the ECS Options.** Details of the Directors, including *inter alia*, the Directors' direct and deemed interests in the Offer Shares and the ECS Options as at the Latest Practicable Date, are set out in Appendix 2 to this Circular.
- 7.2 Intentions with regard to the Offer and the Options Proposal.** All Directors who have interests in the Offer Shares and/or the ECS Options intend to accept the Offer in relation to their respective beneficial holdings of the Offer Shares, and the Options Proposal in relation to their respective beneficial holdings of the ECS Options.
- 7.3 Interests in shares of the Offeror.** Save for Mr Narong Intanate and Mr Ong Wei Hiam, none of the Directors are directly or indirectly interested in any (a) equity share capital, or (b) convertible securities, warrants, options or derivatives of the Offeror.

8. ADVICE AND RECOMMENDATIONS

- 8.1 General.** Shareholders should read and carefully consider the recommendations of the Independent Directors and the advice of the IFA to the Independent Directors dated 12 December 2014 ("IFA's Letter") before deciding whether to accept or reject the Offer.
- 8.2 Independence of Directors.** The SIC has ruled that Mr Tay Eng Hoe and Mr Ong Wei Hiam are exempted from assuming responsibility for any recommendations on the Offer that the Board of Directors may make to Shareholders as they each face an irreconcilable conflict of interests as a party acting in concert with the Offeror, for the reasons set out in the following table:

Director	Position within the Company	Position within the Offeror and its Concert Parties
Tay Eng Hoe	Executive Chairman	Does not hold any other position in the Offeror as at the Latest Practicable Date, but was the Chairman and an Executive Director of the Offeror up to 18 November 2013.
Ong Wei Hiam	Group Chief Executive Officer and Executive Director	Group Chief Financial Officer and Executive Director of the Offeror.

Notwithstanding the exemption sought for Mr Tay Eng Hoe and Mr Ong Wei Hiam, they will assume responsibility for the accuracy of facts stated and opinions expressed in documents and advertisements issued by, or on behalf of, the Company to Shareholders in connection with the Offer.

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

Save as disclosed above, Messrs Koh Soo Keong, Li Yi, Narong Intanate and Foo Sen Chin, being the other Directors of the Company (“**Independent Directors**”), consider themselves to be independent for the purposes of providing recommendations on the Offer to the Shareholders.

- 8.3 Advice of the IFA to the Independent Directors.** The Independent Directors have carefully considered the advice of the IFA in respect of the Offer, which is set out in Appendix 1 to this Circular. The IFA’s advice in respect of the Offer, as extracted where appropriate from Sections 8 and 9 of the IFA’s Letter, is set out below and should be read in conjunction with, and in the context of, the full text of the IFA’s Letter. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the IFA’s Letter.

“Based upon, and having considered, inter alia, the factors described above and the information that has been made available to us as at the Latest Practicable Date, we are of the opinion that as of the Latest Practicable Date, the Offer Price is on balance, not fair but reasonable, under current prevailing market, economic, industry, monetary and other relevant considerations.”

“Shareholders who wish to dispose of their Shares in the near term and / or who are not prepared to accept the consequences of holding unlisted Shares as stated in section 7.10.3 of this letter, should ACCEPT the Offer.

Shareholders should note that pursuant to Rule 724(1) of the Listing Manual, trading in the Shares was halted on 23 September 2014 as a result of the loss of public float, with trading in the Shares having subsequently been suspended since 25 September 2014. 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. In the event that the Company is delisted, Shareholders who do not accept the Offer will continue to hold unlisted Shares with no ready market.

Given that the Offer is unconditional in all respects, Shareholders should note that under Rule 33.2 of the Code, neither the Offeror nor any person acting in concert with it may (except with the consent of the SIC), within six months of the final Closing Date, make a second offer to, or acquire any Shares from, Shareholders on terms better than those made available under the Offer.”

- 8.4 Recommendations of the Independent Directors.** The Independent Directors, having reviewed and carefully considered the terms of the Offer and the advice given by the IFA to the Independent Directors in the IFA’s Letter, CONCUR with the advice of the IFA in respect of the Offer.

Accordingly, the Independent Directors recommend Shareholders to ACCEPT the Offer.

In rendering the advice and the recommendations above, both the IFA and the Independent Directors have not had regard to the general or specific investment objectives, financial situation, tax status or position, risk profiles or unique needs and constraints or other particular circumstances of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Independent Directors recommend that any

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

individual Shareholder who may require advice in the context of his specific individual circumstances should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who wish to accept the Offer must do so not later than 5.30 p.m. on 29 December 2014, or such later date(s) as may be announced from time to time by or for and on behalf of the Offeror. Shareholders who wish to accept the Offer should refer to Appendix V to the Offer Document which sets out the procedures for acceptance of the Offer.

Shareholders who do not wish to accept the Offer need not take any further action in respect of the Offer Document (including the FAA and/or FAT) which has been sent to them.

10. OVERSEAS SHAREHOLDERS

- 10.1 Availability of Offer.** The availability of the Offer to Shareholders whose addresses are outside Singapore, as shown on the Register or in the records of CDP (as the case may be) ("**Overseas Shareholders**") may be affected by the laws of the relevant overseas jurisdiction. Overseas Shareholders should refer to Section 11 of the Offer Document which is reproduced below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the Offer Document.

"11. OVERSEAS SHAREHOLDERS

*The availability of the Offer to Shareholders whose addresses are outside Singapore, as shown on the register of members of the Company or, as the case may be, in the records of CDP (each, an "**Overseas Shareholder**") may be affected by the laws of the relevant overseas jurisdictions. Accordingly, any Overseas Shareholder should inform himself about and observe any applicable legal requirements, and exercise caution in relation to the Offer, as this Offer Document, the FAA and the FAT have not been reviewed by any regulatory authority in any overseas jurisdiction. **Where there are potential restrictions on sending this Offer Document, the FAA and/or the FAT to any overseas jurisdiction, the Offeror, UOB and CDP each reserves the right not to send these documents to Shareholders in such overseas jurisdictions. For the avoidance of doubt, the Offer is open to all Shareholders, including those to whom this Offer Document, the FAA and/or the FAT have not been, or may not be, sent.***

*Copies of this Offer Document and any other 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*

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

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.

Overseas Shareholders may, nonetheless, obtain copies of this Offer Document, the FAA and/or the FAT and any related documents, during normal business hours and up to the Closing Date, from the Offeror through its receiving agent, M&C Services Private Limited at its office located at 112 Robinson Road #05-01, Singapore 068902. Alternatively, an Overseas Shareholder may write to the Offeror through M&C Services Private Limited at the address listed above to request for this Offer Document, the FAA and/or the FAT and any related documents to be sent to an address in Singapore by ordinary post at the Overseas Shareholder's own risk, up to three (3) Market Days prior to the Closing Date.

*It is the responsibility of any Overseas Shareholder who wishes to (a) request for this Offer Document, the FAA and/or the FAT and/or any related documents, or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including UOB) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf (including UOB) may be required to pay. In (i) requesting for this Offer Document, the FAA and/or the FAT and any related documents and/or (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror and UOB that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. **Any Overseas Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.***

The Offeror and UOB each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Overseas Shareholders by announcement to the SGX-ST and if necessary, 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."

- 10.2 Copies of Circular.** This Circular may not be sent to Overseas Shareholders due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder may, nevertheless, obtain copies of this Circular during normal business hours up to the Closing Date, from the offices of the Registrar at 112 Robinson Road #05-01, Singapore 068902, or make a request to the Registrar for this Circular to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.

LETTER TO SHAREHOLDERS FROM THE BOARD OF DIRECTORS

11. RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of this Circular), collectively and individually accept full responsibility for the accuracy of the information given in this Circular (other than the letter from the IFA), and confirm after making all reasonable enquiries that, as at the Latest Practicable Date, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Offer, the Options Proposal, the Company and its subsidiaries, and the Directors are not aware of any fact the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source (including information extracted from the Offer Document), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from such sources and/or reproduced in this Circular in its proper form and context.

Yours faithfully,

For and on behalf of the Board of Directors

ECS HOLDINGS LIMITED

Koh Soo Keong

Lead Independent Director

**LETTER FROM CIMB TO THE INDEPENDENT DIRECTORS
IN RESPECT OF THE OFFER**

CIMB BANK BERHAD (13491-P)

*Singapore Branch
(Incorporated in Malaysia)*

50 Raffles Place #09-01
Singapore Land Tower
Singapore 048623

12 December 2014

To: **The Independent Directors
ECS Holdings Limited**
19 Kallang Avenue
#07-153
Singapore 339410

Dear Sirs,

**VOLUNTARY UNCONDITIONAL CASH OFFER FOR ALL THE ISSUED AND PAID-UP ORDINARY
SHARES IN THE CAPITAL OF ECS HOLDINGS LIMITED OTHER THAN THOSE SHARES HELD,
DIRECTLY OR INDIRECTLY, BY VST HOLDINGS LIMITED**

1. INTRODUCTION

On 14 November 2014 (the “**Offer Announcement Date**”), United Overseas Bank Limited (“**UOB**”) announced, for and 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**”).

In connection with the Offer, CIMB Bank Berhad, Singapore Branch (“**CIMB**”) has been appointed as the independent financial adviser to advise the directors of the Company who are considered independent for the purpose of making the recommendation to the shareholders of the Company (“**Shareholders**”) (the “**Independent Directors**”).

This letter sets out, *inter alia*, our evaluation of the financial terms of the Offer and our advice thereon. It forms part of the circular to Shareholders dated 12 December 2014 issued by the Company setting out, *inter alia*, details of the Offer and the recommendations of the Independent Directors in respect thereof (the “**Circular**”).

Unless otherwise defined or the context otherwise requires, all terms defined in the Circular and the offer document issued by UOB for and on behalf of the Offered dated 28 November 2014 (the “**Offer Document**”) shall have the same meanings herein. Any differences between the amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

To ensure that the advice we wish to put forth by means of this letter is comprehensive and yet remains concise, details contained in the Circular and the Offer Document, where necessary or relevant in supporting or elaborating our advice, are not wholly reproduced, but instead, are referenced to or summarised throughout the sections of this letter.

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

We recommend that the Independent Directors advise the Shareholders to read these contextual references and summaries with due care.

2. TERMS OF REFERENCE

We have been appointed to advise on the financial terms of the Offer and whether Shareholders should accept or reject the Offer, pursuant to Rules 7.1 and 24.1(b) of the Singapore Code on Take-overs and Mergers (the “**Code**”). We have confined our evaluation to the financial terms of the Offer and our terms of reference do not require us to evaluate or comment on the commercial risks and/or commercial merits of the Offer or the future prospects of the Company and its subsidiaries (the “**Group**”) or any of its associated or joint venture companies and we have not made such evaluation or comment. However, we may draw upon the views of the Directors and/or the management of the Company (the “**Management**”) (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter. We have not been requested, and we do not express any opinion on the relative merits of the Offer as compared to any other alternative transaction. We have not been requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares.

We have held discussions with the Directors and the Management and have examined publicly available information collated by us as well as information, both written and verbal, provided to us by the Directors, the Management and the Company’s other professional advisers. We have not independently verified such information, whether written or verbal, and accordingly we cannot and do not warrant or make any representation (whether express or implied) regarding, or accept any responsibility for, the accuracy, completeness or adequacy of such information. However, we have made such enquiries and exercised our judgment as we deem necessary on such information and have found no reason to doubt the reliability of the information.

We have relied upon the assurances of the Directors (including those who may have delegated supervision of the Circular) that they have taken all reasonable care to ensure that the facts stated and opinions expressed by them or the Company in the Circular are fair and accurate in all material respects. The Directors have confirmed to us, that to the best of their knowledge and belief, all material information relating to the Group, its associated or joint venture companies and the Offer have been disclosed to us, that such information is fair and accurate in all material respects and that there are no other material facts and circumstances the omission of which would make any statement in the Circular inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted such responsibility accordingly.

We have not made any independent valuation or appraisal of the assets and liabilities (including without limitation, real property) of the Group or any of its associated or joint venture companies.

Our analysis and opinion is based upon market, economic, industry, monetary and other conditions prevailing as at 4 December 2014 (the “**Latest Practicable Date**”), as well as the information made available to us as at the Latest Practicable Date. Such conditions may change significantly over a short period of time. Accordingly, we do not express any opinion or view on the future prospects, financial performance and/or financial position of the Group. Shareholders should take note of any announcement and/or documents relevant to their consideration of the Offer which may be released or published by or on behalf of the Company and/or the Offeror after the Latest Practicable Date.

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profile or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, any Shareholder who may require specific advice in the context of his specific investment

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised in relation to the preparation of the Circular (other than this letter). We were not involved in and have not provided any advice in the preparation, review and verification of the Circular (other than this letter). Accordingly, we take no responsibility for, and express no views (express or implied) on, the contents of this Circular (other than this letter).

3. THE OFFER

As set out in Section 2 of the Circular, *inter alia*, the key terms and conditions of the Offer are as follows:

3.1 Offer Terms.

Based on the information set out in the Offer Document, UOB has, for and on behalf of the Offeror, offered to acquire the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT. The principal terms and conditions of the Offer, as extracted from the Offer Document, are set out below.

3.2 Offer Price.

As set out in the Offer Document, the Offer is made on the following basis:

For each Offer Share: S\$0.68 in cash.

The Offeror shall pay the Offer Price in cash for the Offer Shares which are validly tendered in acceptance of the Offer.

3.3 Offer Shares.

The Offer is extended to all Shares other than those Shares held (directly or indirectly) by the Offeror as at the date of the Offer.

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 ECS Options granted under the ECS 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.

3.4 No Encumbrances.

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 ("**Encumbrances**"), and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter 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 who accept or have accepted the Offer.

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

3.5 Unconditional Offer. The Offer is not subject to any conditions and is unconditional in all respects.

Shareholders who accept the Offer before the close of the Offer will be paid the Offer Price in cash within 10 days after the receipt by the Offeror of valid and complete acceptances of the Offer.

3.6 Warranty.

According to Section 2.4 of the Offer Document, a Shareholder who tenders his Shares in acceptance of the Offer will be deemed to have unconditionally and irrevocably warranted that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from Encumbrances, and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter 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).

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

The text stating the rationale for the Offer and Offeror's intentions for the Company has been extracted from Section 7 of the Offer Document and is set out in *italics* below. Shareholders are advised to read the extracts below carefully.

“7.1 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 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 Latest Practicable 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.

7.2 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.

7.3 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. 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.

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

7.4 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 its listed status and focus its resources on its business operations.

7.5 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, other than in the ordinary course of business."

5. INFORMATION ON THE OFFEROR

Please refer to Section 4 of the Circular for information on the Offeror.

6. INFORMATION ON THE COMPANY

Please refer to Appendix 2 of the Circular for information on the Company.

7. FINANCIAL EVALUATION OF THE TERMS OF THE OFFER

Methodology

In assessing the financial terms of the Offer, we have considered the following:

- (i) Historical trading performance of the Shares;
- (ii) Historical trailing price-to-earnings ("**P / E**") and EV / EBITDA multiples, as well as historical closing Share prices in relation to the historical net asset value ("**NAV**") per Share;
- (iii) Valuation multiples of companies listed on regional stock exchanges including the Singapore Exchange Securities Trading Limited ("**SGX-ST**") which are broadly comparable to the Company (the "**Comparable Companies**");
- (iv) Valuation multiples implied in selected relevant transactions involving companies which are in a similar industry to that of the Company (the "**Precedent Transactions**");
- (v) Premia / discounts paid in recent delistings or privatisations of listed companies on the SGX-ST (the "**Precedent Takeovers**");
- (vi) Relevant previous transaction in relation to the Company;
- (vii) Analysts' reviews of and price targets for the Shares;
- (viii) Net asset value of the Group;
- (ix) Historical financial performance and position of the Group, and its industry outlook; and
- (x) Other relevant considerations which have a bearing on our assessment.

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

General bases and assumptions

We wish to highlight that unless specified otherwise, we have relied on the following general bases in our analysis:

- (i) As at the Latest Practicable Date, the issued capital of the Company comprises 369,440,174 Shares, the Company does not hold any treasury shares, and the Company has 7,020,000 outstanding ECS Options granted under the ECS Share Option Scheme; and
- (ii) The underlying figures, financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from Bloomberg L.P., S&P Capital IQ, Mergermarket Limited, SGXNet, Thomson Research and/or other public filings as at the Latest Practicable Date or provided by the Company where relevant. CIMB makes no representations or warranties, express or implied, as to the accuracy or completeness of such information.

Valuation Multiples

We have applied the following valuation multiples in our analysis:

Valuation Multiples	General Description
P / E	The “P / E” or “ price-to-earnings ” multiple illustrates the ratio of the market price of a company’s shares relative to its earnings per share. The P / E multiple is affected by, <i>inter alia</i> , the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.
EV / EBITDA	“EV” or “ enterprise value ” is the sum of a company’s market capitalisation, preferred equity, minority interests, short and long term debt less its cash and cash equivalents. “EBITDA” stands for earnings before interest, tax, depreciation and amortisation expenses, inclusive of share of associates’ or joint ventures’ income and excluding exceptional items, as deemed applicable. The EV / EBITDA multiple illustrates the market value of a company’s business relative to its pre-tax operating cashflow performance, without regard to the company’s capital structure.
P / NAV	The “P / NAV” or “ price-to-NAV ” multiple illustrates the ratio of the market price of a company’s shares relative to its historical book NAV (as defined herein) per share as recorded in its financial statements. The NAV of a company is defined as its total assets (including intangible assets) less its total liabilities, and excludes, where applicable, minority interests. The NAV figure provides an estimate of the value of a company assuming the sale of all its assets at its book value, the proceeds of which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.

7.1 Historical trading performance of the Shares

We have compared the Offer Price to the historical price performance of the Shares and considered the historical trading volume of the Shares.

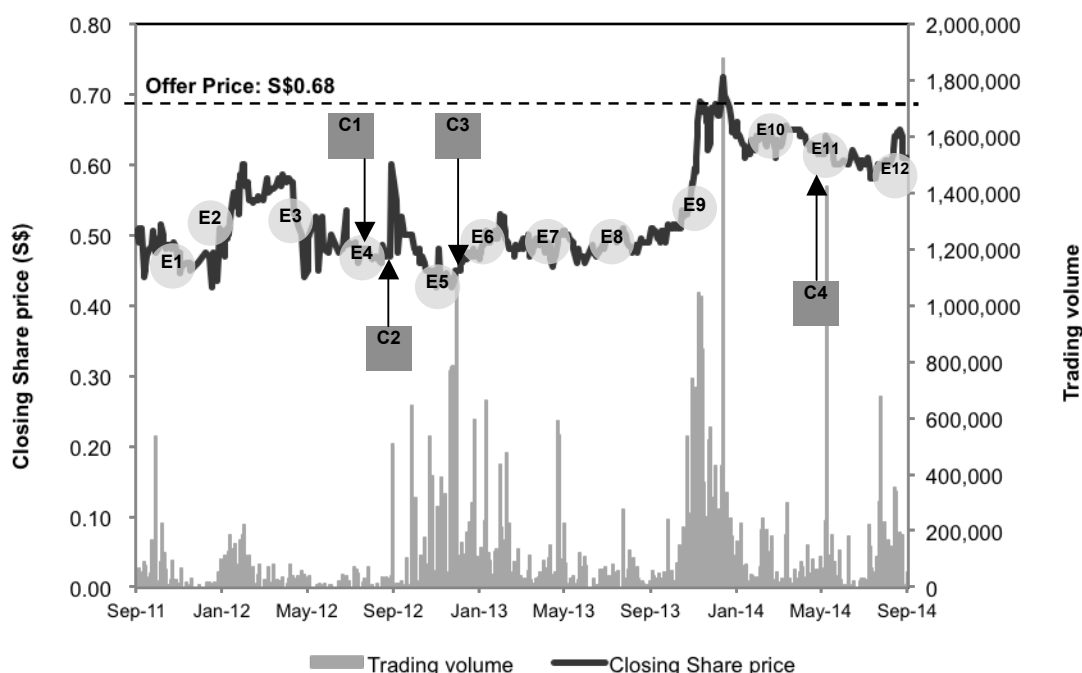
APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

7.1.1 Market price performance and trading activity of the Shares

In evaluating the Offer Price, it would be relevant to examine the price performance and trading volume of the Shares over a reasonable period, during which the market price of the Shares may ordinarily reflect investors' valuation of the Shares, based on publicly available information.

We set out below the daily closing prices and trading volumes of the Shares for the period between 22 September 2011 (being the 3-year period prior to 22 September 2014 (the "Last Trading Day")) and the Last Trading Day and highlight certain key events during this period.

We note that trading in the Shares was halted on 23 September 2014 due to the loss of public float and that trading in the Shares was subsequently suspended on 25 September 2014 and remains suspended as at the Latest Practicable Date.



Source: Bloomberg L.P. and Company announcements released on SGXNet.

Earnings announcements:

E1	11 November 2011: 3Q FY2011	E7	10 May 2013: 1Q FY2013
E2	27 February 2012: FY2011, dividend of S\$0.022	E8	13 August 2013: 2Q FY2013
E3	14 May 2012: 1Q FY2012	E9	12 November 2013: 3Q FY2013
E4	14 August 2012: 2Q FY2012	E10	26 February 2014: FY2013, dividend of S\$0.022
E5	9 November 2012: 3Q FY2012	E11	14 May 2014: 1Q FY2014
E6	26 February 2013: FY2012, dividend of S\$0.022	E12	11 August 2014: 2Q FY2014

Source: Company announcements released on SGXNet.

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

Other corporate announcements:

- C1 11 September 2012:** The Company announced that its listed associated company ECS ICT Berhad (“ECSB”) had announced a 1-for-2 bonus issue.
- C2 27 September 2012:** The Company announced that it had signed a US\$90 million three-year term loan financing facility (“**Term Loan**”) with three major financial institutions. The Term Loan was intended to refinance its existing US\$89 million syndicated term loan facility.
- C3 8 December 2012:** The Company announced the appointments of Mr Tay Eng Hoe as Executive Chairman, Mr Ong Wei Hiam as Group Chief Executive Officer and Mr Leong Horn Kee as Lead Independent Director.
- C4 19 May 2014:** The Company responded to queries raised by the SGX-ST in relation to the Company’s results announcement for 1Q FY2014. In response to the SGX-ST’s query in relation to decreased revenue but increased trade and other receivables, the Company clarified that this was driven by the increase in revenue contribution from its Enterprise Systems segment, which is mainly project-based and which has generally longer credit terms. In response to the SGX-ST’s query on increased allowances for inventory obsolescence and inventories written off, the Company clarified that this was driven by decrease in its Distribution segment’s business, resulting in an increase in aging inventory.

We set out below (i) the premia implied by the Offer Price to the historical volume weighted average price (“**VWAP**”) of the Shares; and (ii) the historical average trading volume of the Shares for the various periods between 22 September 2011 (being the 3-year period prior to the Last Trading Day) and up to the Last Trading Day.

	VWAP¹ (S\$)	Premium of Offer Price to VWAP (%)	Highest price (S\$)	Lowest price (S\$)	Average daily trading volume²	Average daily trading volume as a percentage of free float³ (%)
Last 3 years	0.561	21.21	0.725	0.425	122,004	0.33
Last 2 years	0.566	20.13	0.725	0.425	148,599	0.40
Last 1 year	0.635	7.09	0.725	0.490	161,672	0.44
Last 6 months	0.622	9.32	0.655	0.580	104,303	0.28
Last 3 months	0.610	11.48	0.650	0.580	113,463	0.31
Last 1 month	0.624	8.97	0.650	0.600	127,059	0.34
Closing price on the Last Trading Day	0.610	11.48	0.610	0.610	50,000	0.14

Source: Bloomberg L.P.

Notes:

- The historical VWAPs are rounded to the nearest three (3) decimal places for the purpose of calculating the corresponding premium / (discount).
- The average daily trading volume of the Shares is calculated based on the total volume of the Shares traded during the period divided by the number of market days in which the Shares were traded during that period.
- The free float is approximately 9.997% of the total number of issued Shares as indicated in the Offer Document.

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

We note the following:

Trading volume

- (i) During the 3-year period prior to the Last Trading Day, trading in the Shares occurred on approximately 66.9% of all market days in that period, which indicates a relatively ready market for the trading of the Shares as indicated by the frequency of trades;
- (ii) Despite the relative frequency of trades in the Shares, the absolute trading volumes of the Shares as percentages of the Company's free float have remained low. Over the 3-year period prior to the Last Trading Day, the average daily traded volumes of the Shares as a percentage of the Company's free float was 0.33%. The relatively low percentage should also be considered in the context of the Company's already low public float. We note that the public float over the 3-year period prior to the Last Trading Day has averaged 10.40% of the then prevailing total number of Shares outstanding, and has not exceeded 10.88% of the then prevailing total number of Shares outstanding over the same period.

Based on the above, it appears that the trading liquidity of the Shares is relatively low.

Share price performance

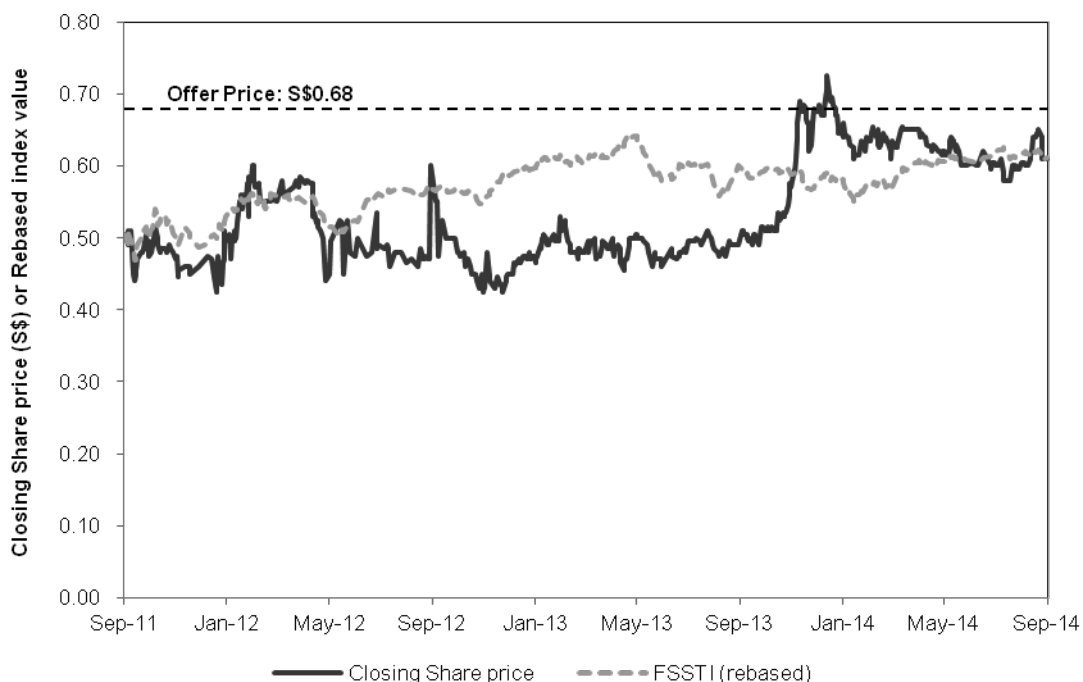
- (i) Between 22 September 2011 and the Last Trading day, the market price of the Shares was on a general upward trend, reaching a high of S\$0.725, on 3 January 2014. Thereafter, the market price of the Shares trended downwards, with the closing price of the Shares on the Last Trading Day being S\$0.61;
- (ii) The Shares have traded within a VWAP band of between S\$0.561 to S\$0.635 based on the daily closing prices over the 3-year period prior to the Last Trading Day. We note that the Offer Price represents a premium in the range of between 7.09% to 21.21% to these prices; and
- (iii) In the 3-year period prior to the Last Trading Day, the Shares have only closed above the Offer Price on 9 market days (or approximately 1.1% of all the market days within the 3-year period prior to the Last Trading Day). The Shares have not closed above the Offer Price over the 6-month period prior to the Last Trading Day.

Shareholders should also note that the past trading performance of the Shares should not, in any way, be relied upon as an indication of its future trading performance, and the price performance of the Shares may have been due to market factors and other individual factors which may not be easily isolated and identified with certainty.

7.1.2 Relative Share price performance

To gauge the price performance of the Shares relative to the general price performance of the stock market, we set out below the market price movement of the Shares against the FTSE Straits Times Index (the "FSSTI") for the period between 22 September 2011 (being 3 years prior to the Last Trading Day) and the Last Trading Day.

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS



Source: Bloomberg L.P.

Note:

- 1 The FSSTI is a market capitalisation weighted index based on the stocks of 30 representative companies listed on the Mainboard of the SGX-ST.

Based on the above, we note the following:

- (i) Between May 2012 and November 2013, the Shares had generally under-performed the FSSTI;
- (ii) Between November 2013 and June 2014, the Shares had generally out-performed the FSSTI; and
- (iii) Between June 2014 and the Last Trading Day, the Shares had generally performed in-line with the FSSTI.

7.2 Historical trailing P / E and EV / EBITDA multiples of the Shares, as well as historical closing Share prices in relation to the historical NAV per Share

7.2.1 Trailing P / E multiples of the Shares

We have compared the P / E multiple of the Shares implied by the Offer Price (based on the earnings per share of the Company as reported for the most recent twelve months prior to the Latest Practicable Date) against the trailing P / E multiples of the Shares calculated based on the daily closing prices of the Shares and the Company's trailing twelve-month earnings per Share, for the 3-year period prior to the Last Trading Day.

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS



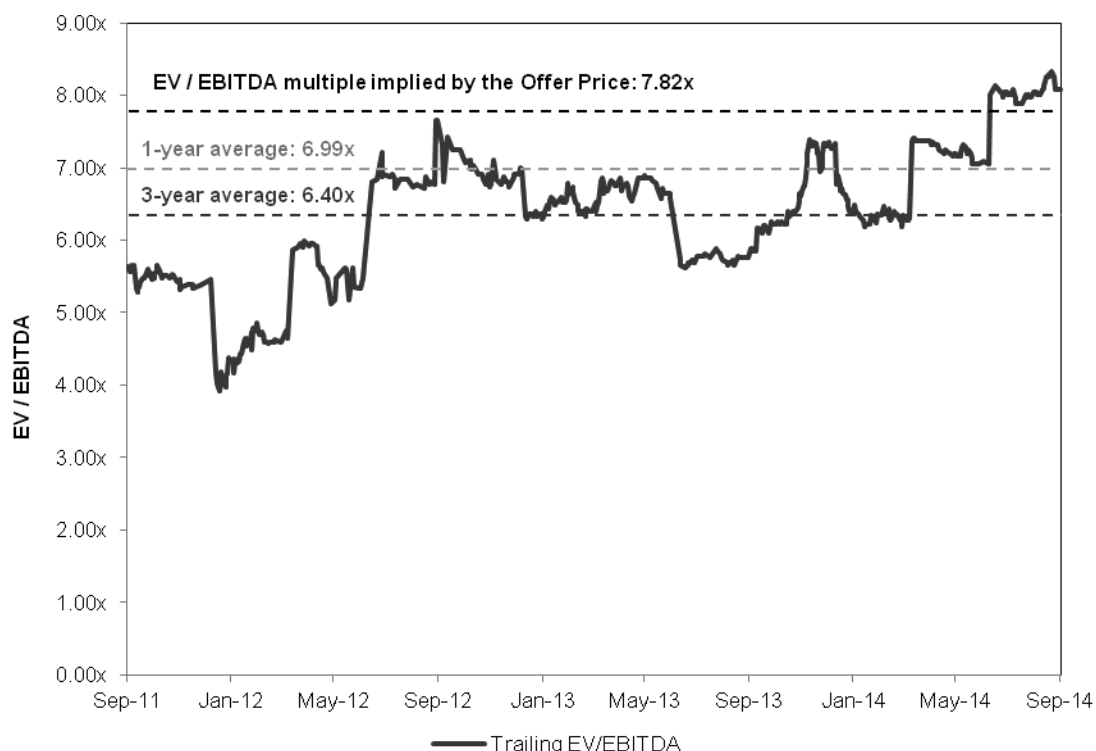
Source: Bloomberg L.P., S&P Capital IQ and Company financial statements.

Based on the above, we note that at 7.23 times, the P / E multiple implied by the Offer Price is higher than the average P / E multiples of the Shares for both the 3-year and 1-year periods, which were 5.81 times and 6.69 times respectively.

7.2.2 Trailing EV / EBITDA multiples of the Shares

We have also compared the EV / EBITDA multiple of the Shares implied by the Offer Price (based on the EBITDA of the Company as reported for the most recent twelve months prior to the Latest Practicable Date) against the trailing EV / EBITDA multiples of the Shares calculated based on the daily closing prices of the Shares and the Company's trailing twelve-month EBITDA, for the 3-year period prior to the Last Trading Day.

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS



Source: Bloomberg L.P., S&P Capital IQ and Company financial statements.

Based on the above, we note that at 7.82 times, the EV / EBITDA multiple implied by the Offer Price is higher than the average EV / EBITDA multiples of the Shares for both the 3-year and 1-year periods, which were 6.40 times and 6.99 times respectively.

7.2.3 Historical closing Share prices in relation to historical NAV per Share

We have also compared the Offer Price and historical daily closing prices of the Shares against the trailing NAV per Share of the Company as announced in its quarterly results over the 3-year period prior to the Last Trading Day, as set out below.

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS



Source: Bloomberg L.P., S&P Capital IQ and Company financial statements.

Note:

- 1 The NAV per Share for the relevant period is based on the corresponding quarterly NAV per Share as reported by the Company.

We note that the Shares have never traded at a premium to NAV per share over the 3-year period prior to the Last Trading Day. We set out below the average, lowest and highest discounts of the historical closing prices of the Shares over the corresponding NAV per Share for various periods during the 3-year period prior to the Last Trading Day.

Period	Average discount %	Lowest discount %	Highest discount %
3-year	(43.45)	(28.64)	(53.15)
2-year	(43.74)	(28.64)	(53.15)
1-year	(39.34)	(28.64)	(50.66)
6-month	(39.20)	(35.69)	(43.09)
3-month	(40.48)	(36.22)	(43.09)
1-month	(39.19)	(36.22)	(41.13)
Implied by Offer Price	(35.82)		

Source: Bloomberg L.P. and Company financial statements.

Note:

- 1 The NAV per Share for the relevant period is based on the corresponding quarterly NAV per Share as reported by the Company.

We note the following:

- (i) Over the 3-year period prior to the Last Trading Day, the Shares have traded at an average discount to the trailing NAV per Share at a range of between 39.19% to 43.74%; and

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

- (ii) The discount of approximately 35.82% implied by the Offer Price to the NAV per Share as at 30 September 2014 is lower than the smallest average discount to the trailing NAV per Share for the 3-year period prior to the Last Trading Day.

7.3 Valuation multiples of the Comparable Companies

We have compared the valuation multiples of the Company implied by the Offer Price with those of selected companies listed on the SGX-ST that are also involved in the business of trading and distributing information and communications technology (“ICT”) products and services, which we consider to be broadly comparable to the Company (the “Comparable Companies”).

We wish to highlight that the Comparable Companies above are not exhaustive and they differ from the Company in terms of, *inter alia*, market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.

A brief description of the Comparable Companies is set out below.

Comparable Companies	Business Description
Singapore	
Digiland International Limited (“ Digiland ”)	Distributes electronic and IT products in Singapore and Thailand
Ban Leong Technologies Limited (“ Ban Leong ”)	Distributes computers, computer peripherals, accessories and other multimedia products in Singapore and internationally
Achieva Limited (“ Achieva ”)	Distributes IT and computer peripherals, parts and software products in Singapore, Malaysia, Australia and Indonesia
Malaysia	
ECSB	- Distributes ICT products in China, Thailand, Malaysia, Singapore, Indonesia and the Philippines - Also provides technical support, maintenance and product warranty services
Ingenuity Consolidated Berhad (“ Ingenuity ”)	- Distributes ICT hardware and software products and provides warranty management services primarily in Malaysia - Also provides ICT solutions
Hong Kong	
SIS International Holdings Ltd. (“ SIS ”)	Distributes mobile and IT products in Hong Kong, Singapore, Malaysia, Japan and Bangladesh
Digital China Holdings Limited (“ Digital China ”)	- Distributes IT products and systems primarily in China - Also provides supply chain and IT services

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

Comparable Companies	Business Description
VST Holdings Limited (“VST”)	- Distributes various IT products in China, Thailand, Singapore, Malaysia and the Philippines - Also engaged in the retail of IT products, IT equipment and accessories
Futong Technology Development Holdings Limited (“Futong”)	- Distributes enterprise IT products in China - Also provides IT technical support services
Thailand	
Synnex (Thailand) Public Company Limited (“Synnex Thailand”)	- Distributes computers, computer peripherals, software, IT systems and computer consumables in Thailand and internationally - Also provides network, software and hardware on-site service, and training and maintenance services

Source: Bloomberg L.P., S&P Capital IQ, company websites and respective companies’ filings.

The valuation multiples of the Comparable Companies set out below are based on their respective last transacted share prices as at the Latest Practicable Date. The valuation multiples of the Company (as implied by the Offer Price) are also set out below for comparison.

Comparable Companies	Market Capitalisation (\$\$ million)	LTM		
		P / E ¹ (x)	EV / EBITDA ^{1,2} (x)	P / NAV ³ (x)
Singapore				
Digiland	42.9	12.00	23.27 ⁴	1.59
Ban Leong	38.9	20.82 ⁴	9.57	1.23
Achieva	22.0	n.m. ^{4,5}	n.m. ^{4,5}	0.56
Malaysia				
ECSB	85.1	7.62	4.02	1.02
Ingenuity	21.4	n.m. ^{4,5}	n.m. ^{4,5}	1.10
Hong Kong				
Digital China	1,242.4	104.40 ⁴	20.36 ⁴	0.90
VST	661.9	7.26	8.33	1.11
SIS International	201.0	4.60	27.61 ⁴	0.52
Futong	72.3	8.46	9.60	0.63
Thailand				
Synnex Thailand	92.3	22.32 ⁴	24.46 ⁴	1.12
Mean		7.99	7.88	0.98
Median		7.62	8.95	1.06
Company (implied by the Offer Price)	251.2	7.23	7.82	0.64

Source: Bloomberg L.P., S&P Capital IQ, respective companies’ filings and CIMB analysis.

Notes:

“n.m.” – Not meaningful

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

- 1 Based on earnings and EBITDA over the most recent twelve months as reported by each of the respective Comparable Companies. EBITDA figures exclude exceptional items.
- 2 The EV of the respective Comparable Companies were based on (i) their market capitalisation as at the Latest Practicable Date as extracted from Bloomberg L.P.; and (ii) their preferred equity, minority interests and net debt (if any), as set out in their respective latest available financial statements as at the Latest Practicable Date.
- 3 The P / NAV multiples of the Comparable Companies were calculated based on their respective NAV as set out in their latest available financial statements as at the Latest Practicable Date.
- 4 These multiples are deemed to be outliers and are therefore excluded from the calculation of the respective mean and median multiples of the Comparable Companies.
- 5 These multiples are deemed not meaningful given that they reflect negative earnings or EBITDA over the most recent twelve months as reported, as the case may be.

The valuation multiples of the Comparable Companies above do not incorporate the premium typically required to acquire control as they reflect the trades of non-controlling stakes.

Based on the above, we note that:

- (i) The P / E and EV / EBITDA multiples implied by the Offer Price are lower than the mean and median of the P / E and EV / EBITDA multiples of the Comparable Companies; and
- (ii) The P / NAV multiple implied by the Offer Price is below the mean and median but is within the range of P / NAV multiples of the Comparable Companies.

We also note that the typical asset base of a trading and distributorship company largely comprises inventories and trade receivables, the values of which are subject to fluctuation depending on, *inter alia*, its inventory turnover and credit policies. As a result, the NAV of a trading and distributorship company may vary considerably in comparison to other companies involved in the same business. Accordingly, we consider the P / NAV multiple to be a less pertinent measure for the purposes of assessing the Offer Price in comparison to earnings-based valuation multiples such as the P / E and EV / EBITDA multiples.

7.4 Valuation multiples implied in Precedent Transactions

We have reviewed selected transactions between the 5-year period beginning 1 January 2009 and till the Latest Practicable Date, involving the acquisition of equity interests in companies that are involved in the business of trading and distributing ICT products and services regionally, and for which information is publicly available. A brief description of the companies selected for our analysis is set out below.

Target	Announcement date	Stake acquired in target	Description (at the time of acquisition)
ECS Pericomp Sdn Bhd	18-Jun-09	20.00%	ECS Pericomp Sdn Bhd is a authorised distributor of ICT products in Malaysia, providing enterprise systems, as well as professional, technical and training services.
Achieva	09-Dec-09	23.26%	Achieva is engaged in the distribution and sale of electronic and IT related products.
Marubeni Infotec Corporation	12-Nov-10	80.00%	Marubeni Infotec Corporation is engaged in the distribution of electronic and IT products.

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

Target	Announcement date	Stake acquired in target	Description (at the time of acquisition)
SIS International Ltd, SIS Technologies Pte Ltd and SIS Distribution (M) Sdn Bhd	29-Nov-10	100.00%	SIS International Ltd, SIS Technologies Pte Ltd & SIS Distribution (M) Sdn Bhd are involved in the distribution of communication and IT products in Asia.
CSC ESI Sdn Bhd and CSC Automated Pte. Ltd.	20-Feb-13	100.00%	CSC ESI Sdn Bhd and CSC Automated Pte. Ltd. are engaged in the development of IT infrastructure and the provision of maintenance services in Malaysia and Singapore.

Source: Bloomberg L.P., S&P Capital IQ, Mergermarket Limited and respective companies' announcements.

A comparison of the Offer against the Precedent Transactions is set out below.

Announcement date	Target	Acquirer	Price premium (%)	P / E ¹ (times)	P / NAV (times)
Minority stake acquisitions					
18-Jun-09	ECS Pericom Sdn Bhd	ECSB	n.a.	7.1	1.3
09-Dec-09	Achieva	SUTL Global Pte Ltd	13.64 ²	n.m.	n.m.
Majority stake acquisitions					
12-Nov-10	Marubeni Infotec Corporation	Synnex Corporation	n.a.	n.a.	n.a.
29-Nov-10	SIS International Ltd, SIS Technologies Pte Ltd and SIS Distribution (M) Sdn Bhd	Jardine OneSolution (BVI) Limited	n.a.	9.8	1.2
20-Feb-13	CSC ESI Sdn Bhd and CSC Automated Pte. Ltd.	Itochu Corporation and Itochu Techno-Solutions Corporation	n.a.	n.a.	n.a.
Company (implied by the Offer Price)			11.48	7.23	0.64

Source: Bloomberg L.P., S&P Capital IQ, Mergermarket Limited and respective companies' announcements.

Notes:

"n.a." – Not available or not applicable, as the case may be

"n.m." – Not meaningful

1 Based on earnings over the most recent twelve months as reported by each of the respective target companies.

2 Price premium as of the announcement date.

We wish to highlight that the Precedent Transactions differ from the Offer in terms of, *inter alia*, the characteristics of the target companies and other relevant criteria. In particular, the business operations and geographical coverage of operations of the respective target companies may not be directly comparable to those of the Company. In addition, several of the Precedent Transactions involve the acquisition of majority controlling stakes in the

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

respective target companies, which may not be directly comparable in the context of the Offer. As such, any comparison made is necessarily limited and merely serves as an illustrative guide.

Based on the above, we note that:

- (i) The premium of the Offer Price to the closing price on the Last Trading Day is broadly in line with the similar premium implied by the Precedent Transaction involving Achieva as the target company;
- (ii) The P / E multiple implied by the Offer is broadly in line with the implied P / E multiple of the Precedent Transaction involving ECSB, which is of particular relevance in the context of the Offer given that the transaction also involved the acquisition of a non-controlling stake; and
- (iii) The P / NAV multiple implied by the Offer is lower than the implied P / NAV multiple of the Precedent Transaction involving ECSB.

7.5 Premia / Discounts paid in Precedent Takeovers

We note that it is the intention of the Offeror to make the Company its wholly-owned subsidiary and that the Offeror does not intend to preserve the listing status of the Company. In this regard and for the purpose of providing an illustrative guide as to whether the financial terms of the Offer are attractive relative to other delistings and successful privatisations, we have compared the financial terms of the Offer with those of recent successful privatisations and delistings of companies listed on the SGX-ST, in the last 2 years ("**Precedent Takeovers**").

We wish to highlight that the premium that an offeror pays in any particular takeover depends on various factors such as the potential synergy that the offeror can gain by acquiring the target, the presence of competing bids for the target, prevailing market conditions and sentiments, attractiveness and profile of the target's business and assets, size of consideration and existing and desired level of control in the target. The comparison below is made without taking into consideration the underlying liquidity of the shares and the performance of the shares of the relevant companies below. Further, the list of target companies involved in the Precedent Takeovers set out in the analysis below are not directly comparable with the Company in terms of size of operations, market capitalisation, business activities, asset base, geographical spread, track record, accounting policies, financial performance, operating and financial leverage, future prospects and other relevant criteria. Hence, the comparison of the Offer with the Precedent Takeovers set out below is for illustrative purposes only. Any conclusions drawn from the comparisons made may not reflect any perceived market valuation of the Company.

A summary of the relevant financial terms of the Precedent Takeovers is set out below.

Company	Announcement date	Premium / (discount) of offer price to			
		Closing share price prior to announcement	1-month VWAP prior to announcement	3-month VWAP prior to announcement	6-month VWAP prior to announcement
		(%)	(%)	(%)	(%)
Delistings					
Hup Soon Global Corporation Limited	08-Feb-13	0.0	(3.0)	1.0	(3.8)
Pan Pacific Hotel Group Limited	10-May-13	9.0	8.2	6.1	8.1
Armstrong Industrial Corporation Limited	05-Jul-13	5.9	14.0	17.0	21.1
Superior Multi Packaging Limited	06-Sep-13	0.0	0.5	10.8	12.8

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

Company	Announcement date	Premium / (discount) of offer price to			
		Closing share price prior to announcement	1-month VWAP prior to announcement	3-month VWAP prior to announcement	6-month VWAP prior to announcement
		(%)	(%)	(%)	(%)
Sound Global Ltd	10-Sep-13	22.8	18.9	22.6	18.9
Internet Technology Group Limited	25-Sep-13	35.3	9.0	5.7	0.4
Consciencefood Holdings Limited	28-Sep-13	23.5	23.3	18.0	13.2
Devotion Energy Group Limited	07-Oct-13	23.4	24.2	25.0	34.8
Medi-Flex Limited	11-Oct-13	15.4	21.0	27.1	30.4
China Energy Limited	11-Nov-13	(14.8)	(13.0)	(20.6)	(23.6)
WBL Corporation Limited	19-Nov-13	27.5	26.2	24.3	27.7
Malacca Trust Limited	23-Dec-13	15.4	15.4	15.4	14.9
Chemoil Energy Limited	25-Feb-14	29.0	31.1	32.5	31.1
Asia Power Corporation Limited	24-Mar-14	0.0	1.2	2.1	9.7
China XLX Fertiliser Ltd.	31-Mar-14	23.1	28.9	24.8	22.2
High (Delistings)		35.3	31.1	32.5	34.8
Low (Delistings)		(14.8)	(13.0)	(20.6)	(23.6)
Mean (Delistings)		14.4	13.7	14.1	14.5
Median (Delistings)		15.4	15.4	17.0	14.9
Privatisations					
PCA Technology Limited	01-Feb-13	11.1	1.4	13.5	20.9
Tsit Wing International Holdings Limited	11-Jun-13	36.7	36.7	36.2	30.9
Guthrie GTS Ltd	21-Jun-13	21.4	21.9	19.7	20.2
Food Junction Holdings Limited	24-Jun-13	40.1	37.8	37.1	33.5
Viz Branz Limited ²	05-Jul-13	15.0	17.9	17.4	17.4
Berger International Limited	21-Aug-13	78.6	67.8	86.6	95.3
Superbowl Holdings Limited	07-Oct-13	15.4	34.9	41.2	45.0
People's Food Holdings Limited	19-Oct-13	2.6	4.2	10.0	(6.4)
Kreuz Holdings Limited	05-Nov-13	4.6	6.9	6.4	10.9
Singapore Land Limited	24-Feb-14	11.2	16.9	13.9	11.0
CapitalMalls Asia Limited ³	14-Apr-14	30.2	34.4	32.8	27.6
ASJ Holdings Limited	07-May-14	18.2	43.7	55.4	62.0
Goodpack Limited	27-May-14	23.2	30.8	31.3	34.3
High (Privatisations)		78.6	67.8	86.6	95.3
Low (Privatisations)		2.6	1.4	6.4	(6.4)
Mean (Privatisations)		23.7	27.3	30.9	31.0
Median (Privatisations)		18.2	30.8	31.3	27.6
High (Overall)		78.6	67.8	86.6	95.3
Low (Overall)		(14.8)	(13.0)	(20.6)	(23.6)

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

Company	Announcement date	Premium / (discount) of offer price to			
		Closing share price prior to announcement	1-month VWAP prior to announcement	3-month VWAP prior to announcement	6-month VWAP prior to announcement
		(%)	(%)	(%)	(%)
Mean (Overall)		18.7	20.0	21.9	22.2
Median (Overall)		16.8	20.0	18.9	20.6
The Company (implied by the Offer Price)		11.5 ¹	9.0	11.5	9.3

Source: Respective companies' offer documents and circulars, and Bloomberg L.P.

Notes:

- 1 Premium of the Offer Price against the closing price of the Shares on the Last Trading Day.
- 2 Based on the revised offer price of S\$0.815 per share.
- 3 Based on the revised offer price of S\$2.35 per share.

We note that the market price premia implied by the Offer Price are lower than the corresponding overall mean and median premia of the Precedent Takeovers.

7.6 Relevant previous transaction in relation to the Company

On 8 August 2007, it was announced that the Offeror had entered into a sale & purchase agreement to acquire approximately 52.5% of the Shares then in issue at a price of S\$0.668 per Share. A mandatory cash offer for the remaining Shares not owned by the Offeror was subsequently announced on 30 October 2007 at an offer price of S\$0.668 per Share (the "Previous Offer").

A comparison of the financial terms of the Offer against those of the Previous Offer is set out below.

Event	Announcement Date	Closing price on the Last Trading Day	Last 1 month	Last 3 months	Last 6 months	Implied P / E multiple	Implied P / NAV multiple	Implied EV / EBITDA Multiple
Previous Offer ¹	30-Oct-07	11.5	18.2	30.8	39.2	11.3	1.3 ²	10.7
Offer	14-Nov-14	11.5	9.0	11.5	9.3	7.23	0.64	7.82

Source: The Company's circular to Shareholders in relation to the Previous Offer.

Note:

- 1 The premia and implied multiples in relation to the Previous Offer in the table above were computed based on prices prior to 24 May 2007, being the last market day on which the Shares were traded prior to the Clarification Date as defined in the Company's circular to Shareholders in relation to the Previous Offer.
- 2 The Company's circular to Shareholders in relation to the Previous Offer had referred to the price-to-net-tangible-assets ratio.

Based on the above, we note that the premia of the Offer Price to its respective VWAPs are generally lower than those under the Previous Offer.

Shareholders should note that that Previous Offer is not directly comparable to the Offer as it was made at a point in time under different circumstances and market conditions (e.g. prior to the global financial crisis). It should also be noted that the Previous Offer was made in conjunction with the Offeror's initial acquisition of a controlling stake in the Company and therefore the price premia and implied multiples involved in the Previous Offer may have incorporated elements of a control premium, rendering them not directly comparable to the Offer, which does not involve the acquisition of a controlling stake in the Company.

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

7.7 Analysts' reviews of and price targets for the Shares

We have reviewed certain analyst research reports by stock brokers in relation to the Shares and/or the Offer as compiled from Bloomberg L.P. and Thomson Research.

The table below summarises the key points of various research notes and reports.

Analyst price targets for the Company as at:						
	Last Trading Day			Latest Practicable Date		
	Date	Rating	Target price (S\$)	Date	Rating	Target price (S\$)
OCBC	29-Aug-14	Buy	0.68	17-Nov-14	n.a.	0.68
NRA Capital	14 Aug-14	Overweight	0.87	n.a.	n.a.	n.a.
CIMB	01-Apr-14	n.a.	0.72 – 0.75 ¹	n.a.	n.a.	n.a.
Mean			0.76 – 0.77			0.68

Source: Above-mentioned research reports.

Notes:

"n.a." – Not available

- 1 CIMB's research report did not have an explicit target price for the Shares, although it did indicate a fair value range of S\$0.72 to S\$0.75.

Broker	Date	Report / Note	Summary commentary
After Offer Announcement Date			
OCBC	17-Nov-14	Company update	"We believe the offer by VST represents a good opportunity for investors to exit the illiquid market for ECS shares." "Hence, with the offer price of S\$0.68/share meeting our FV estimate, we think the offer is fair and recommend shareholders to accept the offer."
Before Offer Announcement Date			
NRA Capital	14-Aug-14	Results update	"Despite ECS' 2Q14 revenue being 14% below our expectation, net profit of S\$9.4m was in line with our S\$9.1m expectation. Other key variances included better-than-expected GP margins expansion, higher-than-expected finance cost but offset by higher-than-expected other operating income."
CIMB	01-Apr-14	Report on the Company	"Based on the mean reversion and consensus estimates, we think that ECS' share price could potentially range from S\$0.72 (6x FY15 P / E) to S\$0.75 (0.68x FY14 P / BV) if the liquidity risk is addressed." "We believe that the discount reflects liquidity risks and concerns over the quality of its book value."

Source: Above-mentioned research reports.

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

Based on the above, we note that:

- (i) The Offer Price is at a discount range of approximately 10.13% to 11.30% to the mean of the target price estimates by analysts as of the Last Trading Day; and
- (ii) The Offer Price is equal to the mean of the target price estimates by analysts as of the Latest Practicable Date.

We wish to highlight that the above analyst research reports may not be exhaustive and the estimated target prices for the Shares and other statements / opinions in these reports represent the individual views of the respective brokers (and not those of CIMB in its capacity as independent financial adviser for the purposes of this letter) based on the circumstances (including, *inter alia*, market, economic, industry and monetary conditions as well as market sentiment and investor perceptions regarding the future prospects of the Company) prevailing at the date of the publication of the respective equity research reports. The opinions of the analysts may change over time as a result of, *inter alia*, changes in market conditions, the Company's corporate developments and the emergence of new information relevant to the Company. As such, the estimated target prices in these analyst research reports may not be an accurate prediction of future market prices of the Shares.

7.8 NAV of the Group

Based on the Company's unaudited consolidated financial statements for 9 months ended 30 September 2014 ("9M FY2014"), the unaudited NAV of the Company as at 30 September 2014 was approximately S\$391.4 million or approximately S\$1.06 per Share.

The table below sets out the discount of the Offer Price to the NAV per Share as at 30 September 2014.

	As at 30 September 2014	Implied discount of the Offer Price
NAV	S\$391.4 million	-
Offer Price	S\$0.68	
NAV per Share ¹	S\$1.06	35.8%

Note:

- 1 Based on the total number of issued Shares in the Company of 369,440,174 as at 30 September 2014.

Based on the above, we note that the Offer Price represents a discount of approximately 35.8% to the NAV per Share as at 30 September 2014.

No revaluation of the assets (including buildings) held by the Group as at 30 September 2014 has been undertaken. The Directors are of the view that any revaluation surplus on such assets would not be material relative to the market capitalisation of the Company as implied by the Offer Price.

We note that the assets of the Group relate mainly to (i) trade and other receivables (approximately 62.9% of total assets as at 30 September 2014); (ii) inventories (approximately 20.5% of total assets as at 30 September 2014); (iii) cash and bank balances (approximately 9.0% of total assets as at 30 September 2014); and (iv) investment in associates (approximately 3.8% of total assets as at 30 September 2014).

In relation to the Group's investment in associates of S\$54.6 million as at 30 September 2014, we note that investment in associates is carried at cost and that the substantial proportion of investment in associates corresponds to the Company's stake in ECSB, which has a market value of approximately S\$34.9 million as at the Latest Practicable Date.

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

In addition, the Directors have confirmed that the Group does not have any material contingent liabilities as at the Latest Practicable Date which may have an impact on the NAV of the Group.

7.9 Historical financial performance and position of the Group and its industry outlook

7.9.1 Financial performance and position of the Group

A summary of the financial results of the Company between FY2011 to FY2013 and for the 9M FY2014 is set out below.

(S\$'000s)	FY2011 (Audited)	FY2012 (Audited)	FY2013 (Audited)	9M FY2014 (Unaudited)
Income Statement				
Revenue	3,607,165	3,643,641	4,201,068	3,074,071
Gross profit	167,296	143,809	156,632	121,250
Gross profit margin ¹ (%)	4.6%	3.9%	3.7%	3.9%
Profit from operations	60,167	38,946	48,816	40,127
Profit attributable to the owners of the Company	39,230	29,646	34,416	26,244
Net profit margin ² (%)	1.1%	0.8%	0.8%	0.9%
Statement of Financial Position				
Inventories	231,749	280,804	281,264	292,590
Trade and other receivables	552,608	576,009	727,075	897,683
Cash and cash equivalents	131,397	108,210	120,864	127,943
Total assets	1,019,697	1,070,695	1,235,724	1,320,275
Current financial liabilities ³	141,341	134,004	145,795	358,029
Trade and other payables	431,243	471,886	590,237	663,505
Non-current financial liabilities ⁴	101,340	110,268	113,436	68
Equity attributable to owners of the Company	326,539	339,679	371,741	391,422
Return on Equity ("ROE") ⁵	12.6%	8.9%	9.7%	9.3%

Source: Company annual reports and unaudited financial statements for 9M FY2014.

Notes:

- Gross profit margin is calculated as gross profit divided by the revenue for the relevant financial year / period.
- Net profit margin is calculated as profit for the year divided by the revenue for the relevant financial year / period.
- Current financial liabilities consist of: (i) unsecured trade financing; (ii) unsecured bank loans; (iii) finance lease liabilities; and (iv) derivative liabilities.
- Non-current financial liabilities consist of: (i) unsecured bank loans; and (ii) finance lease liabilities.
- ROE is calculated as the profit attributable to the owners of the Company divided by the average equity attributable to the owners of the Company for the period. For 9M FY2014, the denominator applied in the calculation of ROE is the average of equity attributable to the owners of the Company as at 30 September 2013 and as at 30 September 2014.

Revenue

The Company's revenue increased by approximately 1.0% from S\$3,607.2 million in FY2011 to S\$3,643.6 million in FY2012, and by approximately 15.3% from S\$3,643.5 million in

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

FY2012 to S\$4,201.1 million in FY2013. This translates to an overall increase of approximately 16.5% between FY2011 and FY2013.

Revenue growth between FY2011 and FY2012 was driven mainly by growth in the Company's higher-margin Enterprise Systems segment, though this was partially offset by a decline in revenue contribution from its Distribution segment.

Higher revenue contributions across both the Southeast Asia and North Asia regions drove revenue growth between FY2012 and FY2013, with higher sales of consumer storage, mobility devices, networking hardware and desktop PCs in Southeast Asia, and increased sales of servers, mobility devices, networking hardware and software products in North Asia.

Compared to the corresponding period in FY2013, the Company's revenue in 9M FY2014 decreased slightly by approximately 1.1% from S\$3,107.1 million to S\$3,074.1 million.

Gross profit and gross profit margin

Gross profit decreased by approximately 14.0% from S\$167.3 million in FY2011 to S\$143.8 million in FY2012, but increased by approximately 8.9% from S\$143.8 million in FY2012 to S\$156.6 million in FY2013. This translates to an overall decrease of approximately 6.4% between FY2011 and FY2013. The Company's gross profit margin decreased from 4.6% in FY2011 to 3.9% in FY2012, and subsequently decreased further to 3.7% in FY2013.

The decrease in gross profit margin between FY2011 and FY2012 was driven by the change in sales mix to include more low-margin mobility devices. Pressure from price competition drove the narrowing of the Company's gross profit margin between FY2012 and FY2013.

Compared to the corresponding period in FY2013, the Company's gross profit in 9M FY2014 increased by approximately 5.5% from S\$114.9 million to S\$121.3 million.

Profit attributable to the owners of the Company and net profit margin

Profit for the year attributable to owners of the Company decreased by approximately 24.4% from S\$39.2 million in FY2011 to S\$29.6 million in FY2012, but increased by approximately 16.1% from S\$29.6 million in FY2012 to S\$34.4 million in FY2013. This translates to an overall decrease of approximately 12.3% between FY2011 and FY2013. The Company's net profit margin decreased from 1.1% in FY2011 to 0.8% in FY2012, remaining at 0.8% in FY2013.

Compared to the corresponding period in FY2013, profit attributable to the owners of the Company in 9M FY2014 increased by approximately 1.2% from S\$25.9 million to S\$26.2 million.

NAV

The Company's NAV increased by approximately 19.4% from S\$327.8 million in FY2011 to S\$391.4 million in 9M FY2014.

ROE

The Company's ROE has been on a general decline from 12.6% in FY2011 to 9.3% in 9M FY2014.

Outlook

In its results announcement for 3Q FY2014, the Company stated the following in relation to the outlook of the Company:

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

“Mr. Ong Wei Hiam, Group Chief Executive Officer, said, “Worldwide IT spending continues to grow on the back of increased investments in technology in the consumer and enterprise segments. This would fuel demand for smartphones as well as enterprise products, which the Group is focusing on.”

Mr. Tay Eng Hoe, Group Executive Chairman, said, “Our efforts to concentrate on higher-margin Enterprise Systems segment are paying off and we remain committed to drive further growth in this segment to enhance shareholder value.”

The Group’s Enterprise segment, which offers higher margins, is expected to continue to grow.

Barring any unforeseen circumstances, the Board of Directors is cautiously optimistic about the Group’s financial performance in the fourth quarter of 2014 and the full financial year ending 31 December 2014.”

7.9.2 Dividend track record of the Company

For the purpose of assessing the Offer, we have considered the historical dividend record of the Company for the last three financial years prior to the Latest Practicable Date.

Historical dividends paid by the Company

The dividends declared by the Company in respect of the last three financial years prior to the Last Practicable Date are set out below.

	FY2011	FY2012	FY2013
First and final dividend per Share (S\$)	0.022	0.022	0.022
Total dividend per Share (S\$)	0.022	0.022	0.022
Share price ¹ (S\$)	0.520	0.455	0.630
Net dividend yield ² (%)	4.2%	4.8%	3.5%

Source: Bloomberg L.P., the Company’s annual reports and CIMB analysis.

Notes:

- 1 Closing price of the Shares as at the last cum-dividend date.
- 2 Computed as Total Dividend per Share divided by the relevant Share price.

We note that the Company has a consistent record of paying dividends with total dividend per Share remaining constant at 2.2 cents from FY2011 to FY2013 and dividend yield ranging from approximately 3.5% to 4.8% over the same period.

We note that although the Company has consistently declared dividends in each financial year between FY2011 to FY2013, there is no assurance that the Company will continue to pay dividends in the future or maintain the level of dividends paid in previous periods. As such, the quantum of dividends paid by the Company in any year would depend on various factors including but not limited to the financial performance of the Company, its working capital and capital expenditure needs as well as other considerations.

7.10 Other relevant considerations which have a bearing on our assessment

7.10.1 Irrevocable undertakings, Directors’ interests and intentions for and control of the Company

The Offeror has obtained irrevocable undertakings from the Undertaking Shareholders, namely Mr Tay Eng Hoe, Mr Narong Intanate and Mr Tan Teck Thye, to accept the Offer in

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

respect of the Offer Shares held by them, which represent approximately 0.382% of the total number of issued Shares.

In addition, as stated in section 7 of the Circular, all Directors who have interests in the Offer Shares intend to accept the Offer in relation to their respective beneficial holdings of the Offer Shares.

As at the Latest Practicable Date, the Offeror owns and controls an aggregate of 330,694,093 Shares representing approximately 89.512% of the total number of issued Shares. Accordingly, as at the Latest Practicable Date, the Offeror already has statutory control of the Company which entitles the Offeror to determine, *inter alia*, the financial and operating policies of the Group as well as its capital structure, management and strategy, regardless of the outcome of the Offer. In addition, the Offeror also has the ability to pass all ordinary resolutions on matters in which the Offeror does not have an interest, at general meetings of Shareholders.

7.10.2 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.

As at 21 November 2014, the Offeror owns or controls an aggregate of 330,694,093 Shares, representing approximately 89.512 % of the total number of issued Shares. On that basis, the Offeror is required to acquire an additional 34,871,473 Shares representing approximately 9.4% of the issued Shares (being 90% of the total number of issued shares other than those 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) to be entitled to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act. There is no assurance that the Offeror will succeed in achieving that target.

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. Shareholders who do not accept the offer and who may wish to exercise such a right are advised to seek their own independent legal advice.

7.10.3 Delisting and its implications for Shareholders

Pursuant to Rule 724(1) of the Listing Manual, trading in the Shares was halted on 23 September 2014 as a result of the loss of public float, with trading in the Shares having subsequently been suspended since 25 September 2014. 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.

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.

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

Shareholders who do not accept the Offer should note the following implications or consequences which may arise as a result of the continued suspension in, and / or delisting of the Shares:

- (i) Shares of unquoted companies are generally valued at a discount to the shares of comparable listed companies as a result of lack of marketability;
- (ii) Following a delisting, should it occur, it is likely to be difficult for Shareholders to sell their Shares in the absence of a public market for the Shares as there is no arrangement for such Shareholders to exit their investments in the Shares. If the Company is delisted, and even if such Shareholders were subsequently able to sell their Shares, they may receive a lower price compared with the Offer Price;
- (iii) As an unlisted company, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST, in particular the continuing corporate disclosure requirements under Chapter 7 of the Listing Manual and Appendices 7.1 to 7.4 to the Listing Manual. Shareholders will no longer enjoy the same level of protection, transparency and accountability afforded by the Listing Manual. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its memorandum and articles of association and the interests of Shareholders who do not accept the Offer will be protected to the extent provided for by the Companies Act which includes, *inter alia*, the entitlement to be sent a copy of the profit and loss accounts and balance sheet at least 14 days before each annual general meeting, at which accounts will be presented; and
- (iv) There is no assurance that the Company will maintain its historical dividend payments in the future.

7.10.4 Limitation on further purchases of Shares by the Offeror

Given that the Offer is unconditional in all respects, Shareholders should note that under Rule 33.2 of the Code, neither the Offeror nor any person acting in concert with it may (except with the consent of the SIC), within six months of the final Closing Date, make a second offer to, or acquire any Shares from, Shareholders on terms better than those made available under the Offer.

7.10.5 No alternative offer

As at the Latest Practicable Date, there is no publicly available evidence of any alternative offer for the Shares. Further, the Directors have also confirmed that as at the Latest Practicable Date, apart from the Offer, the Company has not received any other offer from any other party. There is also no assurance that the Offeror or any other party will make an offer for the Shares in the future, post the close of the Offer.

7.10.6 Offeror's future plans for the Group

As stated in the Offer Document, the Offeror does not currently have any intention to make major changes to (i) the business of the Group; (ii) the deployment of fixed assets of the Group; or (iii) the employment of employees of the Group.

8. SUMMARY OF OUR ANALYSIS

In arriving at our advice to the Independent Directors on the Offer, we have considered, *inter alia*, the following factors which should be read in the context of the full text of this letter:

- (i) The trading liquidity of the Shares is relatively low.
- (ii) The Shares have traded within a VWAP band of between S\$0.561 to S\$0.635 based on the daily closing prices over the 3-year period prior to the Last Trading Day. The

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

Offer Price represents a premium in the range of between 7.09% to 21.21% to these prices.

- (iii) In the 3-year period prior to the Last Trading Day, the Shares have only closed above the Offer Price on 9 market days (or approximately 1.1% of all the market days within the 3-year period prior to the Last Trading Day). The Shares have not closed above the Offer Price over the 6-month period prior to the Last Trading Day.
- (iv) At 7.23 times, the P / E multiple implied by the Offer Price is higher than the average P / E multiples of the Shares for both the 3-year and 1-year periods, which were 5.81 times and 6.69 times respectively.
- (v) At 7.82 times, the EV / EBITDA multiple implied by the Offer Price is higher than the average EV / EBITDA multiple of the Shares for both the 3-year and 1-year periods, which were 6.40 times and 6.99 times respectively.
- (vi) Over the 3-year period prior to the Last Trading Day, the Shares have traded at a discount to the trailing NAV per Share at a range of between 39.19% to 43.74%.
- (vii) The discount of approximately 35.82% implied by the Offer Price to the NAV per Share as at 30 September 2014 is lower than the smallest average discount to the trailing NAV per Share for the 3-year period prior to the Last Trading Day.
- (viii) The P / E and EV / EBITDA multiples implied by the Offer Price are lower than the mean and median of the P / E multiples of the Comparable Companies.
- (ix) The P / NAV multiple implied by the Offer Price is below the mean and median but is within the range of P / NAV multiples of the Comparable Companies.
- (x) The premium of the Offer Price to the closing price on the Last Trading Day is broadly in line with the similar premium implied by the Precedent Transaction involving Achieva, which is an acquisition of a non-controlling stake.
- (xi) The P / E multiple implied by the Offer is broadly in line with the implied P / E multiple of the Precedent Transaction involving ECSB, which is an acquisition of a non-controlling stake.
- (xii) The market price premia implied by the Offer Price are lower than the corresponding overall mean and median premia of the Precedent Takeovers.
- (xiii) The premia of the Offer Price to its respective VWAPs are generally lower than those under the Previous Offer, though we note that the Previous Offer was made in conjunction with the Offeror's initial acquisition of a controlling stake in the Company and therefore the price premia and implied multiples involved in the Previous Offer may have incorporated elements of a control premium.
- (xiv) The Offer Price is at a discount range of approximately 10.13% to 11.30% to the mean of the target price estimates by analysts as of the Last Trading Day.
- (xv) Worldwide IT spending continues to grow on the back of increased investments in technology in the consumer and enterprise segments and the Group's Enterprise segment, which offers higher margins, is expected to continue to grow. Barring any unforeseen circumstances, the Board of Directors is cautiously optimistic about the Group's financial performance in the fourth quarter of 2014 and the full financial year ending 31 December 2014.

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

- (xvi) the Company has a consistent record of paying dividends with total dividend per Share remaining constant at 2.2 cents from FY2011 to FY2013 and dividend yield ranging from approximately 3.5% to 4.8% over the same period.
- (xvii) The Offeror already has statutory control of the Company.
- (xviii) The Offeror does not intend to make major changes to the Group's business.
- (xix) The Offeror has obtained irrevocable undertakings from the Undertaking Shareholders, namely Mr Tay Eng Hoe, Mr Narong Intanate and Mr Tan Teck Thye, to accept the Offer in respect of the Offer Shares held by them, which represent approximately 0.382% of the total number of issued Shares.
- (xx) All Directors who have interests in the Offer Shares intend to accept the Offer in relation to their respective beneficial holdings of the Offer Shares.
- (xxi) Trading in the Shares was halted on 23 September 2014 due to the loss of public float and that trading in the Shares was subsequently suspended on 25 September 2014 and remains suspended as at the Latest Practicable Date.
- (xxii) The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company.
- (xxiii) As at the Latest Practicable Date, there is no publicly available evidence of any alternative offer for the Shares and there is no assurance that the Offeror or any other party will make an offer for the Shares in the future.

Based upon, and having considered, *inter alia*, the factors described above and the information that has been made available to us as at the Latest Practicable Date, we are of the opinion that as of the Latest Practicable Date, the Offer Price is on balance, not fair but reasonable, under current prevailing market, economic, industry, monetary and other relevant considerations.

9. CIMB'S ADVICE ON THE OFFER

After carefully considering all available information and based on our assessment of the financial terms of the Offer, we advise the Independent Directors to make the following recommendations to the Shareholders in relation to the Offer:

Shareholders who wish to dispose of their Shares in the near term and / or who are not prepared to accept the consequences of holding unlisted Shares as stated in section 7.10.3 of this letter, should ACCEPT the Offer.

Shareholders should note that pursuant to Rule 724(1) of the Listing Manual, trading in the Shares was halted on 23 September 2014 as a result of the loss of public float, with trading in the Shares having subsequently been suspended since 25 September 2014. 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. In the event that the Company is delisted, Shareholders who do not accept the Offer will continue to hold unlisted Shares with no ready market.

Given that the Offer is unconditional in all respects, Shareholders should note that under Rule 33.2 of the Code, neither the Offeror nor any person acting in concert with it may (except with the consent of the SIC), within six months of the final Closing Date, make a second offer to, or acquire any Shares from, Shareholders on terms better than those made available under the Offer.

APPENDIX 1 – LETTER FROM IFA TO THE INDEPENDENT DIRECTORS

In rendering the advice above, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Shareholders should note that the opinion and advice of CIMB should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer.

Yours faithfully

For and on behalf of

CIMB BANK BERHAD, SINGAPORE BRANCH

MAH KAH LOON

DEPUTY HEAD

CORPORATE FINANCE, ASEAN

JONATHAN SIOW

ASSOCIATE DIRECTOR

CORPORATE FINANCE, SINGAPORE

APPENDIX 2 – ADDITIONAL GENERAL INFORMATION ON THE COMPANY

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are set out below:

Name	Address	Description
Mr Tay Eng Hoe	c/o ECS Holdings Limited 19 Kallang Avenue #07-153 Singapore 339410	Executive Chairman
Mr Ong Wei Hiam	c/o ECS Holdings Limited 19 Kallang Avenue #07-153 Singapore 339410	Group Chief Executive Officer and Executive Director
Mr Narong Intanate	c/o ECS Holdings Limited 19 Kallang Avenue #07-153 Singapore 339410	Non-Executive Director
Mr Foo Sen Chin	c/o ECS Holdings Limited 19 Kallang Avenue #07-153 Singapore 339410	Non-Executive Director
Mr Koh Soo Keong	c/o ECS Holdings Limited 19 Kallang Avenue #07-153 Singapore 339410	Lead Independent Director
Mr Li Yi	c/o ECS Holdings Limited 19 Kallang Avenue #07-153 Singapore 339410	Independent Director

2. THE COMPANY

The Company was incorporated in Singapore on 1 October 1998 and was listed on the Mainboard of the SGX-ST on 9 February 2001. The Company has its registered office at 19 Kallang Avenue, #07-153, Singapore 339410.

3. PRINCIPAL ACTIVITIES

The Group is principally engaged in three main businesses, comprising enterprise systems, information technology services and distribution of information, communications and technology products. The Group has a network of more than 24,500 active channel partners across China, Thailand, Malaysia, Singapore, Indonesia and the Philippines.

APPENDIX 2 – ADDITIONAL GENERAL INFORMATION ON THE COMPANY

4. SHARE CAPITAL

4.1 Issued Share Capital. The Company has only one class of shares, being ordinary shares. As at the Latest Practicable Date, the issued and paid-up share capital of the Company is S\$115,058,917.58 comprising 369,440,174 Shares (excluding treasury shares). The Shares are quoted and listed on the Mainboard of the SGX-ST. The Company does not hold any treasury shares.

4.2 Rights of Shareholders in respect of Capital, Dividends and Voting. The rights of Shareholders in respect of capital, dividends and voting as contained in the Articles are set out in Appendix 4 to this Circular.

4.3 Number of Shares Issued. Details of Shares issued by the Company during the period from the end of the last financial year up to the Latest Practicable Date are as follows:

No. of Shares Issued	Purpose of Issue	Date of Issue	Issue Price / Exercise Price per Share
3,530,000	Exercise of ECS Options	27 February 2014, 19 March 2014, 31 March 2014, 14 April 2014, 24 April 2014, and 10 September 2014	S\$0.55

Save as disclosed above, no Shares have been issued by the Company since the end of the last financial year up to the Latest Practicable Date.

4.4 Outstanding Instruments Convertible into Shares. Details of the outstanding ECS Options as at the Latest Practicable Date are as follows:

Date of grant	No. of Outstanding ECS Options as at the Latest Practicable Date	No. of Shares to be Issued upon Exercise	Exercise Price	Exercise Period
15 October 2010	300,000	300,000	S\$0.55	15 October 2011 to 15 October 2015
15 October 2010	6,720,000	6,720,000	S\$0.55	15 October 2011 to 15 October 2020

Save as disclosed above, there are no outstanding instruments convertible into, rights to subscribe for, or options in respect of, the Shares or which carry voting rights affecting the Shares.

APPENDIX 2 – ADDITIONAL GENERAL INFORMATION ON THE COMPANY

5. FINANCIAL INFORMATION

5.1 Consolidated Income Statements. A summary of the audited consolidated income statements of the Group for FY2011, FY2012, FY2013, and the unaudited consolidated income statements of the Group for the nine-months ended 30 September 2013 and 30 September 2014, is set out below. The following summary should be read together with the audited consolidated financial statements and the unaudited consolidated financial statements for the relevant financial periods and related notes thereto, copies of which are available for inspection at the registered office of the Company at 19 Kallang Avenue, #07-153, Singapore 339410.

(S\$'000)	Audited			Unaudited	
	FY2011	FY2012	FY2013	9M2014	9M2013
Revenue	3,607,165	3,643,651	4,201,068	3,074,471	3,107,135
Exceptional items	-	-	-	-	-
Profit/(Loss) before taxation	52,157	36,996	45,839	34,941	33,844
Profit/(Loss) after taxation	39,419	29,789	34,458	26,244	25,975
Attributable to:					
Equity holders of the Company	39,230	29,646	34,416	26,244	25,933
Non-controlling interests	189	143	42	-	42
Net earnings per Share (cents)					
- Basic (cents)	10.74	8.10	9.41	7.12	7.09
- Diluted (cents)	10.65	8.10	9.40	7.11	7.09
Net dividend per Share (cents)	2.2	2.2	2.2	-	-

5.2 Consolidated Balance Sheets. A summary of the audited consolidated balance sheet of the Group as at 31 December 2013 and the unaudited consolidated balance sheet of the Group as at nine-months ended 30 September 2014, is set out below. The following summary should be read together with the audited consolidated financial statements for FY2013 and the unaudited consolidated financial statements of the Group for nine-months ended 30 September 2014 and the related notes thereto.

(S\$'000)	Audited	Unaudited
	As at 31 December 2013	As at 30 September 2014
Non-current assets	104,060	107,561
Current assets	1,131,664	1,320,275
Non-current liabilities	120,404	6,419
Current liabilities	743,579	1,029,995
Net assets	388,085	290,280
Share capital	113,117	115,059

APPENDIX 2 – ADDITIONAL GENERAL INFORMATION ON THE COMPANY

(S\$'000)	Audited	Unaudited
	As at 31 December 2013	As at 30 September 2014
Reserves & Retained earnings	258,624	276,363
Non-controlling interests	-	-
Total equity	371,741	391,422

5.3 Material Changes in Financial Position. Save as disclosed in this Circular, the Offer Document and publicly available information on the Company (including and not limited to the Annual Report 2013 of the Company), there are no known material changes in the financial position of the Company as at the Latest Practicable Date since 31 December 2013, being the date of the last published audited financial statements of the Company.

5.4 Significant Accounting Policies. A summary of the significant accounting policies of the Group is set out in the notes to the audited consolidated financial statements of the Group for FY2013. Save as disclosed in the notes to the audited consolidated financial statements of the Group for FY2013, there are no significant accounting policies or any matter from such notes, which are of any major relevance for the interpretation of the accounts of the Group referred to in the Appendices.

5.5 No Change in Accounting Policies. There is no change in the accounting policies of the Group which would cause the financial information disclosed in the Appendices not to be comparable to a material extent. For the avoidance of doubt, the Amendments and Interpretations to the Singapore Financial Reporting Standards for periods effective from 1 January 2014 are currently assessed to have no material impact on the results of the Group.

6. DISCLOSURE OF INTERESTS

6.1 Interests and Dealings in Shares and Convertible Securities.

(a) **Interests and Dealings of the Directors.** As at the Latest Practicable Date, and save as disclosed below, none of the Directors has any direct or deemed interests in any Shares, ECS Options, or any other convertible securities, warrants, options or derivatives of the Company:

Shares

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors				
Tay Eng Hoe	700,000	0.189	-	-
Narong Intanate	569,000	0.154	-	-
Koh Soo Keong	400,000	0.108	-	-

Notes:

(1) Based on 369,440,174 Shares in issue (excluding treasury shares) as at the Latest Practicable Date.

APPENDIX 2 – ADDITIONAL GENERAL INFORMATION ON THE COMPANY

ECS Options

	No. of ECS Options	No. of Shares to be Issued upon Exercise	Exercise Price	Exercise Period
Directors				
Narong Intanate	1,000,000	1,000,000	S\$0.550	15 October 2011 to 15 October 2020
Ong Wei Hiam	300,000	300,000	S\$0.550	15 October 2011 to 15 October 2015
Foo Sen Chin	300,000	300,000	S\$0.550	15 October 2011 to 15 October 2020

Further, none of the Directors has dealt for value in any Shares, ECS Options, or any other convertible securities, warrants, options or derivatives of the Company, during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

- (b) **Interests and Dealings of the IFA.** As at the Latest Practicable Date, neither the IFA nor funds whose investments are managed by the IFA on a discretionary basis own or control any Shares, ECS Options, or any other convertible securities, warrants, options or derivatives of the Company.

Further, neither the IFA nor funds whose investments are managed by the IFA on a discretionary basis have dealt for value in any Shares, ECS Options, or any other convertible securities, warrants, options or derivatives of the Company, during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

6.2 Interests and Dealings in Shares and Convertible Securities of the Offeror

- (a) **Interests and Dealings of the Company.** As at the Latest Practicable Date, neither the Company nor its subsidiaries has any direct or deemed interest in any shares, or any convertible securities, warrants, options or derivatives of the Offeror.

Further, neither the Company nor its subsidiaries has dealt for value in any shares, or any convertible securities, warrants, options or derivatives of the Offeror, during the period commencing six (6) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date.

- (b) **Interests and Dealings of the Directors.** As at the Latest Practicable Date, and save as disclosed below, none of the Directors has any direct or deemed interest in any shares, or any convertible securities, warrants, options or derivatives of the Offeror:

APPENDIX 2 – ADDITIONAL GENERAL INFORMATION ON THE COMPANY

Shares in the Offeror

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors				
Narong Intanate	1,120,000	0.073	-	-
Ong Wei Hiam	249,600	0.016	-	-

Notes:

- (1) Based on 1,525,187,998 shares in issue (excluding treasury shares) as at the Latest Practicable Date.

Share options of the Offeror

	No. of Share Options convertible into Shares in the Offeror	No. of Shares to be Issued upon Exercise	Exercise Price	Exercise Period
Directors				
Ong Wei Hiam	1,440,000	1,440,000	HK\$ 2.028	23 March 2013 to 22 March 2021

Further, none of the Directors has dealt for value in any shares, or any convertible securities, warrants, options or derivatives of the Offeror during the period commencing six (6) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date.

6.3 Directors' Service Contracts.

- (a) As at the Latest Practicable Date, there are no service contracts between any Director or proposed director with the Company or any of its subsidiaries which have more than twelve (12) months to run and which are not terminable by the employing company within the next twelve (12) months without paying any compensation.
- (b) Further, there are no such service contracts entered into or amended between any Director or proposed director with the Company or any of its subsidiaries during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

6.4 Arrangements Affecting Directors.

- (a) There are no payments or other benefits which will be made or given to any Director or to any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer.

APPENDIX 2 – ADDITIONAL GENERAL INFORMATION ON THE COMPANY

- (b) There are no arrangements or agreements made between any Director and any other person in connection with, or conditional upon the outcome of, the Offer.
- (c) None of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

7. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Neither the Company nor its subsidiaries has entered into any material contract (not being a contract entered into in the ordinary course of business) with interested persons during the period commencing three (3) years prior to the Offer Announcement Date, and ending on the Latest Practicable Date.

An interested person, as defined in the Note on Rule 24.6 read with the Note on Rule 23.12 of the Code, is:

- (a) a director, chief executive officer, or Substantial Shareholder of the company;
- (b) the immediate family of a director, the chief executive officer, or a Substantial Shareholder (being an individual) of the company;
- (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a Substantial Shareholder (being an individual) and his immediate family is a beneficiary;
- (d) any company in which a director, the chief executive officer or a Substantial Shareholder (being an individual) and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (e) any company that is the subsidiary, holding company or fellow subsidiary of the Substantial Shareholder (being a company); or
- (f) any company in which a Substantial Shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company and its subsidiaries, taken as a whole. As at the Latest Practicable Date, the Directors are not aware of any litigation, claim or proceedings pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries, taken as a whole.

APPENDIX 2 – ADDITIONAL GENERAL INFORMATION ON THE COMPANY

9. MARKET QUOTATION

The table below sets out the highest, lowest and last transacted prices and trading volume of the Shares on the SGX-ST on a monthly basis from May 2014 (being six (6) months preceding the Offer Announcement Date) and ending on the Latest Practicable Date:

Month	Highest Closing Price (S\$)	Lowest Closing Price (S\$)	Last Transacted Price as at Last Market Day (S\$)
May 2014	0.640	0.615	0.640
June 2014	0.635	0.600	0.600
July 2014	0.620	0.590	0.590
August 2014	0.605	0.580	0.600
September 2014	0.650	0.610	0.610
October 2014 ⁽¹⁾	Not applicable	Not applicable	Not applicable
November 2014 ⁽¹⁾	Not applicable	Not applicable	Not applicable
December 2014 (up to the Latest Practicable Date) ⁽¹⁾	Not applicable	Not applicable	Not applicable

Source: Bloomberg

Note:

(1) Trading of the Shares has been suspended since 23 September 2014.

Highest and Lowest Prices

The highest and lowest closing prices of the Shares on the SGX-ST during the period commencing from May 2014 and ending on the Latest Practicable Date are as follows:

Highest closing price : S\$0.650 on 11 September 2014

Lowest closing price : S\$0.580, on 1 August, 5 August, 7 August and 8 August 2014

10. GENERAL INFORMATION

10.1 Costs and expenses. All expenses and costs incurred by the Company in relation to the Offer and the Options Proposal will be borne by the Company.

10.2 Consents.

- (a) CIMB Bank Berhad, Singapore Branch has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name, its letter (as set out in Appendix 1 to this Circular) and all references to them, in the form and context in which they appear in this Circular.
- (b) M&C Services Private Limited has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name, in the form and context in which they appear in this Circular.

APPENDIX 2 – ADDITIONAL GENERAL INFORMATION ON THE COMPANY

- (c) Stamford Law Corporation has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name, in the form and context in which they appear in this Circular.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 19 Kallang Avenue, #07-153, Singapore 339410, during normal business hours for the period during which the Offer remains open for acceptance:

- (a) the memorandum and the articles of the Company;
- (b) the annual reports of the Company for FY2011, FY2012 and FY2013, and the unaudited consolidated financial statements of the Group for the nine-months ended 30 September 2013 and the nine-months ended 30 September 2014;
- (c) the IFA's Letter; and
- (d) the letters of consent referred to in Section 10.2 of Appendix 2 to this Circular.

APPENDIX 3 – ADDITIONAL INFORMATION ON THE OFFEROR

The following information on the Offeror has been extracted from the Offer Document and is reproduced below for your convenience. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

1. DIRECTORS OF THE OFFEROR

The name, address and descriptions of the directors of the Offeror are as set out below:

Name	Address	Description
Mr Li Jialin	c/o VST Holdings Limited Unit 3312, 33/F, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong	Chief Executive Officer and Executive Chairman
Mr Ong Wei Hiam	c/o VST Holdings Limited Unit 3312, 33/F, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong	Executive Director
Mr Chan Hoi Chau	c/o VST Holdings Limited Unit 3312, 33/F, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong	Executive Director
Ms Chow Ying Chi	c/o VST Holdings Limited Unit 3312, 33/F, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong	Executive Director
Ms Liu Li	c/o VST Holdings Limited Unit 3312, 33/F, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong	Non-Executive Director

APPENDIX 3 – ADDITIONAL INFORMATION ON THE OFFEROR

Mr Liang Xin	c/o VST Holdings Limited Unit 3312, 33/F, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong	Non-Executive Director
Mr Li Wei	c/o VST Holdings Limited Unit 3312, 33/F, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong	Independent Non- Executive Director
Mr Ng Yat Cheung	c/o VST Holdings Limited Unit 3312, 33/F, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong	Independent Non- Executive Director
Mr Lam Hin Chi	c/o VST Holdings Limited Unit 3312, 33/F, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong	Independent Non- Executive Director

2. REGISTERED OFFICE OF THE OFFEROR

The registered office of the Offeror is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands.

3. PRINCIPAL ACTIVITIES OF THE OFFEROR

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 (6) countries namely China, Thailand, Malaysia, Singapore, Indonesia and the Philippines. The three (3) 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.

APPENDIX 3 – ADDITIONAL INFORMATION ON THE OFFEROR

4. SUMMARY OF FINANCIAL INFORMATION

4.1 A summary of the financial information relating to the VST Group for FY2011, FY2012, FY2013 and the half year ended 30 June 2014 is set out below. This summary financial information should be read together with the audited consolidated financial statements of the VST Group as set out in the annual reports of the Offeror for FY2011, FY2012 and FY2013, and the unaudited consolidated financial statements of the VST Group as set out in the interim report of the Offeror for the half year ended 30 June 2014 (copies of which are available for inspection as set out in paragraph 4 of Appendix III to the Offer Document).

4.2 **Income Statements of the Offeror.** A summary of the audited consolidated income statements of the VST Group for FY2011, FY2012 and FY2013 and the unaudited consolidated income statements of the VST Group for the half year ended 30 June 2014, is set out below:

	← FY2011 HK\$'000	Audited FY2012 HK\$'000	FY2013 HK\$'000 →	Unaudited Half year ended 30 June 2014 HK\$'000
Revenue	32,617,058	37,097,592	40,239,286	18,794,527
Exceptional Items	-	-	-	-
Profit before income tax	634,581	571,561	658,802	369,447
Net profit	488,794	464,399	525,127	294,549
Attributable to:				
Non-controlling interests	26,278	20,163	22,402	11,079
Equity shareholders of the Offeror	462,516	444,236	502,725	283,470
 Earnings per share (HK cents per share)				
– Basic	36.80	35.82	33.77	18.98
– Diluted	36.70	35.73	33.77	18.98
Dividends declared per share of the Offeror (HK cents per share)	8	8	8	-

APPENDIX 3 – ADDITIONAL INFORMATION ON THE OFFEROR

- 4.3 **Balance Sheet of the Offeror.** A summary of the audited consolidated balance sheet of the VST Group as at 31 December 2013, and the unaudited consolidated balance sheet of the VST Group as at 30 June 2014, is set out below:

	Audited as at 31 December 2013 HK\$'000	Unaudited as at 30 June 2014 HK\$'000
Current assets	10,674,289	10,949,212
Non-current assets	853,373	869,532
Total assets	11,527,662	11,818,744
Current liabilities	7,158,806	7,272,919
Non-current liabilities	748,456	760,873
Total liabilities	7,907,262	8,033,792
NET ASSETS	3,620,400	3,784,952
Share capital	149,404	149,295
Reserves	3,239,094	3,380,368
Non-controlling interests	231,902	255,289
TOTAL EQUITY	3,620,400	3,784,952

- 4.4 **Accounting Policies.** The audited consolidated financial statements of the Offeror for FY2011, FY2012 and FY2013 have been prepared in accordance with the requirements of the applicable Hong Kong Financial Reporting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Please refer to note 2 to the audited consolidated financial statements of the VST Group in the annual reports of the Offeror for FY2011, FY2012 and FY2013 for a summary of the significant accounting policies which are of major relevance for the interpretation of the said financial statements of the Offeror.

Copies of the annual reports of the Offeror for FY2011, FY2012 and FY2013, and the interim report of the Offeror for the half year ended 30 June 2014 are available for inspection as set out in paragraph 4 of Appendix III to the Offer Document.

5. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save (a) as disclosed above, (b) as a result of the making and financing of the Offer, and (c) for publicly available information on the Offeror (including without limitation the unaudited consolidated financial statements of the VST Group for the half year ended 30 June 2014 which was released by the Offeror on its website at <http://www.vst.com.hk/en/>), there has been no known material change in the financial position of the Offeror subsequent to 31 December 2013, being the date of its last published audited accounts.

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S ARTICLES OF ASSOCIATION

The provisions in the Articles relating to the rights of Shareholders in respect of capital, dividends and voting are as follows:

ISSUE OF SHARES

3. Subject to the Statutes, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 8, and to any special rights attached to any shares for the time being issued, the Directors may allot or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors. Provided always that:
 - (a) no shares shall be issued to transfer a controlling interest in the Company without the prior approval of the members in a General Meeting;
 - (b) (subject to any direction to the contrary that may be given by the Company in a General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 8(A) with such adaptations as are necessary shall apply; and
 - (c) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.
5.
 - (A) Preference shares may be issued subject to such limitation thereof as may be prescribed by any Stock Exchange upon which the Company may be listed. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrears.
 - (B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S ARTICLES OF ASSOCIATION

VARIATION OF RIGHTS

6. (A) Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Statutes, be varied or abrogated either with the consent in writing of the holders of three-quarters of the total voting rights of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting, all the provisions of these articles relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total voting rights of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters of the total voting rights of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to any one of the shares or any class as each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.
- (B) The repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders' rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned Provided always that where the necessary majority for such a Special Resolution is not obtained at the General Meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the General Meeting, shall be as valid and effectual as a Special Resolution carried at the General Meeting.
- (C) The special rights attached to any class of shares of shares having preferential rights shall not, unless otherwise expressly provided by the terms of Issue thereof, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

APPENDIX 4 – EXTRACTS FROM THE COMPANY’S ARTICLES OF ASSOCIATION

ALTERATION OF SHARE CAPITAL

7. The Company may from time to time by Ordinary Resolution increase its capital by such sum as the resolution shall prescribe.
8.
 - (A) Subject to any direction to the contrary that may be given by the Company in a General meeting and except as permitted under the listing rules of any Stock Exchange upon which the Company may be listed, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 8(A).
 - (B) Except so far as otherwise provided by the conditions of issue or by these articles, all new shares shall be subject to the provisions of the Statutes and of these articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.
9. The Company may by Ordinary Resolution:
 - (a) consolidate and divide all or any of its share capital;
 - (b) sub-divide its shares, or any of them (subject, nevertheless, to the provisions of the Statutes), and so that the resolution whereby by any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the company has power to attach to unissued or new shares; or
 - (c) subject to the provisions of the Statutes, convert any class of shares into any other class of shares.
10.
 - (A) The Company may reduce its share capital or other undistributable reserve in any manner and with and subject to any incident authorised and consent required by law.
 - (B) Subject to and In accordance with the provisions of the Act, the Company may authorise the Directors in General Meeting to purchase or otherwise acquire ordinary shares Issued by it on such terms as the Company may think fit and in the manner prescribed by the Act. If required by the Act, all shares purchased by the Company shall, unless held in treasury or in accordance with the Act, be

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S ARTICLES OF ASSOCIATION

cancelled immediately upon repurchase. On the cancellation of the shares aforesaid, the rights and privileges attached to those shares shall expire and the number of issued shares of the Company shall be diminished by the number of shares so cancelled. Where the shares purchased by the Company are not cancelled, the Company may hold or deal with any such share so purchased by it in such manner as may be permitted by, and in accordance with, the Act

SHARES

11. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial Interest in any share, or any interest in any fractional part of a share, or (except only as by these articles or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share.
12. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination, as the Directors may determine) and subject to the provisions of the Statutes, the Company may issue preference shares which are, or at the option of the Company are liable, to be redeemed.
13. Subject to the provisions of these articles and of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in a General Meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.
- 13A. The Company shall not exercise any right in respect of Treasury Shares other than as provided by the Act. The rights in relation to Treasury Shares, are to be suspended except for the purposes of bonus shares, share splits and consolidations. Subject thereto, the Company may hold or deal with its Treasury Shares in the manner authorised by, or prescribed pursuant to, the Act.
14. The Company may pay commissions or brokerage on any Issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.

APPENDIX 4 – EXTRACTS FROM THE COMPANY’S ARTICLES OF ASSOCIATION

15. Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten (10) Market Days of the closing date (or such other period as may be approved by any Stock Exchange upon which the shares in the Company may be listed) of any such application.

The Directors may, at any time after the allotment of any share but before any person has been entered in the Registrar of Members as the holder or (as the case may be) before the share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

VOTES OF MEMBERS

65. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the company, each member entitled to vote may vote in person or by proxy. On a show of hands, every member who is present in person or by proxy shall have one vote {Provided that in the case of a Member who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the Meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands) and on a poll, every member who is present in person or by proxy shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company.
66. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members or (as the case may be) the Depository Register in respect of the share.
67. Where in Singapore or elsewhere, a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.
68. No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.

APPENDIX 4 – EXTRACTS FROM THE COMPANY’S ARTICLES OF ASSOCIATION

69. No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.
70. On a poll, votes may be given personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
71. (A) A member may appoint not more than two proxies to attend and vote at the same General Meeting Provided that if the member is a Depositor, the Company shall be entitled and bound:
- (a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company; and
 - (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.
- (B) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.
- (C) In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (D) A proxy need not be a member of the Company.
72. (A) An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:
- (a) in the case of an individual, shall be signed by the appoint or or his attorney; and
 - (b) in the case of a corporation, shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
- (B) The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S ARTICLES OF ASSOCIATION

or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Article 73, failing which the instrument may be treated as invalid.

73. An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office) not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.
74. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.
75. A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made. Provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

DIVIDENDS

121. The Company may by Ordinary Resolution declare dividends but no such dividends shall exceed the amount recommended by the Directors.
122. If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.
123. Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rate according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article, no amount paid on a share in advance of calls shall be treated as paid on the share.

APPENDIX 4 – EXTRACTS FROM THE COMPANY’S ARTICLES OF ASSOCIATION

124. No dividend shall be paid otherwise then out of profits available for distribution under the provisions of the Statutes.
125. No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.
126. (A) The Directors may retain in any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- (B) The Directors may retain in the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.
- (C) The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor entitled thereto shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other moneys are first payable. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time hereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.
127. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.
128. The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S ARTICLES OF ASSOCIATION

129. (A) Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as Fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:
- (a) the basis of any such allotment shall be determined by the Directors;
 - (b) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article;
 - (c) the right of election may be exercised in respect of the whole or that portion of the dividend in respect of which the right of election has been accorded. Provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
 - (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the "elected ordinary shares") and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Article 133, the Directors shall capitalise and apply the amount standing to the credit of the Company's reserve accounts as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S ARTICLES OF ASSOCIATION

- (B) (a) The ordinary shares allotted pursuant to the provisions of paragraph (A) of this Article shall rank *pari passu* in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.
- (C) The Directors may, on any occasion when they resolve as provided In paragraph (A) of this Article, determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case maybe) in the Depository Register, or in respect of ordinary shares the transfer of which Is registered, after such date as the Directors may fix subject to such exceptions as the Directors may think fit, and in such event the provisions of this Article shall be read and construed subject to such determination.
- (D) The Directors may, on any occasion when (hey resolve as provided in paragraph (A) of this Article, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and In such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.
- (E) Notwithstanding the foregoing provisions of this Article, if at any time after the Directors' resolution to apply the provisions of paragraph (A) of this Article in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever It is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and without assigning any reason therefor, cancel the proposed application of paragraph (A) of this Article.
130. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to anyone of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share In consequence of the death or

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S ARTICLES OF ASSOCIATION

bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this Article and the provisions of Article 132, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.

131. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, anyone of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.
132. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in a General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

CAPITALISATION OF PROFITS AND RESERVE

133. (A) The Directors may, with the sanction of an Ordinary Resolution of the Company:
- (i) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares; and
 - (ii) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

APPENDIX 4 – EXTRACTS FROM THE COMPANY’S ARTICLES OF ASSOCIATION

- (B) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus Issue or capitalisation under Article 133(A), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned), The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.
- (C) in addition and without prejudice to the powers provided for by Article 133(A) and 133(8), the Directors shall have power to issue shares for which no consideration is payable and to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full, in each case on terms that such shares shall, upon Issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit.

