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DISCLOSEABLE AND CONNECTED TRANSACTIONS

PROPOSED ACQUISITION OF SHARES AND PAY-OFF OF OPTIONS IN ECS

Reference is made to the announcement published by the Company dated 14 November 2014 in relation to the proposed acquisition of Shares and pay-off of Options in ECS.

The Company, through UOB, has made the Offer on 28 November 2014 for all the Shares in the capital of ECS, a non-wholly owned subsidiary of the Company, other than those Shares held, directly or indirectly, by the Company. Pursuant to the Offer (assuming full acceptance), a total of 38,746,081 Shares will be purchased and 7,020,000 outstanding Options (including the Shares and Options held by the Connected Directors) will be paid off net based on the see-through price pursuant to the Options Proposal.

The Acquisitions, in aggregate, and together with the Past Acquisitions will constitute a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

Pursuant to the Offer, Shares will be purchased and outstanding Options will be paid off net pursuant to the Options Proposal. The Connected Directors are connected persons of the Company under Chapter 14A of the Listing Rules. Purchases of Shares and pay off of Options from the Connected Directors will constitute connected transactions under the Listing Rules.

THE OFFER

Reference is made to the announcement published by the Company dated 14 November 2014 in relation to the proposed acquisition of Shares and pay-off of Options in ECS.

The Board is pleased to announce that the Company, through UOB, has made a voluntary unconditional cash offer on 28 November 2014 for all the shares in the capital of ECS, a non-wholly owned subsidiary of the Company, other than those Shares held, directly or indirectly, by the Company.

The Offer Shares are to be acquired (a) fully paid, (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever, and (c) together with all rights, benefits and entitlements attached thereto as at the 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 ECS on or after the Offer Announcement Date). If any dividend, other distribution or return of capital is declared, paid or made by ECS on or after Offer Announcement Date, the Company reserves the right to reduce the Offer Price by the amount of such dividend, distribution or return of capital paid or made by ECS to such ECS Shareholders who accept or have accepted 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 any Options to subscribe for new Shares granted under the Share Option Scheme, prior to the close of the Offer. The Offer will be unconditional in all respects.

As at the date of this announcement, the Company owns or controls an aggregate of 330,694,093 Shares, representing approximately 89.512% of the total number of issued Shares.

In accordance with Rule 15 of the Code, and subject to the terms and conditions set out in the Offer Document, the Offer for the Offer Shares is made on the basis of SGD0.68 (approximately HK\$4.16) in cash for each Offer Share.

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

- (i) a premium of approximately 11.48% over the closing price on the Last Trading Day of SGD0.61 (approximately HK\$3.73) per Share; and
- (ii) a premium of approximately 11.48% over the average closing price of approximately SGD0.61 (approximately HK\$3.73) per Share, based on the closing prices per Share from 16 September 2014 to 22 September 2014, both dates inclusive, being the last five consecutive trading days up to and including the Last Trading Date.

Under the Offer, the Company will be purchasing Shares from the ECS Shareholders including the Connected Directors. The aggregate number of Shares to be purchased from the ECS Shareholders (assuming full acceptance) is 38,746,081, representing approximately 10.488% of the entire issued share capital of ECS. The total consideration of such purchase of Shares from the ECS Shareholders is SGD26,347,335.08 (approximately HK\$161,045,451).

The Company is of the view that the premium is fair and reasonable in order to attract more ECS Shareholders to accept the Offer.

OPTIONS PROPOSAL

As at the date of this announcement, there are 7,020,000 outstanding Options granted under the Share Option Scheme. Under the rules of the Share Option Scheme, the Options are not transferable by the Optionholders. In view of this restriction, UOB, on behalf of the Company, will not make an offer to acquire the Options (although for the avoidance of doubt, the Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise of Options prior to the close of the Offer). UOB, on behalf of the Company, will make the Options Proposal to the Optionholders, on the terms that, subject to the relevant Options continuing to be exercisable into new Shares, the Company will pay to such Optionholders the Option Price in consideration of such Optionholders agreeing:

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

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

The Option Price is computed on a “see-through” basis. In other words, the Option Price in relation to any Option is the amount by which the Offer Price is in excess over the exercise price of that Option.

For the avoidance of doubt, the Offer and Options Proposal are separate and are mutually exclusive. The Options Proposal does not form part of the Offer, and *vice versa*. Without prejudice to the foregoing, if the Optionholders exercise their Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise, they may not accept the Options Proposal in respect of such Options. Conversely, if Optionholders wish to accept the Options Proposal in respect of their Options, they may not exercise those Options in order to accept the Offer in respect of the new Shares to be issued pursuant to such exercise.

There are a total of 7,020,000 outstanding Options and the Option Price of SGD0.13 (approximately HK\$0.79) per Option will be paid to Optionholders, amounting to SGD912,600 (approximately HK\$5,578,176).

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

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the offerees of the Shares (excluding the Connected Directors) and the Optionholders (excluding the Connected Directors) are Independent Third Parties.

The consideration of the Offer and Options Proposal will be paid by the Company in cash and will be settled by internal resources.

Please refer to the overseas regulatory announcement made by UOB on behalf of the Company on 28 November 2014 for details of the terms and conditions of the Offer and the Options Proposal.

DISCLOSEABLE TRANSACTIONS

The Company had on SGX acquired an aggregate of 3,132,000 Shares, representing approximately 0.851% of the entire issued share capital of ECS within the period of 12 months immediately preceding the date of this announcement. The Past Acquisitions are a series of transactions conducted between 2 December 2013 and 22 September 2014, at Share prices between SGD0.58 (approximately HK\$3.55) being the lowest and SGD0.695 (approximately HK\$4.25) being the highest (exclusive of transaction costs). The average price (exclusive of transaction costs) for the acquisition of each Past Acquired Share was approximately SGD0.64 (approximately HK\$3.91). The aggregate purchase price of the Past Acquired Shares (exclusive of transaction costs) is SGD1,994,265 (approximately HK\$12,189,745), which was paid by the Company in cash. The purchase price paid by the Company represented the then market price of the Past Acquired Shares and was paid from the Company's internal resources. The purchase prices of the transactions for the past three months preceding the date of this announcement are less than the Offer Price.

As the Past Acquisitions were made through SGX, the Company was not aware of the identities of the sellers of the Past Acquired Shares and accordingly, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the sellers of the Past Acquired Shares are Independent Third Parties.

Based on the aggregation of the transactions contemplated under the Acquisitions and Past Acquisitions under Rule 14.22 and Rule 14.23 of the Listing Rules, as one or more of the applicable percentage ratios (as defined under the Listing Rules) are more than 5% but less than 25%, the transactions contemplated under the Acquisitions and the Past Acquisitions also constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

CONNECTED TRANSACTIONS

As certain Shares and Options are held by the Connected Directors, assuming full acceptance of the Offer and Options Proposal by the Connected Directors, the Company will be purchasing Shares from the Connected Directors and paying off net the Options on a "see-through" basis pursuant to the Offer and the Options Proposal respectively. The Connected Directors are connected persons of the Company under Chapter 14A of the Listing Rules. A total of 1,812,000 Shares with consideration of SGD1,232,160 (approximately HK\$7,531,455) will be purchased from the Connected Directors, representing approximately 0.490% of the entire issued share capital of ECS. There are 3,500,000 outstanding Options and the Option Price of SGD0.13 (approximately HK\$0.79) per Option will be paid to the Connected Directors, amounting to SGD455,000 (approximately HK\$2,781,142). Such purchases will constitute connected transactions under the Listing Rules and will be aggregated under 14A.81 and 14A.82 of the Listing Rules. Since all the percentage ratios (other than the profits ratio) are less than 5%, such connected transactions therefore fall within the *de minimis* transaction exemption under Rule 14A.76(2)(a) of the Listing Rules and accordingly are exempt from the circular (including

independent financial advice) and shareholders' approval requirements. Set out below is a summary of the information on the Connected Directors, the purchases of shares and paid off net of Options from the Connected Directors and the original acquisition cost of the shares and Options to the Connected Directors (assuming full acceptance of the Offer and the Options Proposal):

Name of the Connected Director	Designation in the Company/ ECS/ECS subsidiaries	Number of Shares held	Number of Options held	Total amount to be paid to Connected Director to acquire Shares and pay off net of Options (SGD (Approximate equivalence in HK\$))	Original Cost for Acquisition of the Options and Shares (SGD (Approximate equivalence in HK\$))^{note 1}
Tay Eng Hoe	Director of ECS	700,000	—	SGD476,000 (HK\$2,909,502)	SGD385,001 (HK\$2,353,280)
Koh Soo Keong	Director of ECS	400,000	—	SGD272,000 (HK\$1,662,573)	SGD220,001 (HK\$1,344,734)
Tan Teck Thye	Director of various ECS subsidiaries	143,000	—	SGD97,240 (HK\$594,370)	SGD78,651 (HK\$480,746)
Ong Wei Hiam William	Director of the Company and of ECS	—	300,000	SGD39,000 (HK\$238,384)	SGD1 (HK\$6)
Foo Sen Chin	Director of ECS	—	300,000	SGD39,000 (HK\$238,384)	SGD1 (HK\$6)
Narong Intanate	Director of ECS	569,000	1,000,000	SGD516,920 (HK\$3,159,622)	SGD312,951 (HK\$1,912,882)
Sebastian Chong	Director of ECS Computers (Asia) Pte Ltd.	—	600,000	SGD78,000 (HK\$476,767)	SGD1 (HK\$6)
Lim Tow Cheng	Director of ECS Computers (Asia) Pte Ltd., ECS Indo Pte Ltd., The Value Systems Co., Ltd.	—	600,000	SGD78,000 (HK\$476,767)	SGD1 (HK\$6)

Name of the Connected Director	Designation in the Company/ ECS/ECS subsidiaries	Number of Shares held	Number of Options held	Total amount to be paid to Connected Director to acquire Shares and pay off net of Options (SGD (Approximate equivalence in HK\$))	Original Cost for Acquisition of the Options and Shares (SGD (Approximate equivalence in HK\$)) ^{note 1}
Somsak Pejthaveeprondej	Director of The Value Systems Co., Ltd.	—	600,000	SGD78,000 (HK\$476,767)	SGD1 (HK\$6)
Antonius	Director of PT ECS Indo Jaya	—	100,000	SGD13,000 (HK\$79,461)	SGD1 (HK\$6)
Total:		1,812,000	3,500,000	SGD1,687,160 (HK\$10,312,597)	SGD996,610 (HK\$6,091,679)

Note 1: Each of the Connected Directors has paid SGD1 (approximately HK\$6) for the acquisition of their respective number of Options; and the Shares held by the Connected Directors were issued upon the exercise of their Options at the exercise price of SGD0.55 (approximately HK\$3) per Share.

Each of Tay Eng Hoe, Narong Intanate and Tan Teck Thye of the Connected Directors has given the Undertaking in favour of the Company to, *inter alia*, (a) to accept the Offer in respect of the Offer Shares held by him and any Offer Shares which he may directly or indirectly acquire on or after the date of his Undertaking; and (b) 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 the Undertaking Options into new Shares; and (ii) not to exercise any rights as a holder of the Undertaking Options (other than to accept the Options Proposal made by the Company in connection with the Offer).

COMPANIES ACT AND SGX LISTING RULES IMPLICATIONS

As at the date of this announcement, the number of Shares owned or controlled by 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.

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

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

The Company intends to make ECS its wholly-owned subsidiary and does not intend to preserve the listing status of ECS. Accordingly, the Company, 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 ECS to restore the public float and/or lift the trading suspension of the Shares. In addition, the Company also reserves the right to seek a voluntary delisting of ECS from the SGX pursuant to Rules 1307 and 1309 of the Listing Manual.

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

In addition, pursuant to Section 215(3) of the Companies Act, if the Company 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, ECS Shareholders who have not accepted the Offer have a right to require the Company to acquire their Shares at the Offer Price. Such ECS Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

REASONS AND BENEFITS OF THE ACQUISITIONS

The Company is of the view that the Acquisitions which will lead to the privatization of ECS will give the Company and the management of ECS more flexibility to manage the business of ECS, optimize the use of its management and capital resources and facilitate the implementation of any operational change. Following the close of the Offer (assuming full acceptance), the Company will hold 100% of the equity interest in ECS. In the event ECS is delisted from the SGX, ECS will be able to save on expenses relating to the maintenance of a listed status and focus its resources on its business operations.

The Directors (including the independent non-executive Directors) are of view that the transactions contemplated under the Acquisitions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

HONG KONG LISTING RULES IMPLICATIONS

Based on the aggregation of the transactions contemplated under the Acquisitions and Past Acquisitions under Rule 14.22 and Rule 14.23 of the Listing Rules, as one or more of the applicable percentage ratios (as defined under the Listing Rules) are more than 5% but less than 25%, the transactions contemplated under the Acquisitions and the Past Acquisitions also constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As directors of the Company, ECS and other subsidiaries of the Company are connected persons of the Company under Rule 14A.11(1) of the Listing Rules, the transactions for purchase of Shares from the Connected Directors and the pay off net of Options to the Connected Directors would constitute connected transactions for the Company under 14A.81 and 14A.82 of the Listing Rules. Since all the percentage ratios (other than the profits ratio) are less than 5%, such connected transactions in aggregate therefore fall within the *de minimis* transactions exemption under Rule 14A.76(2)(a) of the Listing Rules and accordingly are exempt from the circular (including independent financial advice) and shareholders' approval requirements.

GENERAL

Information on the Group

The Group is principally engaged in the distribution of information technology products and the provision of enterprise systems and IT services. The Group (including ECS) has offices in six countries namely China, Thailand, Malaysia, Singapore, Indonesia and the Philippines. The three main businesses are distribution, enterprise systems and IT services. The enterprise systems segment designs, installs and implements IT infrastructure for companies, while the IT services segment provides a comprehensive range of professional, technical support and training services.

Information on ECS

ECS is a company incorporated in Singapore with limited liability and an issued and paid-up share capital of SGD115,058,917.58 (approximately HK\$703,286,128) consisting of 369,440,174 Shares. The Shares of which are listed on SGX. ECS is principally engaged in providing products and services in the businesses of enterprise systems, IT services and distribution. Based on the statement of financial position in the 2013 annual report of the ECS, the net asset value of ECS as at 31 December 2013 was approximately SGD371,741,000 (approximately HK\$2,272,229,688). Based on the audited financial statements for two financial years ended 31 December 2013, ECS's net profits before and after taxation were approximately SGD36,996,000 (approximately HK\$226,134,350) and SGD29,789,000 (approximately HK\$182,082,284) respectively for the year ended 31 December 2012; and approximately SGD45,839,000 (approximately HK\$280,186,304) and SGD34,458,000 (approximately HK\$210,621,079) respectively for the year ended 31 December 2013.

As at the date of this announcement, the board of directors of ECS comprises Mr. Tay Eng Hoe (Executive Chairman); Mr. Ong Wei Hiam William (Executive Director and Chief Executive Officer); Mr. Narong Intanate (Non-Executive Director); Mr. Foo Sen Chin (Non-Executive Director); Mr. Koh Soo Keong (Lead Independent Director); and Mr. Li Yi (Independent Director).

RESPONSIBILITY STATEMENT

Under the Code, the Company is required to include the following statement in this announcement:

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

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

The Directors jointly and severally accept full responsibility accordingly.”

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Acquisitions”	the transactions contemplated under the Offer and Options Proposal
“Board”	the board of Directors
“Code”	The Singapore Code on Take-overs and Mergers
“Company”	VST Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Connected Directors”	directors of the Company, ECS and other subsidiaries of the Company
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Act”	the Companies Act of the Laws of the Republic of Singapore
“connected transaction”	as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“discloseable transaction”	as defined in the Listing Rules

“ECS”	ECS Holdings Limited, a company incorporated in Singapore with limited liability and the shares of which are listed and traded on SGX
“ECS Shareholder(s)”	shareholder(s) of ECS
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	(an) independent third party(ies) not connected with the Company and any Director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associate of any of them as defined in the Listing Rules
“Last Trading Date”	22 September 2014, being the last trading day of the Shares on SGX before the release of this announcement
“Listing Manual”	the listing manual of SGX
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the voluntary unconditional cash offer the Company has made on 28 November 2014 for all the Offer Shares
“Offer Announcement Date”	14 November 2014
“Offer Document”	the formal offer document for the Offer despatched by UOB on 28 November 2014, for and on behalf of the Company
“Offer Price”	price of each Offer Share
“Offer Shares”	the Shares to be acquired pursuant to the Offer, other than those Shares held, directly or indirectly by the Company
“Option Price”	the cash amount to be paid by the Company to the Optionholders pursuant to the Options Proposal
“Options Proposal”	the proposal to be made by UOB on behalf of the Company to the Optionholders
“Optionholders”	holder(s) of the Option(s) of the Share Option Scheme
“Option(s)”	option(s) granted under the Share Option Scheme
“Past Acquired Shares”	the Shares acquired pursuant to the Past Acquisitions

“Past Acquisitions”	the acquisition of the Shares of ECS by the Company within the period of 12 months immediately preceding the date of this announcement
“percentage ratios”	as defined in the Listing Rules
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SGD”	Singapore dollar, the lawful currency of Singapore
“SGX”	The Singapore Exchange Securities Trading Limited
“Share Option Scheme”	ECS Share Option Scheme II, which was approved by ECS Shareholders on 13 December 2000
“Share(s)”	share(s) in the capital of ECS
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Undertaking Options”	the Options held by the Connected Director and any Options which may be issued or granted to him on or after the date of his Undertaking
“Undertaking(s)”	the irrevocable undertaking(s) given by the Connected Director(s) in favour of the Company pursuant to the Offer
“UOB”	United Overseas Bank Limited
“%”	per cent

By order of the Board
VST Holdings Limited
Yue Cheuk Ying
Company Secretary

Hong Kong, 28 November 2014

As at the date hereof, the Board comprises Mr. Li Jialin, Ms. Chow Ying Chi, Mr. Ong Wei Hiam William and Mr. Chan Hoi Chau as executive directors; Ms. Liu Li and Mr. Liang Xin as non-executive directors; and Mr. Li Wei, Mr. Ng Yat Cheung and Mr. Lam Hin Chi as independent non-executive directors.

* *for identification purpose only*

For illustrative purpose of this announcement and unless otherwise specified, conversion of SGD into HK\$ is based on the exchange rate of SGD1.00 = HK\$6.1124.