
7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT

(Prepared for the inclusion in this Prospectus)



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Date: 22 February 2010

The Board of Directors
ECS ICT Berhad
Lot 3, Jalan Teknologi 3/5,
Taman Sains Selangor
Kota Damansara
Selangor Darul Ehsan

Dear Sirs

**EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT
("EXECUTIVE SUMMARY") FOR ECS ICT BERHAD ("ECSB" OR THE
"COMPANY")**

This Executive Summary has been prepared for inclusion in the Prospectus to be dated 19 March 2010 pursuant to the listing of ECSB on the Main Market of Bursa Malaysia Securities Berhad.

This research is undertaken with the purpose of providing an overview of ICT distribution market in Malaysia. The research methodology includes both primary research, involving in-depth interviews with pertinent companies, as well as secondary research such as reviewing press articles, periodicals, Government literatures, in-house databases, Internet research and online databases.

Dun & Bradstreet (D&B) Malaysia Sdn Bhd ("D&B Malaysia") has prepared this Executive Summary in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the Executive Summary. In addition, D&B Malaysia acknowledges that if there are significant changes affecting the contents of the Executive Summary after the issue of the Prospectus and before the issue of securities, then D&B Malaysia has an on-going obligation to either cause the Executive Summary to be updated for the changes and, where applicable, cause the Company to issue a Supplementary Prospectus, or withdraw our consent to the inclusion of the Executive Summary in the Prospectus.

The Executive Summary is highlighted in the following sections.

Yours faithfully,
for and on behalf of

DUN & BRADSTREET (D&B) MALAYSIA SDN BHD

TAN SZE CHONG
Managing Director

Dun & Bradstreet (D&B) Malaysia Sdn Bhd

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EXECUTIVE SUMMARY

1.0 GLOBAL ECONOMY

The world economy showed signs of emerging from the worst recession since the Second World War, earlier than expected. The turnaround in early 2009 was encouraging given the unprecedented severity of the global financial crisis which emanated from the United States (“US”) and Europe and which evolved into an economic crisis as asset prices fell and global demand plunged. The subsequent fall out impacted developing economies and resulted in a moderation in their growths.

The growing signs of recovery in the global economy are expected to firm up in 2010, with emerging and developing countries, particularly Asian countries, leading the rebound. However, recovery is expected to be sluggish and not strong enough to mitigate the impact of high unemployment, especially in the developed countries. Additionally, with banks continuing to rebuild their balance sheets, credit flows will be constrained in advanced economies. This could impact capital flows to the emerging and developing countries.

The massive fiscal stimulus measures, which supported demand and lowered systemic risk in the financial markets, have also increased fiscal burdens significantly, especially in the developed countries. This raises issues of fiscal sustainability as well as the need to rein in spending and reduce debt levels over the medium term. Nevertheless, with consumption and investment continuing to be weak, caution remains against early unwinding of the stimulus packages before recovery is on a firmer footing.

2.0 MALAYSIAN ECONOMY

Malaysia, being an open economy, was adversely affected with exports contracting sharply, following the global financial crisis and economic downturn in 2009. The significant decline in exports in turn, affected domestic demand. Domestic demand will be the main driver of the economy, attributed to both public sector expenditure and private consumption. Public investment is expected to expand following the implementation of projects under the stimulus

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package. In contrast, private investment is anticipated to contract, reflecting the lower business sentiment. Meanwhile, private consumption is envisaged to record positive growth on account of firm household disposable income, as a result of stabilisation in the job market and recovery in commodity prices.

On the supply side, growth is projected to emanate from the services and construction sectors. The services sector is envisaged to register positive growth contributed by strong performance in the communication, finance and insurance, as well as accommodation and restaurant sub-sectors. The construction sector continues to strengthen, driven by the implementation of various government projects, particularly construction works under the stimulus packages. However, manufacturing output is envisaged to decline on account of weak external demand. Growth in the agriculture sector is anticipated to be propelled by sturdy expansion of the non-commodity sub-sector, while the mining sector continues to contract due to lower crude oil production.

The economy is expected to benefit from stabilising global economic conditions, augmented by fiscal measures and accommodative monetary policy. GDP growth is forecasted to turn around to between 2.0% and 3.0% in 2010, driven by domestic demand, particularly private expenditure and supported by an expected recovery in external demand.

Annual Change in Real GDP by Sector, 2001-2010^f (2000 prices)

| Growth (%) | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---------------|------|------|------|------|------|------|------|------|-------|---------|
| GDP | 0.5 | 5.4 | 5.8 | 6.8 | 5.0 | 5.8 | 6.3 | 4.6 | -3.0 | 2.0-3.0 |
| Agriculture | -0.2 | 2.9 | 6.0 | 4.7 | 2.6 | 5.4 | 2.2 | 4.0 | -2.3 | 2.5 |
| Manufacturing | -4.3 | 4.1 | 9.2 | 9.6 | 5.3 | 7.1 | 3.1 | 1.3 | -12.1 | 1.7 |
| Mining | -1.7 | 4.4 | 6.1 | 4.1 | -1.3 | -2.7 | 3.3 | -0.8 | -2.9 | 1.1 |
| Construction | 3.3 | 2.3 | 1.8 | -0.9 | -1.8 | -0.5 | 4.6 | 2.1 | 3.5 | 3.2 |
| Services | 4.1 | 5.8 | 4.2 | 6.4 | 6.7 | 7.3 | 9.7 | 7.2 | 2.1 | 3.6 |

Notes:

p = preliminary

f = forecast

Source: Bank Negara Malaysia, Ministry of Finance



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3.0 MALAYSIAN ICT INDUSTRY

ICT is defined, for the purposes of this Report, as a “diverse set of technological tools and resources used to communicate, and to create, disseminate, store, and manage information.” These technologies include computers, the Internet, broadcasting technologies, and telephony. ICT has had, and continues to have a great impact on communities worldwide, changing the way business is conducted and the lifestyle of each individual.

The Malaysian ICT Industry is segmented as follows:

- Communications;
- Services;
- Hardware; and
- Software

The Malaysian ICT distribution market can be divided into foreign-based distributors and local-based distributors. Foreign-based distributors are affiliates of ICT distribution companies with their regional head offices outside Malaysia. Local-based distributors are distributors with head offices in Malaysia.

3.1 ICT HARDWARE

ICT hardware in this context refers to ICT products which encompass technology products in computing, networking, printing, storage and more. Examples of ICT hardware are servers, personal computers (“PCs”), notebooks, printers, routers, switches, modems, hard disk drives and portable storage. The Malaysian ICT hardware distribution landscape is segmented into five (5) categories.



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3.1.1 PERSONAL COMPUTER

The PC category primarily refers to desktop computers and notebook computers. The major PC brands available in Malaysia are Hewlett-Packard ("HP"), Dell, Asus, Acer, Toshiba, Apple, Sony, Lenovo, and Fujitsu.

3.1.2 PRINTER

The Printer category refers to colour inkjet printers, colour laser printers, photo printers, colour multifunction printers, black and white laser printers, dot matrix printers, and black and white multifunction printers. The major printer brands available in Malaysia are HP, Canon, Epson, Lexmark, Oki, Samsung, Xerox and Brother.

3.1.3 SERVER

The Server category refers to a device or devices that services connected clients as part of a client-server architecture. The major server brands available in Malaysia are HP, IBM, Dell and Sun Microsystems.

3.1.4 NETWORKING

The Networking category refers to modems, routers, modem routers, wireless modems, wireless routers, wireless modem routers, switches and VOIP devices. The major networking brands available in Malaysia are Cisco, Linksys, D-link, HP, Aztech and 3Com.

3.1.5 PERIPHERALS/ COMPONENTS

The Peripherals/ Components category refers to computing peripherals and components such as LCD monitors, mouse, keyboards, graphics cards, motherboards, processors, flash memory, hard disk drives and memory chips. The major peripherals/ components brands in Malaysia are Samsung, LG, Microsoft, Logitech, AMD, Intel, Western Digital, Maxtor, Seagate, Apacer, Kingston, Asus, MSI, Nvidia, ATI, Sapphire, Abit and Gigabyte.



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3.2 ICT SOFTWARE

ICT software in this context refers to a collection of computer programmes, procedures, and documentation that perform a task or a set of tasks on a computer system. ICT software is classified into three (3) categories:

- Application software,
- System software, and
- Programming and Development Tools.

Software is used together with computer hardware to perform multiple tasks. These tasks can involve multimedia, entertainment, or functional activities. For the purpose of this Report, due to the extensiveness and varied software types and functions available, the ICT software principals and software categories covered will be confined to the product brands that ECSB carries.

4.0 ICT DISTRIBUTION MARKET

Product manufacturers and publishers, also termed as 'principals', sell directly to distributors, resellers or end users, depending on the adopted business model. There are ICT principals who adopt a hybrid business model - selling to distributors and resellers, or selling to distributors and end users. The ICT distribution market is where a distributor buys, holds title to, and sells products and/ or services of its principals to resellers, who in turn sell directly to businesses and end users. Resellers comprise primarily retailers, system integrators and corporate dealers.

Major ICT distributors offer the following services to its principals and resellers, inter alia:

- Bulk purchase of products;
- Wide distribution network;
- Credit terms for resellers;
- Logistics;
- Marketing services;
- System integration; and

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- ICT services (i.e. warranty services, maintenance services, product training, electronic payment systems)

4.1 INDUSTRY SEGMENTATION

Major ICT Distributors in Malaysia

| Segment | Condition [^] | ICT Distributors |
|----------|--|---|
| Tier I | > RM600 million revenue | - LCSB - IM Malaysia - Servex |
| Tier II | Between RM300 million to RM600 million revenue | - Planet Technology - JOS Malaysia |
| Tier III | Between RM100 million to RM300 million revenue | - SIS Malaysia - Achieva Technology |
| Tier IV | < RM100 million revenue | - Pineapple Computer Products - Digital Paper - Applied Business Systems - ACA Pacific Technology - Patimas-HPD Systems - Others |

Note:

^ - Annual revenues are based on latest available audited accounts as reported by the Companies Commission of Malaysia and Annual Reports lodged with Bursa Malaysia.

Source: D&B Malaysia Research

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TIER I

Tier I ICT distributors are companies that generate annual revenues of more than RM600 million. In the Malaysian ICT distribution market, the distributors in Tier I comprise locally incorporated affiliates of foreign MNCs. These companies have an extensive product range and carry products from all ICT hardware and software categories. Tier I ICT distributors are ECSB, IM Malaysia and Servex.

TIER II

Tier II ICT distributors comprise companies that generate annual revenues of between RM300 million to RM600 million. Companies in this Tier consist of local and foreign-based distributors. These companies have a large product range relative to Tier III and Tier IV but may not represent all ICT hardware and software categories. Major ICT distributors in Tier II are Planet Technology and JOS Malaysia.

TIER III

Tier III ICT distributors are represented by companies that generate annual revenues of between RM100 million to RM300 million. With the exception of SiS Malaysia, companies in this Tier consist of local-based distributors only. Their product ranges focus on several ICT hardware and software categories only. Major ICT distributors in Tier III are Achieva Technology.

TIER IV

Tier IV consist of ICT distributors that generate annual revenues of below RM100 million. Companies in this Tier comprise local-based distributors only. Tier IV ICT distributors predominately focus on a particular ICT hardware or software category only. Examples of Tier IV ICT distributors are Pineapple Computer Products, Digital Paper and Applied Business Systems.

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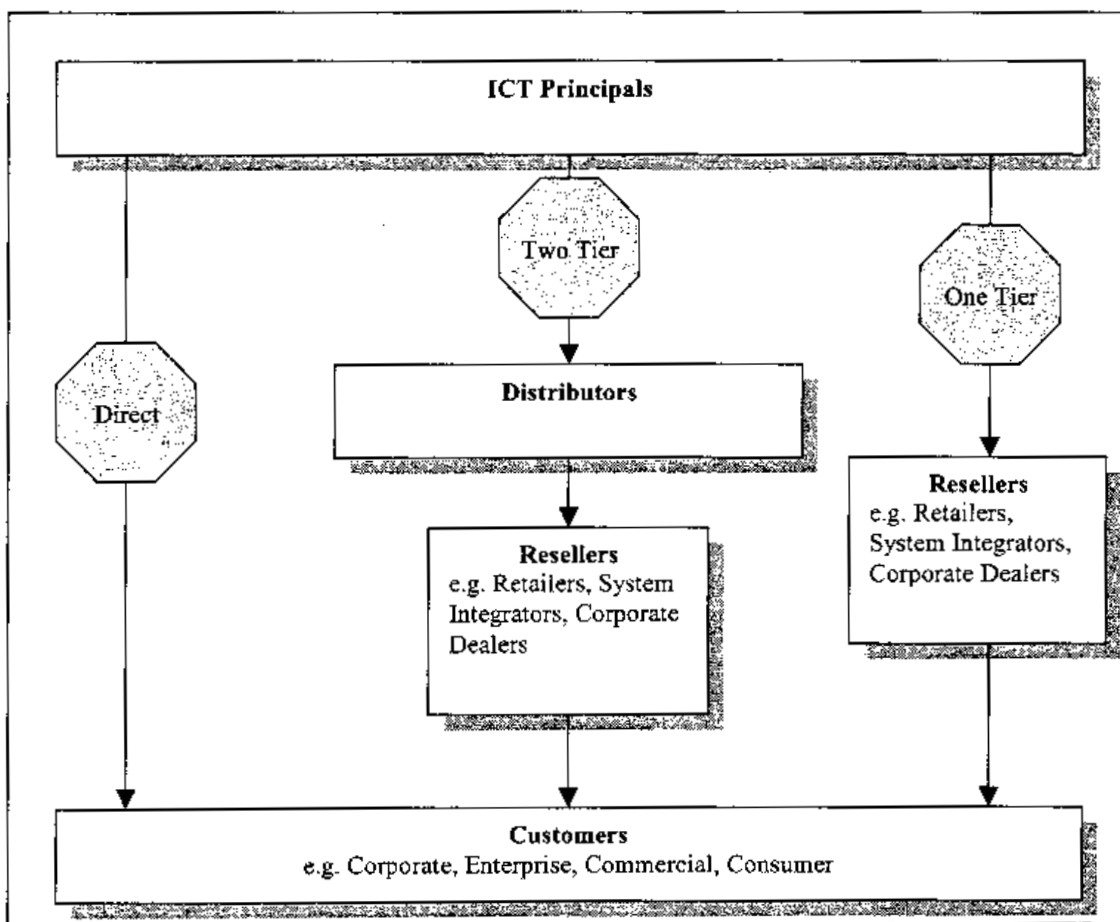


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4.2 VALUE CHAIN

ICT principals in Malaysia generally adopt a direct, one-tier, two-tier or a hybrid business model, depending on the product portfolio, market segments targeted and business strategies outlined.

Value Chain of the ICT Distribution Industry



Source: D&B Malaysia Research



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5.0 GOVERNMENT LEGISLATION, POLICIES AND INCENTIVES

There are no legislation and policies that govern the ICT distribution market. However there are incentives for MSC status companies:

- Incentives for MSC Status Companies
- Incentives for R&D
- Incentives for ICT

6.0 DEMAND AND SUPPLY CONDITIONS

6.1 DEMAND CONDITION

In the past 25 years, Malaysia has experienced rapid industrialisation. High domestic savings and strong foreign direct investments have helped to support Malaysia's economic growth, which indirectly resulted in an increase for demand for ICT products. This has led to the establishment of offices in Malaysia by many multinational ICT companies and a surge in the numbers of resellers catering to all sectors. The number of international ICT brands in the Malaysian market has also grown in line. The increase in demand for ICT products, brands and resellers have necessitated the need for ICT distributors, who act as a partner and channel developer for the ICT principals.

6.2 SUPPLY CONDITION

There have been major changes in the ICT industry in the last decade as major ICT principals undergo consolidation through mergers and acquisitions. Prominent acquisitions include IIP's purchase of Compaq and Electronic Data Systems Corporation, Lenovo's purchase of IBM's desktop and notebook division, Acer's purchase of Gateway and Seagate's purchase of Maxtor. Large ICT principals have also bought over smaller ICT companies specialising in specific competencies to increase the range and breadth of their product lines. The results of these consolidations are the accumulation and dissemination of technology, knowledge and expertise.



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7.0 INDUSTRY DYNAMICS

7.1 BARRIERS TO ENTRY

The major industry challenges for the ICT Distribution market are as follows:

- **Capital Intensive**

Operating at the Tier I level requires large amounts of working capital. Tier I ICT distributors possess strong financial resources to purchase products in bulk, offer resellers credit terms and operate warehouse, logistics and fulfilment services. The economies of scale achieved and value added services offered to resellers are essential success factors. The ICT distributors' ability to manage capital is also essential as it deals with multiple principals with different payment terms, incentive and rebate structures. The need for large working capital creates a barrier to entry to new entrants and existing lower-tiered companies.

- **Proven Track Record and Stable Long-term Relationships**

In today's ICT distribution market, a proven track record is essential in securing new distributorships as well as extending current ones. Major ICT principals look at the company's track record as a key criterion in offering a distributorship. ICT distributors must have proven track records in meeting or exceeding yearly performance targets set by the principals and increasing reseller base. The proven track records and experience act as natural barriers to entry.

- **Broad Base of Resellers**

Tier I ICT distributors purchase products from their principals in very large volumes for marketing them to a broad base of resellers providing geographical reach and resilience to market fluctuations. A downturn in one particular market segment can be countered by an upsurge in other market segments.



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7.2 INDUSTRY CHALLENGES

The major industry challenges for the ICT Distribution market are as follows:

- Slim Gross Profit Margins;
- Product Obsolescence; and
- Provision of Competitive Credit Terms.

7.3 CRITICAL SUCCESS FACTORS

The critical success factors for the ICT Distribution market are as follows:

- Broad Reseller Base;
- Comprehensive Range of Products;
- Competitive Products and Pricing;
- Competitive Credit Lines/ Credit Terms;
- Pre- and After-Sales Services and Support;
- Established Market Presence and Proven Track Records;
- Strong Logistics Infrastructure; and
- Strong Inventory Management Systems.



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7.4 MARKET GROWTH FACTORS

7.4.1 Government Initiatives Continue to Drive ICT Adoption

The Malaysian government has identified the need for Malaysia to make a critical transition from an industrial economy to a knowledge-based economy as well as to make the shift towards a more technologically literate, thinking work force, to be able to perform in a global work environment and use the ICT tools available. Therefore, in the past decade, we have seen strong government-led initiatives such as the 8MP, 9MP, MY ICMS 886 and the MSC to further boost ICT adoption and usage. The 9MP has allocated RM12.9 billion for the development of ICT-related programmes between 2006 and 2010.

7.4.2 ICT Growth in all ICT Segments

Malaysia has seen ICT growth in all industry segments. According to the World Information Technology and Services Alliance, (“WITSA”), total hardware and software spending in Malaysia grew by 14.4% to USD1.9 billion in 2007 from USD1.7 billion in 2006. Total ICT spending in 2007 amounted to USD12.6 billion. The consumer sector remained the highest ICT spender, recording USD5.4 billion followed by the manufacturing and the communications sectors with ICT spending of USD1.8 billion and USD1.4 billion respectively. Based on the latest report by the Malaysian Communications and Multimedia Commission, as of end 2007, Malaysia’s internet penetration was approximately 14.3%.

The ICT growth is propelled by the Government-led initiatives as well as the increase in computer literacy, adoption and usage among the Malaysian population, especially the younger generation. The low internet penetration in Malaysia can be seen as the main driving factor for ICT product sales especially for the consumer segment. The adoption and usage of ICT among businesses has become essential as Malaysia continues to compete in a globalised environment.



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7.4.3 Introduction of New Technologies

The continuous advancement of technology brings about frequent hardware and software improvements as well as the introduction of new technologies. This in turn brings about a genesis of new products and services incorporating these new or improved technologies. Technology advancement today is not only about a faster processor or a faster printer. Innovative designs, ability to customise and target market specific products and services are driving demand for ICT hardware and software. This also allows for more competitive pricing of ICT products. A good example is the notebook industry whereby the current price of a notebook is comparable to a desktop PC, addressing the need for portable computing. In general, notebook sales have outperformed PC sales.

The introduction of new technologies and the corresponding competitive pricing helps to drive the ICT distribution market as corporations acquire new systems to replace old legacy systems or upgrade existing systems to remain competitive. The consumer market is also a primary market for ICT principals as demand for volume ICT products grow in tandem with the increase in ICT literacy, availability of broadband, introduction and education of ICT in learning institutions, and the increasing prevalence of technology among the general populace.

7.4.4 Annual ICT Events and Promotions

Annual ICT events and promotions greatly assist in creating awareness of new product and service launches, clear inventory of outgoing hardware and software models as well as to bring buyers and sellers together under one roof to drive sales. The PIKOM PC Fair, held three (3) times a year around the country, is the most well-known consumer ICT event in Malaysia. The PIKOM PC Fair has been growing year-on-year due to the continuous enticing promotions that induce consumer spending. Other events that help to promote ICT include the World Congress for Information Technology, the Ascan ICT Expo and the Malaysia Technology Expo which are held to promote new ICT technologies in Malaysia.



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8.0 SUBSTITUTES

For the purpose of this Report, substitutes in the ICT distribution market are defined as distributor substitute and brand substitute. For most ICT products, principals appoint multiple distributors to service them. As a result, resellers have the choice of buying from one distributor or another or from both but in different volumes. Distributors differentiate themselves to resellers by offering a wide range of products, competitive credit terms, innovative marketing strategies and pre- and after-sales services and support.

Each product category is represented by multiple brands. End users have multiple brands to choose from, depending on brand preference, features and functionalities. Distributors will attempt to minimise the substitute risk by representing multiple brands to offer a wider range to their resellers, and ultimately the end users.

9.0 RELIANCE ON AND VULNERABILITY TO IMPORTS

The global ICT industry is dominated by a number of ICT principals which have, in recent trends, shifted and outsourced most of the major production processes of its products to Asia, mainly China, where most of its components are made. The finished products of these ICT principals are then exported worldwide to be marketed. As a result of this shift of production, most countries rely on imports of ICT products into their economies. Malaysia is an example of countries that are reliant on the importation of ICT products.

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10.0 MARKET SHARE

There are numerous ICT distributors in Malaysia, ranging from large corporations to small- and medium- sized companies. For the purpose of this Report, the Group's selected competitors are Ingram Micro (Malaysia) Sdn. Bhd. ("IM Malaysia"), Jardine OneSolution (2001) Sdn. Bhd. ("JOS Malaysia"), Servex (Malaysia) Sdn. Bhd. ("Servex") and Planet Technology (M) Sdn. Bhd. ("Planet"), companies that distribute volume and value ICT products in the Malaysian ICT market. Size in the ICT distribution market is vital as major ICT principals such as HP and Microsoft would prefer to work with ICT distributors that have proven track records, extensive logistical capabilities, broad reseller base, effective marketing services and are financially strong.

Market Ranking of ECSB and its Comparable Competitors, in Revenue Terms; FYE 31 December 2007

| | Company | Revenue (RM'000) |
|----|--------------|---------------------|
| 1. | IM Malaysia | 1,153,403 |
| 2. | ECSB | 976,990 |
| 3. | JOS Malaysia | 656,436 |
| 4. | Servex | 576,561 |
| 5. | Planet | 316,091 |

By company, ECSB recorded a revenue of approximately RM977 million, ranking it 2nd among its comparable competitors. In FYE2008, the Group's revenue increased by an estimated 15.7% to RM1,159.5 million on the back of stronger sales from the desktop/notebook, server, networking and peripherals categories. JOS Malaysia recorded a revenue of approximately RM566.6 million, Servex recorded a revenue of approximately RM602.2 million and Planet recorded a revenue of approximately RM322.5 million in FYE2008. The financial results of IM Malaysia for FYE2008 are unavailable. The total Malaysian ICT spending in the selected ICT categories is estimated to be RM13 billion. Based on ECSB's 2008 audited revenue of RM1,159.5 million, it commands approximately 9% market share in Malaysia.



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11.0 PROSPECTS AND OUTLOOK

ICT has had, and will continue to have a great impact on communities worldwide, changing the way business is conducted and the lifestyle of each individual. The global ICT industry is dominated by a number of principals which have, in recent trends, shifted and outsourced most of the major production processes of its products to Asia. As a result of this shift of production, most countries rely on imports of ICT products into the economy.

The prospects of the Malaysian ICT industry and its distributors remain positive with exciting opportunities. According to WITSA, total hardware and software spending in Malaysia grew by 14.4% to USD1.9 billion in 2007 and is projected to reach USD2.5 billion by 2011. Total ICT spending in Malaysia, represented by hardware, software, services and communications spending, hit USD12.6 billion in 2007 and is projected to rise to USD16.9 billion by 2011.

The relatively low internet penetration rate of 14.3% in Malaysia is being addressed by the Malaysian government through Government-driven internet and broadband initiatives, targeting a 50% broadband household penetration by 2010. Government-led initiatives such as MY ICMS 886, MSC and 9MP have been and will continue to be a major catalyst for growth in all ICT segments in Malaysia. Through such initiatives, Malaysia is expected to make the shift towards a more technologically literate, thinking work force, to be able to perform in a global work environment and use the ICT tools available. The 9MP has allocated RM12.9 billion for the development of ICT-related programmes between 2006 and 2010. The announcement of RM400 million to move the MY ICMS 886 project in the Budget 2009 is expected to keep the growth momentum of the ICT industry despite the challenging economic outlook ahead.

The introduction of new technologies and annual ICT events such as the PIKOM PC Fair, World Congress for Information Technology, the Asean ICT Expo and the Malaysia Technology Expo will also contribute to the growth of the ICT distribution market. The future prospects of the ICT industry in Malaysia remains positive and filled with exciting opportunities of which ECSB is in a position to gain favourably.

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT**8.1 Substantial Shareholders & Promoters****8.1.1 Substantial Shareholders & Promoters' Shareholdings**

As at LPD, our substantial shareholders (holding 5% or more of the issued and paid-up share capital), promoters and their respective shareholdings in our Company, before and after the IPO are as follows:-

| | Before the IPO and Proposed 20% Pericom Acquisition | | After the IPO and Proposed 20% Pericom Acquisition (Minimum Scenario) | | After the IPO and Proposed 20% Pericom Acquisition (Maximum Scenario) | |
|---|---|-------------------------|---|-------------------------|---|-------------------------|
| | Direct No. of Shares | Indirect No. of Shares | Direct No. of Shares | Indirect No. of Shares | Direct No. of Shares | Indirect No. of Shares |
| Substantial Shareholders & Promoters | | | | | | |
| ECS Holdings | 55,200,000 | - | 52,600,000 | - | 48,000,000 | - |
| TSP | 18,400,000 | - | 18,400,000 | - | 12,000,000 | - |
| Sengin | 18,400,000 | - | 18,400,000 | - | 12,000,000 | - |
| Dato' Teo | - | ¹ 18,400,000 | - | ¹ 18,400,000 | - | ¹ 12,000,000 |
| Foo Sen Chin | - | ² 18,400,000 | - | ² 18,400,000 | - | ² 12,000,000 |
| Lee Marn Fong | - | ² 18,400,000 | - | ² 18,400,000 | - | ² 12,000,000 |
| Teo Chiang Lim | - | ¹ 18,400,000 | - | ¹ 18,400,000 | - | ¹ 12,000,000 |
| Teo Chiang Khai | - | ¹ 18,400,000 | - | ¹ 18,400,000 | - | ¹ 12,000,000 |
| VST | - | ³ 55,200,000 | - | ³ 52,600,000 | - | ³ 48,000,000 |
| L&L Limited | - | ⁴ 55,200,000 | - | ⁴ 52,600,000 | - | ⁴ 48,000,000 |
| Li Jialin | - | ⁵ 55,200,000 | - | ⁵ 52,600,000 | - | ⁵ 48,000,000 |
| Liu Li | - | ⁵ 55,200,000 | - | ⁵ 52,600,000 | - | ⁵ 48,000,000 |
| Substantial Shareholders | | | | | | |
| Potent Growth Limited | - | ⁴ 55,200,000 | - | ⁴ 52,600,000 | - | ⁴ 48,000,000 |
| Zhang Qing | - | ⁶ 55,200,000 | - | ⁶ 52,600,000 | - | ⁶ 48,000,000 |

Notes:-

- (1) Deemed interested by virtue of their substantial shareholdings in TSP pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of their substantial shareholdings in Sengin pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of its substantial shareholdings in ECS Holdings pursuant to Section 6A of the Act.
- (4) Deemed interested by virtue of its indirect substantial shareholdings in ECS Holdings through VST pursuant to Section 6A of the Act.
- (5) Deemed interested by virtue of his/her indirect substantial shareholdings in ECS Holdings through his/her direct substantial shareholdings (including spouse) in VST and indirect substantial shareholdings in VST through L&L Limited pursuant to Section 6A of the Act.
- (6) Deemed interested by virtue of his substantial shareholding in Potent Growth Limited pursuant to Section 6A of the Act.

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT**8.1.2 Profile of the Substantial Shareholders & Promoters****(a) ECS Holdings**

ECS Holdings was incorporated in the Republic of Singapore on 1 October 1998 under the Companies Act, Cap. 50 as a public limited company under the name of ECS Holdings Limited. ECS Holdings was listed on the Main Board of Singapore Exchange Securities Trading Limited on 9 February 2001. ECS Holdings has an issued and paid-up share capital of SGD112,815,000 comprising 365,360,174 shares.

The principal activities of ECS Holdings are those relating to investment holding and the distribution of information technology products. The principal activities of its subsidiary companies are the provision and distribution of information technology products, services for ICT infrastructure and retail of information technology products, ICT equipment and accessories and investment holding.

The particulars of ECS Holdings's directors and substantial shareholders and their respective shareholdings in ECS Holdings as at LPD are as follows:-

| | Direct | | Indirect | |
|---------------------------------|---------------|-------|--------------------------|-------|
| | No. of Shares | % | No. of Shares | % |
| Directors | | | | |
| Li Jialin | - | - | ² 327,580,093 | 89.66 |
| Tay Eng Hoe | - | - | - | - |
| Narong Intanate | - | - | - | - |
| Foo Sen Chin | - | - | - | - |
| Leong Horn Kee | - | - | - | - |
| Tan Hup Foi | - | - | - | - |
| Koh Soo Keong | - | - | - | - |
| Substantial Shareholders | | | | |
| VST | 327,580,093 | 89.66 | - | - |
| L&L Limited | - | - | ¹ 327,580,093 | 89.66 |
| Li Jialin | - | - | ² 327,580,093 | 89.66 |
| Liu Li | - | - | ² 327,580,093 | 89.66 |
| Potent Growth Limited | - | - | ³ 327,580,093 | 89.66 |
| Zhang Qing | - | - | ⁴ 327,580,093 | 89.66 |

Notes:-

- (1) Deemed interested by virtue of its direct substantial shareholdings in VST pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of his/her direct substantial shareholdings (including spouse) in VST and indirect substantial shareholdings in VST through L&L Limited pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of its direct and indirect substantial shareholdings in VST pursuant to Section 6A of the Act.
- (4) Deemed interested by virtue of his substantial shareholding in Potent Growth Limited pursuant to the Section 6A of the Act.

Kindly visit the corporate website of ECS Holdings at <http://www.ecs.com.sg> for additional information relating to the company. Further information on ECS Holdings is also available at the website of the SGX at <http://www.sgx.com>.

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT**(b) TSP**

TSP was incorporated in Malaysia on 13 April 1966 under the Act as a private limited company under the name of Teo Soo Pin Sdn. Bhd. TSP has an authorised share capital of RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each of which RM1,787,200 comprising 1,787,200 shares have been fully issued and paid-up. The company is an investment holding company.

The particulars of TSP's directors and substantial shareholders and their respective shareholdings in TSP as at LPD are as follows:-

| | Direct | | Indirect | |
|---------------------------------|---------------|------|------------------------|------|
| | No. of Shares | % | No. of Shares | % |
| Directors | | | | |
| Tay Swee Choo | 17,600 | 1.00 | ¹ 1,769,600 | 99.0 |
| Dato' Teo | 589,867 | 33.0 | ² 1,197,333 | 67.0 |
| Teo Chiang Lim | 589,867 | 33.0 | ² 1,197,333 | 67.0 |
| Teo Chiang Khai | 589,866 | 33.0 | ² 1,197,334 | 67.0 |
| Substantial Shareholders | | | | |
| Dato' Teo | 589,867 | 33.0 | ² 1,197,333 | 67.0 |
| Teo Chiang Lim | 589,867 | 33.0 | ² 1,197,333 | 67.0 |
| Teo Chiang Khai | 589,866 | 33.0 | ² 1,197,334 | 67.0 |

Notes:-

(1) Deemed interested by virtue of the shareholding of her children pursuant to Section 6A of the Act.

(2) Deemed interested by virtue of the shareholding of his parent and siblings pursuant to Section 6A of the Act.

(c) Sengin

Sengin was incorporated in Malaysia on 24 April 1984 under the Act as a private limited company under the name of Sengin Sdn Bhd. Sengin has an authorised share capital of RM25,000 comprising 25,000 ordinary shares of RM1.00 each of which RM10,000 comprising 10,000 shares have been fully issued and paid-up. The principal activities of the company are those relating to investment holding and provision of management services.

The particulars of Sengin's directors and substantial shareholders and their respective shareholdings in Sengin as at LPD are as follows:

| | Direct | | Indirect | |
|---------------------------------|---------------|------|--------------------|------|
| | No. of Shares | % | No. of Shares | % |
| Directors | | | | |
| Foo Sen Chin | 5,000 | 50.0 | ¹ 5,000 | 50.0 |
| Lee Marn Fong | 5,000 | 50.0 | ¹ 5,000 | 50.0 |
| Foo Lek Choong | - | - | - | - |
| Substantial Shareholders | | | | |
| Foo Sen Chin | 5,000 | 50.0 | ¹ 5,000 | 50.0 |
| Lee Marn Fong | 5,000 | 50.0 | ¹ 5,000 | 50.0 |

Note:-

(1) Deemed interested by virtue of the shareholding of his/her spouse pursuant to Section 6A of the Act.

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT

(d) Dato' Teo

Dato' Teo Chiang Quan, a Malaysian, aged 60, is a co-founder, Non-Independent and Non-Executive Chairman and a substantial shareholder of our Company. Dato' Teo is a third generation businessman and holds an honorary doctorate from Middlesex University, UK. He is currently an Executive Director and Deputy Chairman of PCB. He joined PCB as a Director on 19 January 1977. On 1 December 2008, Dato' Teo relinquished his position as group Managing Director and group CEO of PCB to assume the post of Executive Director and Deputy Chairman. Dato' Teo is also a substantial shareholder of PCB.

Dato' Teo has been active in the Malaysian corporate arena for more than 30 years. He started to play an active role in the management and leadership of PCB group when he first served as Chief Executive of PCB group's insurance subsidiary, from 1981 to 1991. Under his stewardship, the insurance subsidiary grew from a company with a single branch to a respectable and well-capitalised insurance company with eleven branches. He was instrumental in ensuring the successful merger of the insurance organisation with Jerneh Insurance Berhad ("JIB"). Furthermore he served 2 terms of office as a member of the management committee of the Persatuan Insuran Am Malaysia (PIAM) and Director of Malaysian National Reinsurance Berhad from 1985 to 1987.

In January 1989, Dato' Teo assumed the position of group Managing Director and group CEO of PCB and has since then transformed PCB into a reputable and financially sound diversified group. He is widely acknowledged as the driving force behind the PCB group's growth and success in its core businesses of education and property development. Besides having a busy full-time work schedule, he has previously served as a director of public and private companies in USA, Hong Kong, Singapore and Malaysia.

Since 1986, Dato' Teo has maintained his investment in our Group via TSP. He has provided to our Group valuable advice and guidance on good corporate governance, strategies and direction to ensure sustainable profitable growth to create shareholders' value.

In 2005, the Yang Di-Pertuan Besar of Negeri Sembilan conferred Darjah Dato' Paduka Tuanku Ja'afar upon Dato' Teo in recognition of his public services to the country and his philanthropic contributions to schools and other charitable causes.

(e) Foo Sen Chin

Foo Sen Chin, a Malaysian, aged 61, is the Managing Director and a substantial shareholder of our Company. He is also an Executive Director of ECS Holdings Limited, which is listed on the SGX since 2001.

Foo Sen Chin graduated with a Bachelor of Science in Electrical and Electronic Engineering from the University of Birmingham, UK in 1972. After graduation, he began his career with The Kinta Electrical Distribution Co., Bhd as an Engineer for four (4) years. He was responsible for the planning, construction and maintenance of electrical power distribution networks. After his service with The Kinta Electrical Distribution Co., Bhd, he obtained a MBA from Cranfield School of Management, UK in 1977. He then joined a multinational company, Inchcape Malaysia Sdn Bhd as a Divisional Manager responsible for the marketing of technical products, office automation and computer products. In 1982, he joined Komputer-Usaha Sdn Bhd, a computer bureau services company, and was appointed the General Manager. Komputer-Usaha Sdn Bhd commenced business through K.U Sistem Sdn. Bhd. in 1985 for the purpose of providing PC systems, hardware, software and services to businesses.

Foo Sen Chin has been active in the ICT industry in Malaysia for more than 20 years. From 1995 to 2005, he served as a Councillor, Treasurer and Deputy Chairman in PIKOM. He has been appointed as an Advisor of PIKOM from 2006 to 2009.

Foo Sen Chin has played a pivotal role in growing our Group to become one of the largest ICT distributors in Malaysia. As the Managing Director, his vision is to establish our Group to be the leading distribution hub in supplying ICT products for Malaysia's knowledge based economy.

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT

(f) Lee Marn Fong

Lee Marn Fong, a Malaysian, aged 61, is a substantial shareholder of our Company. She is also the spouse of Foo Sen Chin.

She is formally a Fellowship Member of Chartered Institute of Accountants and has over 25 years of experience in financial & risk management in a multinational corporation with diversified business activities.

Currently she is an adviser to our Group. She is involved in the business process engineering to develop our long term business goals, overall operation and administrative management to build a stronger and more robust financial and operation systems.

(g) Teo Chiang Lim

Teo Chiang Lim, a Malaysian, aged 57, is a substantial shareholder of our Company. He is also the brother of Dato' Teo and Teo Chiang Khai.

Teo Chiang Lim is an established businessman having interest in a variety of businesses which are principally involved in investment holdings, property investment and development, hire purchase, money lending, leasing and financing and trading of computer hardware and software and providing computer consultancy business and also the marketing of food and medicine products.

Teo Chiang Lim is also an Associate Member of Institute of Chartered Accountants in England and Wales.

(h) Teo Chiang Khai

Teo Chiang Khai, a Malaysian, aged 52, is a substantial shareholder of our Company. He is also the brother of Dato' Teo and Teo Chiang Lim.

Teo Chiang Khai is an established businessman having interest in a variety of businesses which are principally involved in investment holdings, property investment, development and related services, operation of carparks and the provision of high-end automobile repair, maintenance and modification works.

Teo Chiang Khai holds a degree in mechanical engineering from South Australian Institute of Technology.

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT**(i) VST**

VST was incorporated in Cayman Islands on 5 March 2002 with limited liability under the name of VST Holdings Limited. VST has an authorised share capital of HKD200,000,000 comprising 2,000,000,000 ordinary shares of HKD 0.10 each of which HKD125,888,867 comprising 1,258,888,665 shares have been fully issued and paid-up. The company is an investment holding company. The principal activities of its subsidiary companies are investment holding and distribution of ICT products.

The particulars of VST's directors and substantial shareholders and their respective shareholdings in VST as at LPD are as follows:-

| | Direct | | Indirect | |
|---------------------------------|---------------|-------|--------------------------|-------|
| | No. of Shares | % | No. of Shares | % |
| Directors | | | | |
| Li Jialin | 55,146,000 | 4.38 | ¹ 407,500,000 | 32.37 |
| Tay Eng Hoe | - | - | - | - |
| Ong Wei Hiam | 188,000 | 0.01 | - | - |
| Chan Hoi Chau | - | - | - | - |
| Mao Xiang Qian | - | - | - | - |
| Ni Zhenwei | - | - | - | - |
| Dr. Chan Po Fun Peter | 640,000 | 0.05 | - | - |
| Li Wei | - | - | - | - |
| Substantial Shareholders | | | | |
| L&L Limited | 241,500,000 | 19.18 | - | - |
| Li Jialin | 55,146,000 | 4.38 | ¹ 407,500,000 | 32.37 |
| Liu Li | 166,000,000 | 13.19 | ¹ 296,646,000 | 23.56 |
| Eternal Asia (HK) Limited | 159,159,999 | 12.64 | - | - |
| Eternal Asia SCM | - | - | ² 159,159,999 | 12.64 |
| Shenzhen Digital | - | - | ³ 159,159,999 | 12.64 |
| Zhou Guohui | - | - | ⁴ 159,159,999 | 12.64 |
| Potent Growth Limited | 54,600,000 | 4.33 | ⁵ 150,000,000 | 11.92 |
| Zhang Qing | - | - | ⁶ 204,600,000 | 16.25 |

Notes:-

- (1) Deemed interested by virtue of his/her substantial shareholdings in L&L Limited and through shareholdings of his/her spouse pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of its substantial shareholdings in Eternal Asia (HK) Limited pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of its substantial shareholdings in Eternal Asia SCM pursuant to Section 6A of the Act.
- (4) Deemed interested by virtue of his substantial shareholdings in Shenzhen Digital pursuant to Section 6A of the Act.
- (5) Deemed interest by virtue of the options granted to it to acquire 150,000,000 VST Shares from Eternal Asia SCM
- (6) Deemed interest by virtue of his substantial shareholding in Potent Growth Limited.

Kindly visit the corporate website of VST at <http://www.vst.com.hk/en/default.asp> for additional information relating to the company. Further information on VST is also available at the websites of SEHK at <http://www.hkex.com.hk> or <http://www.hkcxnews.hk>.

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT**(j) L&L Limited**

L&L Limited was incorporated in British Virgin Islands on 25 October 1995 as a private limited company under the name of L&L Limited. L&L Limited has an authorised share capital of USD50,000 comprising 50,000 ordinary shares of USD1.00 each of which USD20 comprising 20 shares have been fully issued and paid-up. The company is an investment holding company.

The particulars of L&L Limited's directors and substantial shareholders and their respective shareholdings in L&L Limited as at LPD are as follows:

| Directors and Substantial Shareholders | Direct | | Indirect | |
|--|---------------|------|-----------------|------|
| | No. of Shares | % | No. of Shares | % |
| Li Jialin | 10 | 50.0 | ¹ 10 | 50.0 |
| Liu Li | 10 | 50.0 | ¹ 10 | 50.0 |

Note:-

(1) Deemed interested by virtue of the shareholding of his/her spouse pursuant to Section 6A of the Act.

(k) Li Jialin

Li Jialin, a Chinese, aged 48, was appointed as the Chairman of the Board of ECS Holdings on 31 December 2007. Li Jialin is also the Chairman, CEO and an Executive Director of VST. He is also the Director of VST Group Limited (BVI) and VST Computers (H.K.) Limited respectively. He is responsible for the overall management and strategic positioning of the VST group of companies. Li Jialin graduated from Tsinghua University of the People's Republic of China with a Degree of Bachelor of Engineering in 1983 and a Master Degree in Management Engineering in 1986.

(l) Liu Li

Liu Li, a Chinese, aged 46, is a direct and indirect substantial shareholder of L&L Limited, VST and ECS Holdings and spouse of Li Jialin.

8.1.3 Changes of the Substantial Shareholders & Promoters and their Shareholdings for the Past Three (3) Years

| Substantial Shareholders as at LPD | Shareholdings | | | |
|------------------------------------|---------------|-------|-------------------------|-------|
| | Direct | % | Indirect | % |
| ECS Holdings | 55,200,000 | 60.00 | - | - |
| TSP | 18,400,000 | 20.00 | - | - |
| Sengin | 18,400,000 | 20.00 | - | - |
| Dato' Teo | - | - | ¹ 18,400,000 | 20.00 |
| Foo Sen Chin | - | - | ² 18,400,000 | 20.00 |
| Lee Mam Fong | - | - | ² 18,400,000 | 20.00 |
| Teo Chiang Lim | - | - | ¹ 18,400,000 | 20.00 |
| Teo Chiang Khai | - | - | ¹ 18,400,000 | 20.00 |
| VST | - | - | ⁴ 55,200,000 | 60.00 |
| L&L Limited | - | - | ⁵ 55,200,000 | 60.00 |
| Li Jialin | - | - | ⁶ 55,200,000 | 60.00 |
| Liu Li | - | - | ⁶ 55,200,000 | 60.00 |
| Potent Growth Limited | - | - | ⁵ 55,200,000 | 60.00 |
| Zhang Qing | - | - | ⁵ 55,200,000 | 60.00 |

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT

| Substantial Shareholders as at 31 December 2008 | Shareholdings | | | |
|---|---------------|-------|----------------------|-------|
| | Direct | % | Indirect | % |
| Kush | 499,998 | 100.0 | - | - |
| Dato' Teo | 1 | ^ | ¹ 499,998 | 100.0 |
| Foo Sen Chin | 1 | ^ | ² 499,998 | 100.0 |
| ECS Holdings | - | - | ³ 499,998 | 100.0 |
| TSP | - | - | ³ 499,998 | 100.0 |
| Sengin | - | - | ³ 499,998 | 100.0 |
| Lee Marn Fong | - | - | ² 499,998 | 100.0 |
| Teo Chiang Lim | - | - | ¹ 499,998 | 100.0 |
| Teo Chiang Khai | - | - | ¹ 499,998 | 100.0 |
| VST | - | - | ⁴ 499,998 | 100.0 |
| L&L Limited | - | - | ⁵ 499,998 | 100.0 |
| Li Jialin | - | - | ⁶ 499,998 | 100.0 |
| Liu Li | - | - | ⁶ 499,998 | 100.0 |
| Eternal Asia (HK) Limited | - | - | ⁵ 499,998 | 100.0 |
| Eternal Asia SCM | - | - | ⁷ 499,998 | 100.0 |
| Shenzhen Digital | - | - | ⁸ 499,998 | 100.0 |
| Zhou Guohui | - | - | ⁹ 499,998 | 100.0 |

| Substantial Shareholders as at 31 December 2007 | Shareholdings | | | |
|--|---------------|-------|-----------------------|-------|
| | Direct | % | Indirect | % |
| Kush | 499,998 | 100.0 | - | - |
| Dato' Teo | 1 | ^ | ¹ 499,998 | 100.0 |
| Foo Sen Chin | 1 | ^ | ² 499,998 | 100.0 |
| ECS Holdings | - | - | ³ 499,998 | 100.0 |
| TSP | - | - | ³ 499,998 | 100.0 |
| Sengin | - | - | ³ 499,998 | 100.0 |
| Lee Marn Fong | - | - | ² 499,998 | 100.0 |
| Teo Chiang Lim | - | - | ¹ 499,998 | 100.0 |
| Teo Chiang Khai | - | - | ¹ 499,998 | 100.0 |
| ST Electronics (Info-Software Systems) Pte. Ltd. * | - | - | ⁴ 499,998 | 100.0 |
| Temasek Holdings (Private) Limited * | - | - | ¹⁰ 499,998 | 100.0 |
| Singapore Technologies Electronics Limited * | - | - | ¹⁰ 499,998 | 100.0 |
| Singapore Technologies Engineering Ltd * | - | - | ¹⁰ 499,998 | 100.0 |

| Substantial Shareholders as at 31 December 2006 | Shareholdings | | | |
|--|---------------|-------|-----------------------|-------|
| | Direct | % | Indirect | % |
| Kush | 499,998 | 100.0 | - | - |
| Dato' Teo | 1 | ^ | ¹ 499,998 | 100.0 |
| Foo Sen Chin | 1 | ^ | ² 499,998 | 100.0 |
| ECS Holdings | - | - | ³ 499,998 | 100.0 |
| TSP | - | - | ³ 499,998 | 100.0 |
| Sengin | - | - | ³ 499,998 | 100.0 |
| Lee Marn Fong | - | - | ² 499,998 | 100.0 |
| Teo Chiang Lim | - | - | ¹ 499,998 | 100.0 |
| Teo Chiang Khai | - | - | ¹ 499,998 | 100.0 |
| ST Electronics (Info-Software Systems) Pte. Ltd. # | - | - | ⁴ 499,998 | 100.0 |
| Temasek Holdings (Private) Limited # | - | - | ¹⁰ 499,998 | 100.0 |
| Singapore Technologies Electronics Limited # | - | - | ¹⁰ 499,998 | 100.0 |
| Singapore Technologies Engineering Ltd # | - | - | ¹⁰ 499,998 | 100.0 |

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT

Notes:-

- (1) *Deemed interested by virtue of their indirect substantial shareholdings through TSP pursuant to Section 6A of the Act.*
 - (2) *Deemed interested by virtue of their indirect substantial shareholdings through Sengin pursuant to Section 6A of the Act.*
 - (3) *Deemed interested by virtue of their substantial shareholdings pursuant to Section 6A of the Act.*
 - (4) *Deemed interested by virtue of its indirect substantial shareholdings through ECS Holdings pursuant to Section 6A of the Act.*
 - (5) *Deemed interested by virtue of its indirect substantial shareholdings through VST pursuant to Section 6A of the Act.*
 - (6) *Deemed interested by virtue of his/her indirect substantial shareholdings through his/her indirect substantial shareholding in ECS Holdings through his/her direct substantial shareholdings in VST and indirect substantial shareholdings in VST through L&L Limited pursuant to Section 6A of the Act.*
 - (7) *Deemed interested by virtue of its indirect substantial shareholdings through Eternal Asia (HK) Limited pursuant to Section 6A of the Act.*
 - (8) *Deemed interested by virtue of its indirect substantial shareholdings through Eternal Asia SCM pursuant to Section 6A of the Act.*
 - (9) *Deemed interested by virtue of his indirect substantial shareholdings through Shenzhen Digital pursuant to Section 6A of the Act.*
 - (10) *Deemed interested by virtue of its indirect substantial shareholdings through ST Electronics (Info-Software Systems) Pte. Ltd. pursuant to Section 6A of the Act.*
- ^ Negligible.*
- * As at 14 March 2007 (based on ECS Holdings' Annual Report FYE 31 December 2006)*
- * As at 14 March 2006 (based on ECS Holdings' Annual Report FYE 31 December 2005)*

8.1.4 Persons Exercising Control over the Corporation

Save for our substantial shareholders, namely, ECS Holdings, TSP and Sengin, who may collectively hold up to 74.5% (under the Minimum Scenario) of our enlarged issued and paid-up share capital upon our Listing, as disclosed in Section 8.1.1 of this Prospectus, we are not aware of any other person who are able to, directly or indirectly, jointly or severally, exercise control over our Company.

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT**8.2 Directors****8.2.1 Shareholdings**

Based on the Register of Directors of the Company as at the date of this Prospectus, the direct and indirect interests of our Directors immediately before and after the IPO (including pink form allocation) are as follows:

| | Before the IPO and Proposed 20% Pericomp Acquisition | | After the IPO and Proposed 20% Pericomp Acquisition (Minimum Scenario) | | After the IPO and Proposed 20% Pericomp Acquisition (Maximum Scenario) | |
|--------------------------|--|-------------------------|--|-------------------------|--|-------------------------|
| | Direct No. of Shares | Indirect No. of Shares | Direct No. of Shares | Indirect No. of Shares | Direct No. of Shares | Indirect No. of Shares |
| Dato' Teo | - | ¹ 18,400,000 | - | ¹ 18,400,000 | - | ¹ 12,000,000 |
| Foo Sen Chin | - | ² 18,400,000 | - | ² 18,400,000 | - | ² 12,000,000 |
| Soong Jan Hsung | - | - | ³ 150,000 | 0.13 | ³ 150,000 | 0.13 |
| Tay Eng Hoe | - | - | ³ 150,000 | 0.13 | ³ 150,000 | 0.13 |
| Wong Heng Chong | - | - | ³ 150,000 | 0.13 | ³ 150,000 | 0.13 |
| Eddie Foo Toon Ee | - | - | ³ 150,000 | 0.13 | ³ 150,000 | 0.13 |
| Quah Chek Tin | - | - | - | - | - | - |
| Ahmad Subri Bin Abdullah | - | - | - | - | - | - |
| Ho Chee Kit | - | - | - | - | - | - |

Notes:-

- (1) Deemed interested by virtue of his substantial shareholdings in TSP pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of his substantial shareholdings in Seagin pursuant to Section 6A of the Act.
- (3) Assuming that the pink form allocation of 150,000 Shares to each eligible Director is fully subscribed by the respective Directors.

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT

8.2.2 Profile

(i) **Dato' Teo**

Kindly refer to section 8.1.2 (d) above.

(ii) **Foo Sen Chin**

Kindly refer to section 8.1.2 (e) above.

(iii) **Soong Jan Hsung**

Soong Jan Hsung, a Malaysian, aged 46, is the Executive Director of our Group, overseeing our Group's sales and services activities. He graduated with a Bachelor of Science (Honours) majoring in Mathematics from the University of Malaya in 1987. After graduation, he began his career as a Sales Executive with Pericomp in 1987. Soong Jan Hsung was responsible for the sales and marketing of PCs and ICT peripherals to our resellers. He was promoted to Product Manager and took charge of a sales team to market a brand of computer hardware. His hard work and dedication won him further promotions as Marketing Manager in 1991, Business Manager in 1992 and General Manager in 1994 to take charge of Pericomp's sales and marketing activities.

Soong Jan Hsung has more than 20 years experience in the ICT distribution market. He is currently the Executive Director of Pericomp, Astar and Ku and is primarily responsible for the development of new sales and marketing strategies, as well as the ICT product distribution and enterprise systems operations in Pericomp and Astar. As a member of our top management, he has contributed significantly to our Group and helped guide us to become the leading ICT hub in Malaysia. Soong Jan Hsung is a member of the Executive Committee in the Chief Executive Training Programme from 2000 to 2006.

(iv) **Tay Eng Hoe**

Tay Eng Hoe, a Singaporean, aged 57, is the Non-Executive Director of our Group. He holds a Bachelor of Science (Honours) Degree from The LaTrobe University, Australia and a MBA from University of Melbourne, Australia. He is currently an Executive Director and Group CEO of ECS Holdings. He is the founder of the ECS Holdings and also ECS Computers (Asia) Pte Ltd, a Singapore-based subsidiary. He brings with him more than 25 years of experience in the ICT business. Tay Eng Hoe is also the Vice Chairman and an Executive Director of VST. In August 2005, he was conferred the Public Service Medal by the President of the Republic of Singapore in recognition for his public services to the country. He is a representative of ECS Holdings on the Board of ECSB.

(v) **Wong Heng Chong**

Wong Heng Chong, a Malaysian, aged 59, is the Non-Executive Director of our Group. He is a member of the Institute of Chartered Accountants in Australia and holds a Diploma in Management Studies from University of Chicago Graduate School of Business. He previously served as an Executive Director of ECS Holdings and Boustead Singapore Limited. He was also a Director and group financial controller of QAF Limited. Prior to joining QAF Limited, he was a Director and Group General Manager of Sunshine Allied Investments Limited (now known as Network Foods International Limited).

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT

(vi) Eddie Foo Toon Ee

Eddie Foo Toon Ee, a Singaporean, aged 38, is the Non-Executive Director of our Group. He holds a Bachelor Degree in Accountancy from Nanyang Technological University and is also a member of the Institute of Certified Public Accountants of Singapore. He is also the Group Chief Financial Officer and the Group Company Secretary of ECS Holdings. Eddie Foo Toon Ee is responsible for the corporate finance and treasury, reporting, accounts, tax, information technology and risk management of ECS Holdings group of companies and is also a director on the boards of various ECS Holding companies. He has more than 15 years of financial management and audit experience in multinational and public accounting firms. He is a representative of ECS Holdings on the Board of ECSB.

(vii) Quah Chek Tin

Quah Chek Tin, a Malaysian, aged 58, is the Independent Non-Executive Director of our Group. He holds a Bachelor of Science (Honours) in Economics from the London School of Economics and Political Science and is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. He began his career in Coopers & Lybrand in London. After returning to Malaysia, he joined the Genting Group in 1979 and was the Executive Director of Genting Berhad as well as the Executive Director and Chief Operating Officer of Genting Malaysia Berhad (formerly known as Resorts World Berhad). His current directorships in public companies includes Genting Berhad, Genting Malaysia Berhad, Genting Plantations Berhad (formerly known as Asiatic Development Berhad) and PCB.

(viii) Ahmad Subri Bin Abdullah

Ahmad Subri Bin Abdullah, a Malaysian, aged 60, is the Independent Non-Executive Director of our Group. He is a Fellow of the Chartered Insurance Institute in the United Kingdom and the Malaysian Insurance Institute. He is also a Director of KDU Management Development Centre Sdn Bhd, Chairman of RCL International Sdn Bhd and an Executive Director of the JA Group of Companies. He has more than 30 years of experience in the Insurance and Financial Services industry and has served as a Chairman of the General Insurance Association of Malaysia, a Director of the Malaysian Insurance Institute and Malaysia Export Credit Insurance Bhd.

(ix) Ho Chee Kit

Ho Chee Kit, a Malaysian, aged 61, is the Independent Non-Executive Director of our Group. She is also a Barrister-at-Law and a founding partner of law firm, Messrs. Iza Ng Yeoh & Kit. After completing her Arts course relating to social science at the University of New England in 1971, she worked as an audit assistant in a commercial company in Sydney before returning to Malaysia in 1972. She was attached with a property company in Kuala Lumpur before taking up a law course in London in September 1975, conducted by the Council of Legal Education. She was called to the English and Malaysian Bar in June 1978 and September 1979 respectively. Since then, she has been in private legal practice in Malaysia. She has previously served as an Independent Director and member of the audit committee of Fiamma Holdings Berhad.

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT**8.2.3 Other Directorships and Substantial Shareholdings**

Save as disclosed below, as at LPD, none of our Directors hold other directorships and substantial shareholdings in other companies for the past five (5) years:-

| Director | Name of Company | Principal Activities | Designation | Year of Appointment/ (Resignation) | Direct | | Indirect | |
|--------------------------------------|---|-------------------------------------|-------------|------------------------------------|----------------------|------------------------|-------------------------|-------|
| | | | | | Ordinary shares held | % | Ordinary shares held | % |
| Dato' Teo | Accredit Leasing Corporation Sdn Bhd | Hire purchase and lease financing | - | - | 2,667 | 0.1 | 1,333 ¹ | 0.1 |
| | Agolden Project Sdn Bhd | Educational Services | - | - | - | - | 5,000,000 ² | 100.0 |
| | Am ARA REIT Managers Sdn Bhd | Real estate/Property management | Director | 2006 | - | - | - | - |
| | ARA Asset Management Limited | REITs management | - | - | 200,000 | 0.03 | - | - |
| | Berkeley Sdn Bhd | Investment holding | - | - | - | - | 2,138,000 ² | 100.0 |
| | Berkeley Maju Sdn Bhd | Inactive | - | - | - | - | 1,000,000 ² | 100.0 |
| | Bright Fusion Sdn Bhd | Property investment | Director | 2007 | 1 | 50.0 | 1 ³ | 50.0 |
| | Broad Projects Sdn Bhd | Investment holding | Director | 2008 | - | - | 100,000 ² | 100.0 |
| | Current Connection Sdn Bhd | Inactive | - | - | - | - | 500,000 ² | 100.0 |
| | EPSB | Investment holding | Director | 2006 | 1,000,000 | 50.0 | - | - |
| | Instant Fusion Sdn Bhd | Property development and holding | Director | 2009 | - | - | 2 ² | 100.0 |
| | Janahasil Sdn Bhd | Educational services | Director | 2008 | - | - | 1,000,000 ² | 100.0 |
| | Jasarim Bina Sdn Bhd | Property investment | Director | 2006 | - | - | 5,000,000 ² | 100.0 |
| | Jerneh Insurance Berhad | General insurance business | Director | 2000 | - | - | 20,000,000 ² | 20.0 |
| | Kane Paramount Sdn Bhd | Building and engineering contractor | - | - | - | - | 12,000 ² | 40.0 |
| | KDU College Sdn Bhd | Educational services | Chairman | 1983 | - | - | 15,000,000 ² | 100.0 |
| | KDU International Language Training School Limited | Educational services | Director | 2004 | - | - | 15,600,000 ² | 100.0 |
| | KDU International Sdn Bhd | Investment holding | Director | 2004 | - | - | 1,579,000 ² | 100.0 |
| | KDU Management Development Centre Sdn Bhd | Management and educational services | Director | 2003 | - | - | 10,000,000 ² | 100.0 |
| | KDU Smart School Sdn Bhd | Educational services | Chairman | 2001 | - | - | 20,000,000 ² | 100.0 |
| Kelab Bandar Laguna Merbok Sdn Bhd | Operator of club house | Director | - | - | - | 2 ² | 100.0 | |
| Macro Victory Sdn Bhd | Educational Services | - | - | - | - | 5,000,000 ² | 100.0 | |
| Paramount Building Materials Sdn Bhd | Trading of building materials | - | - | - | - | 150,000 ² | 100.0 | |
| Paramount Construction Sdn Bhd | Building and engineering contractor | - | - | - | - | 750,000 ² | 100.0 | |
| PCB | Investment holding and the provision of management services to its subsidiaries | Executive Deputy Chairman | 1977 | - | 1,122,000 | 1.0 | 31,654,888 ¹ | 28.7 |
| Paramount Corporation Limited | Investment holding | Chairman | 1994 | - | - | 1,000,000 ² | 100.0 | |

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT

| Director | Name of Company | Principal Activities | Designation | Year of Appointment/ (Resignation) | Direct | | Indirect | |
|---------------------|--|---|-------------|---------------------------------------|----------------------|-------------------------|----------------------|---|
| | | | | | Ordinary shares held | % | Ordinary shares held | % |
| | Paramount Electronics Industries Sdn Bhd | Property investment | - | - | - | 5,000,000 ² | 100.0 | |
| | Paramount Engineering & Construction Sdn Bhd | Building and engineering contractor | Chairman | 2001 | - | 5,000,000 ² | 100.0 | |
| | Paramount Equities Sdn Bhd | Investment holding | Director | 1988 | 480,000 | 20,000 ³ | 4.0 | |
| | Paramount Global Assets Sdn Bhd | Investment holding | Chairman | 1981 | - | 35,360,000 ² | 100.0 | |
| | Paramount Projects Sdn Bhd | Building and engineering contractor and project management and property development | - | - | - | 1,000,000 ² | 100.0 | |
| | Paramount Property Development Sdn Bhd | Property development | Director | 2003 | - | 5,000,000 ² | 100.0 | |
| | Paramount Property Holdings Sdn Bhd | Property investment and development | Director | 2003 | - | 10,000,000 ² | 100.0 | |
| | Paramount Property (Utara) Sdn Bhd | Property development | Chairman | 2000 | - | 5,000,000 ² | 100.0 | |
| | Qualicom Sdn Bhd | Property investment | - | - | 8,000 | 17,000 ⁵ | 68.0 | |
| | Qualipro Corporation Sdn Bhd | Investment holding company | Director | 1983 | 5,000 | 5,000 ³ | 50.0 | |
| | Scenic Holidays Sdn Bhd | Inactive | - | - | - | 349,999 ³ | 100.0 | |
| | Seleksi Megah Sdn Bhd | Property development | Director | 2005 | - | 5,000,000 ² | 100.0 | |
| | Sufmart Sdn Bhd | Property investment | Director | 1987 | 10,000 | 10,000 ³ | 50.0 | |
| | Supreme Essence Sdn Bhd | Property development | Director | 2008 | - | 5,000,000 ² | 100.0 | |
| | TSP | Investment holding company | Director | 1973 | 589,867 | 1,197,333 ⁵ | 67.0 | |
| | Wangsa Merdu Sdn Bhd (Under members' voluntary winding-up) | Property investment | Director | 2003 (2007) | - | 10,000,000 ² | 100.0 | |
| Foo Sen Chin | Sengin | Investment holding and provision of management services | Director | 1984 | 5000 | 5000 ⁶ | 50.0 | |
| | ECS Holdings | Investment holding and the distribution of information technology products | Director | 2000 | - | - | - | |
| | EPSB | Investment holding | Director | 2002 | 1,000,000 | - | 50.0 | |
| | Enrichnet Sdn Bhd | Dormant | Director | 2002 | 1 | - | 50.0 | |

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT

| Director | Name of Company | Principal Activities | Designation | Year of Appointment/ (Resignation) | Direct | | Indirect | |
|-----------------|--|---|-------------|------------------------------------|----------------------|-----|----------------------|---|
| | | | | | Ordinary shares held | % | Ordinary shares held | % |
| Tay Eng Hoe | ECS Holdings | Investment holding and the distribution of information technology products | Director | 2000 | - | - | - | - |
| | VST | Investment holding company | Director | 2008 | - | - | - | - |
| | ECS Computers (Asia) Pte Ltd | Distribution of ICT products | Director | 1985 | - | - | - | - |
| | Pacific City (Asia Pacific) Pte Ltd | Retail of ICT products | Director | 2003 | - | - | - | - |
| | EC Sure Holdings (Thailand) Co., Limited | Investment holding company | Director | 2000 | - | - | - | - |
| | The Value Systems Co., Ltd | Distribution of ICT products | Director | 2000 | - | - | - | - |
| | ECS Indo Pte Ltd | Distribution of ICT products | Director | 2004 | - | - | - | - |
| | ECS Technology (China) Limited | Investment holding and the distribution of information technology products | Director | 2001 | - | - | - | - |
| | ECS Technology (Guangzhou) Co. Ltd | Distribution of ICT products | Director | 2003 | - | - | - | - |
| | ECS Technology Co. Ltd | Distribution of ICT products | Director | 2003 | - | - | - | - |
| | ECS (Shanghai) Management Co., Ltd | Distribution of ICT products | Director | 2003 | - | - | - | - |
| | ECS China Technology (Shanghai) Co., Ltd | Distribution of ICT products | Director | 2003 | - | - | - | - |
| | MSI-ECS Phils., Inc | Distribution of ICT products | Director | 2006 | - | - | - | - |
| | Suntek Technology Co Ltd | Provision of ICT services | Director | 2008 | - | - | - | - |
| Wong Heng Chong | EIT Info-tech Limited | Distribution of ICT products | Director | 2009 | - | - | - | - |
| | ECS Technology (HK) Co., Limited | Distribution of ICT products | Director | 2009 | - | - | - | - |
| | Boustead Singapore Limited | Energy related engineering, water and waste engineering, real estate solutions and geo spatial technology | Director | 1996 (2007) | 3,596,800 | 0.7 | - | - |
| | ECS Holdings | Investment holding and the distribution of information technology products | Director | 2000 (2005) | - | - | - | - |
| | ECS China Technology (Shanghai) Co Ltd | Distribution of ICT Products | Director | 2003 (2007) | - | - | - | - |
| | ECS Computers (Asia) Pte Ltd | Distribution of ICT Products | Director | 2001 | - | - | - | - |
| | ECS Indo Pte Ltd | Distribution of ICT Products | Director | 2003 (2008) | - | - | - | - |
| | ECS Infocom (Phils) Pte Ltd | Investment holding company | Director | 2005 (2008) | - | - | - | - |
| | ECS (Shanghai) Management Co Ltd | Distribution of ICT Products | Director | 2003 (2007) | - | - | - | - |
| | ECS Technology Co Ltd | Distribution of ICT Products | Director | 2003 (2007) | - | - | - | - |

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT

| Director | Name of Company | Principal Activities | Designation | Year of Appointment/ (Resignation) | Direct | | Indirect | |
|----------------------|--|--|-------------|------------------------------------|----------------------|---|----------------------|---|
| | | | | | Ordinary shares held | % | Ordinary shares held | % |
| Eddie Foo Toon Ee | ECS Technology (China) Limited | Investment holding and the distribution of information technology products | Director | 2001 (2007) | - | - | - | - |
| | ECS Technology (Guangzhou) Co Ltd | Distribution of ICT Products | Director | 2003 (2007) | - | - | - | - |
| | ECS Technology Trading (Shanghai) Co Ltd | Distribution of ICT Products | Director | 2003 (2007) | - | - | - | - |
| | M-Way Investment Pte Ltd | Investment holdings company | Director | 1983 | - | - | - | - |
| | MSI-ECS Phils., Inc. | Distribution of ICT Products | Director | 2006 (2008) | - | - | - | - |
| | Pacific City (Asia Pacific) Pte Ltd | Retail of ICT products | Director | 2003 (2008) | - | - | - | - |
| | PT ECS Indo Jaya | Distribution of ICT Products | Director | 2004 (2008) | - | - | - | - |
| | Soon Teck Credit Corporation (M) Bhd | Credit company | Director | 2000 | - | - | - | - |
| | The Value Systems Co., Ltd | Distribution of ICT Products | Director | 2000 (2008) | - | - | - | - |
| | Topy Credit Leasing Sdn Bhd | Leasing | Director | 2000 | - | - | - | - |
| | ECS Indo Pte Ltd | Distribution of ICT products | Director | 2008 | - | - | - | - |
| | The Value Systems Co., Ltd | Distribution of ICT products | Director | 2008 | - | - | - | - |
| | EC Sure Holdings (Thailand) Co., Ltd | Investment holding | Director | 2008 | - | - | - | - |
| | Pacific City (Asia Pacific) Pte Ltd | Retail of ICT products | Director | 2008 | - | - | - | - |
| | PT ECS Indo Jaya | Distribution of ICT products | Director | 2008 | - | - | - | - |
| | ECS Infocom (Phils) Pte Ltd | Investment holding | Director | 2008 | - | - | - | - |
| | ECS Enterprise Solutions Pte Ltd | Distribution of ICT products | Director | 2009 | - | - | - | - |
| Quah Chek Tin | Genting Berhad | Investment holding and management | Director | 1999 | 5000 | - | 630,000 ⁶ | - |
| | Genting Malaysia Berhad | Resort, hotel and gaming operations | Director | 1983 (1999) | 5000 | - | - | - |
| | Genting Plantations Berhad | Plantation, investment holding and management services | Director | 2003 | - | - | - | - |
| | Genting Golf Course Berhad | Condo and hotel business, golf resort and property development | Director | 1990 (2006) | - | - | - | - |
| | Genting Highlands Berhad | Land and property development | Director | 1998 (2006) | - | - | - | - |

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT

| Director | Name of Company | Principal Activities | Designation | Year of Appointment/ (Resignation) | Direct | | Indirect | |
|---------------------------------|---|--|-------------|------------------------------------|----------------------|------|----------------------|------|
| | | | | | Ordinary shares held | % | Ordinary shares held | % |
| Ahmad Subri Bin Abdullah | Awana Vacation Resorts Development Bernad | Proprietary timeshare ownership scheme | Director | 1997 (2006) | - | - | - | - |
| | PCB | Investment holding | Director | 2007 | - | - | - | - |
| | Chang Tian Hec Sdn Bhd | Property investment | Director | 1981 | 90,001 | 25.7 | 50,000 ⁶ | 14.3 |
| | Seraya Teratai Sdn Bhd | Property investment | Director | 1994 | 50,000 | 50.0 | 50,000 ⁶ | 50.0 |
| | Grandval Sdn Bhd | Investment holding | Director | 1994 (2006) | 593,250 | 17.5 | 254,250 ⁶ | 7.5 |
| | Chong Hin Hung Sdn Bhd (Under members' voluntary liquidation) | Property and investment | Director | 1977 (2007) | 1,100 | 22.0 | - | - |
| | Malaysian Export Credit Insurance Bhd | Export credit insurance services | Director | 1989 (2004) | - | - | - | - |
| | Malaysian Central Depository Bhd | Provide, operate and maintain a central depository | Director | 2001 (2004) | - | - | - | - |
| | Logica Malaysia Sdn Bhd | Information technology and business services | Director | 2006/ (2009) | 30 | 30.0 | - | - |
| | RCL International Sdn Bhd | Debt management and claims recovery services | Director | 2005 | 162,500 | 65.0 | - | - |
| Ho Chee Kit | IA Finassure Sdn Bhd | Insurance consulting and business advisory | Director | 2004 | 10,000 | 50.0 | - | - |
| | KDU Management Development Centre Sdn Bhd | Management and educational services | Director | 2004 | - | - | - | - |
| | Fron Peak Sdn Bhd | Investment holding | Director | 1994 | 28,000 | 28.0 | - | - |
| | Empire Lion Sdn Bhd | Investment holding | Director | 2008 | 5,000 | 50.0 | - | - |
| | Excelteam Resources Sdn Bhd | Investment holding | Director | 2008 | 9,999 | 99.9 | - | - |
| | Intervet (M) Sdn Bhd | Trading | Director | 1994 (2009) | - | - | - | - |

Notes:-

- (1) Deemed interested by virtue of his substantial shareholdings in Paramount Equities Sdn Bhd, TSP and Qualipro Corporation Sdn Bhd, pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of his substantial shareholdings in PCB pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of the shareholding of his spouse pursuant to Section 6A of the Act.
- (4) Deemed interested by virtue of his substantial shareholdings in TSP pursuant to Section 6A of the Act.
- (5) Deemed interested by virtue of the substantial shareholdings of his siblings and parent pursuant to Section 6A of the Act.
- (6) Deemed interested by virtue of the shareholding of his spouse pursuant to Section 6A of the Act.

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT

8.2.4 Directors' Tenure of Office

Save for Foo Sen Chin and Dato' Teo, who served as our Directors for 15 years and Soong Jan Hsung, who served as our Director for 13 years, none of our Directors have served for more than a year as a Director in our Company.

According to our Articles of Association, all our Directors shall retire from office at the first AGM, and at the AGM in every subsequent year, one-third (or the number nearest to one third) of our Directors are required to retire from office at each AGM. Further, all our Directors are required to retire from office at least once every three (3) years. However, a retiring Director is eligible for re-election at the meeting at which he or she retires. An election of Directors shall take place each year.

Any person appointed as Directors, either to fill a casual vacancy or as an addition to the existing Directors shall hold office until the next AGM, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at the meeting.

8.2.5 Directors' Remuneration and Benefits

The aggregate remuneration and material benefits paid to our Directors for services rendered in all capacities to us for FYE 2009 was approximately RM3.0 million. For FYE 2010, aggregate remuneration and material benefits payable to our Directors for services rendered to us in the aforesaid capacities is estimated to be RM 3.1 million.

Save for the following, none of our Directors have received or expected to receive any remuneration and/or benefits in their capacities for FYE 2009 and FYE 2010:-

| Directors | FYE 2009 (Actual) RM | FYE 2010 (Proposed) RM |
|--------------------------|----------------------------|------------------------------|
| Dato' Teo | 0-50,000 | 0-50,000 |
| Foo Sen Chin | 2,000,000 - 2,050,000 | 2,000,000 - 2,050,000 |
| Soong Jan Hsung | 1,000,000 - 1,050,000 | 1,000,000 - 1,050,000 |
| Tay Eng Hoe | 0-50,000 | 0-50,000 |
| Eddie Foo Toon Ee | 0-50,000 | 0-50,000 |
| Wong Heng Chong | 0-50,000 | 0-50,000 |
| Ahmad Subri bin Abdullah | - | 0-50,000 |
| Quah Chek Tin | - | 0-50,000 |
| Ho Chee Kit | - | 0-50,000 |

Save as disclosed above, there is no contingent or deferred compensation payable to any Director.

8.2.6 Benefits paid or intend to be paid or given to Promoters, Directors or substantial shareholders

Save as disclosed in Section 8.2.5 of this Prospectus, no amount or benefits were paid or intend to be paid to any of the Promoters, Directors, or substantial shareholders within the last two years preceding the date of this Prospectus.

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT**8.3 Members of the Board Committee**

The members of the Board Committee are as follows:-

Audit Committee

| Name | Designation | Directorship |
|-----------------|--------------------|------------------------------------|
| Ho Chee Kit | Chairperson | Independent Non-Executive Director |
| Quah Chek Tin | Member | Independent Non-Executive Director |
| Wong Heng Chong | Member | Non-Executive Director |

The Audit Committee is responsible for recommending to the Board regarding selection of external auditors, reviewing the results and scope of audit and other services provided by our Group's external auditors as well as reviewing and evaluating our Group's internal audit and control functions. The Audit Committee is also responsible in financial risk assessment and matters relating to related party transactions and conflicts of interests. The Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

Remuneration Committee

| Name | Designation | Directorship |
|--------------------------|--------------------|------------------------------------|
| Ahmad Subri Bin Abdullah | Chairperson | Independent Non-Executive Director |
| Ho Chee Kit | Member | Independent Non-Executive Director |
| Eddie Foo Toon Ee | Member | Non-Executive Director |
| Foo Sen Chin | Member | Managing Director |

The Remuneration Committee is responsible for recommending to the Board the remuneration framework for Executive Directors of our Company and assists the Board in ensuring that the remuneration of the Executive Directors reflects the performance, responsibility, experience and commitment of the Executive Directors concerned. The Executive Directors on the Committee abstains from deliberations in respect of his own remuneration. The determination of the remuneration of Non-Executive Directors is a matter for the Board as a whole.

Nomination Committee

| Name | Designation | Directorship |
|--------------------------|--------------------|------------------------------------|
| Quah Chek Tin | Chairperson | Independent Non-Executive Director |
| Ahmad Subri Bin Abdullah | Member | Independent Non-Executive Director |
| Ho Chee Kit | Member | Independent Non-Executive Director |
| Dato' Teo Chiang Quan | Member | Non-Executive Chairman |
| Tay Eng Hoe | Member | Non-Executive Director |

The Nomination Committee recommends to the Board suitable candidates for appointment as Directors to the Board of the Company as well as appointment of Directors to committees of the Board. It also reviews the Board's structure, size and composition and recommends to the Board the required mix skills and experience the Board requires in order to function completely and efficiently.

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT**8.4 Key Management****8.4.1 Shareholdings**

The senior management and key technical personnel of our Group and their respective equity interest in our Company after the IPO are as follows:

| Name | Designation | After the IPO and Proposed 20% Pericomp Acquisition | | | |
|------------------|---------------------------|---|------|-------------------------|-------|
| | | Direct ¹ | | Indirect | |
| | | No. of Shares | % | No. of Shares | % |
| Foo Sen Chin | Managing Director | - | - | ² 12,000,000 | 10.00 |
| Soong Jan Hsung | Executive Director | 150,000 | 0.13 | - | - |
| Tee Ang Kuan | General Manager | 100,000 | 0.08 | - | - |
| Tan Say Meng | General Manager | 70,000 | 0.06 | - | - |
| Chang Yew Hwa | General Manager | 40,000 | 0.03 | - | - |
| Foo Keah Tung | General Manager | 39,000 | 0.03 | - | - |
| Chan Puay Chai | Financial Controller | 50,000 | 0.04 | - | - |
| Wee Ailin | Inventory Control Manager | 20,000 | 0.02 | - | - |
| Chin Sai Leong | Senior Logistic Manager | 25,000 | 0.02 | - | - |
| Chia Chin Pooi | Assistant General Manager | 40,000 | 0.03 | - | - |
| Cheam Heng Siong | ICT Manager | 9,000 | 0.01 | - | - |
| Ng Poh San | HR Manager | 8,000 | 0.01 | - | - |

Notes:-

(1) Assuming that the Pink Form Shares allocated are fully subscribed by them.

(2) Deemed interested by virtue of his substantial shareholdings in Sengin pursuant to Section 6A of the Act under the assumption Maximum Scenario.

All of the above senior management and key technical personnel are Malaysians.

Save for Foo Sen Chin who indirectly holds up to 18,400,000 shares representing up to 15.33% of the enlarged issued and paid-up share capital in our Company through Sengin, based on the Minimum Scenario, none of the above-mentioned key management holds any direct or indirect interest in our Company before the IPO and the Proposed 20% Pericomp Acquisition. In the event Sengin, being an Offeror, does not place out its portion of the Offer Shares under the Minimum Scenario, Foo Sen Chin will continue to indirectly hold up to 18,400,000 Shares.

8.4.2 Profile of Key Management**(i) Foo Sen Chin**

Kindly Refer to Section 8.1.2 (c) above.

(ii) Soong Jan Hsung

Kindly refer to Section 8.2.2 (iii) above.

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT

(iii) Tee Ang Kuan

Tee Ang Kuan, a Malaysian, aged 48, is the General Manager of Astar and is overseeing operations, namely, the design and development of business and marketing strategies, marketing and distribution of our ICT products, and sales staff management. Tee Ang Kuan graduated with Bachelors of Art (Honours) majoring in Economics from the University of Malaya in 1985. After graduation, he began his career with Reliance Computer Centre Sdn Bhd as a Sales Executive. He was employed as a Sales Executive by Oriental Data System (M) Sdn Bhd in 1986 and Intelc Sdn Bhd in 1988. He was responsible for the promotion and distribution of IT products, such as PCs, software, notebooks and printers to corporate customers and end-users.

In 1988, Tee Ang Kuan joined Pericomp as a Sales Executive and was responsible for the marketing and support of AST/RMA emulation cards. In 1989, he left Pericomp and joined Intranet Sdn Bhd as a Product Executive. He was later promoted to Sales Manager in 1990 and was in charge of the company's ICT distribution activities. In 1996, he rejoined our Group under Astar as a Business Manager and was promoted to General Manager in 1999. Tee Ang Kuan is now responsible for the overall distribution business of Astar. He has over 20 years experience in the ICT distribution market. With his experience and knowledge, he has contributed significantly to the growth of our Group.

(iv) Tan Say Meng

Tan Say Meng, a Malaysian, aged 43, is the General Manager of Ku. He obtained a MBA majoring in e-Commerce from Charles Sturt University, Australia in 1999. He began his career with Retail Communication Sdn Bhd as a Technician in 1988 in charge of repair and service activities of point-of-sales systems and computers. In 1990, he joined Pericomp as a Technician and was promoted to Senior Technician in 1991, Technical Supervisor in 1992, Assistant Technical Manager in 1996, Technical Manager in 1997 and Group Technical Manager in 2001. Since 2006, he has held the position of General Manager of Ku and is now in charge of our Group's IT sales and services.

(v) Chang Yew Hwa

Chang Yew Hwa, a Malaysian, aged 50, is the General Manager of Marketing in Pericomp. He graduated with a Bachelor of Science in Economics from Portland State University, U.S., in 1988. After graduation, he joined Computer Products and Supplies, based in Portland, Oregon as a Sales Executive. In 1991, he joined Pericomp as the Product Manager. He was promoted to Group Product Manager in 1997, Marketing Manager in 1998, Assistant General Manager in 2001 and General Manager in 2008. He has been with our Group for 17 years. Chang Yew Hwa is primarily responsible for all marketing related activities in Pericomp and strengthening working relationships with Pericomp's ICT principals.

(vi) Foo Keah Tung

Foo Keah Tung, a Malaysian, aged 52, is the General Manager of Sales of Pericomp and he assists Soong Jan Hsung in overseeing the sales activities of Pericomp. After he obtained his high school certification, he started his career by joining Datacom Sales & Service Sdn Bhd as a Sales Executive in 1989. After a three year stint, he joined Equatron Sdn Bhd in 1992 and CNT Sdn Bhd in 1993. He was responsible for the sales and marketing activities in both companies.

In 1994, he joined Pericomp as a Sales Executive. He was promoted to Assistant Product Manager in 1995, Product Manager in 1997, Sales Manager in 1998, Assistant General Manager in 2001 and General Manager in 2008. He has accumulated approximately 20 years experience in ICT distribution and has been a significant contributor to our Group's business development. He is primarily responsible for all sales related activities in Pericomp, building good rapport with Pericomp's resellers, and assist our resellers in promoting our products to the corporate customers.

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT

(vii) Chan Puay Chai

Chan Puay Chai, a Malaysian, aged 43, is the Finance Controller of our Group. He is an Associate Member of the Chartered Institute of Management Accountants (U.K.) and a registered Accountant with the Malaysian Institute of Accountants. Chan Puay Chai started his career as an Accounts Clerk in OBD Sdn Bhd in 1989 and moved on to Texan (M) Sdn Bhd, an affiliated company of Berjaya Textile Bhd, in 1990.

In 1992, he joined Tan Chong Motor Assemblies Sdn Bhd as a Management Trainee before moving to Biotech Medical Corporation Sdn Bhd in the following year as Finance Manager. His past experiences include review of accounting systems, implementation of computerisation, management accounting, budgeting, financial analysis and its related operations. In 1995, Chan Puay Chai joined Kush as a Finance Manager and was promoted to Financial Controller in 2005. He has been with our Group for 14 years. His major responsibilities include financial planning & control, financial compliances, credit management, risk management, and other finance related operations. He has also been a participant of The Executives Committee, a key learning programme for more than five (5) years.

(viii) Wee Ailin

Wee Ailin, a Malaysian, aged 52, is the Inventory Control Manager of our Group. She graduated with a Diploma in Accounting from the International Institute of Commerce, Malaysia in 1977. Prior to graduation, she joined TK Lau & Co. as an Accounts Clerk responsible for inventory and administrative activities. After graduation, she resigned from TK Lau & Co. and joined Plessey Malaysia Sdn Bhd as an Account Supervisor in 1978. In 1983, Wee Ailin was employed by Jebsen & Jessen Industrial Services (M) Sdn Bhd as an Administrative Executive before joining Kush as an Administration Manager in 1995. She was later promoted to Inventory Manager in 2005 and is primarily responsible for the provision of inventory and administrative support to our Group.

(ix) Chin Sai Leong

Chin Sai Leong, a Malaysian, aged 50, is the Senior Logistic Manager of our Group. He obtained a Certificate in Electronics from TAR College in 1979 and joined Monsanto Electronics Sdn Bhd as a Technician, providing technical services to customers. He joined Equatron Sdn Bhd in 1990 as a Service Supervisor in charge of assisting and supervising the service team. He joined Kush as a Service Supervisor in 1985 and he was promoted to Technical Manager in 1991, Logistic Manager in 1997 and Senior Logistic Manager in 2006. Now, he is responsible for the entire warehouse operation of our Group.

(x) Chia Chin Pooi

Chia Chin Pooi, a Malaysian, aged 43, is the Assistant General Manager for Marketing of Astar. He graduated with a Diploma in Computer Science from TAR College, Malaysia in 1990. After graduation, He joined Pericomp as a Sales Executive in 1990, responsible for the marketing activities of our ICT products. Thereafter, he was promoted to Product Manager in 1994 and Group Product Manager in 1996. He was transferred to Astar as a Sales Manager in 1998 and was promoted to Senior Manager of Marketing in 2002. His primary responsibilities include assisting Tee Ang Kuan in the daily sales and marketing operation of Astar. In 2009, he was promoted to Assistant General Manager of Marketing in Astar.

(xi) Cheam Heng Siong

Cheam Heng Siong, a Malaysian, aged 31, is the ICT Manager of our Group and he is responsible in all the ICT related matters and R&D activities of our Group. He graduated with a Degree in Computing and Information System from University of Lincoln, U.K. in 2001. He started his career with Perwira Bintang Holdings Sdn Bhd as a MIS Executive in 2002 and subsequently promoted as a MIS Manager. He was responsible for the MIS functions in the company. He joined ECSB as an ICT Manager in 2007.

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT

(xii) Ng Poh San

Ng Poh San, a Malaysian, aged 31, is the Human Resource Manager of our Group. She graduated with a Degree in Business Administration from the University of Malaya in 2001. After graduation, she started her career with Anakku Baby Products Sdn Bhd in the Finance Department as a Credit Control Assistant. In 2002, she joined the Commercial Department of Jebson & Jessen Business Services (M) Sdn Bhd, a management company providing Commercial, Financial, Logistic, Human Resource, and IT services to eight (8) other business units with diverse business industry. During her six (6) years of employment there, she has participated and gained valuable experience in credit management, internal control & risk management, and productivity optimisation through process reengineering. In addition, she has been trained in human capital development programme. Prior to her appointment as Human Resource Manager in 2009, she worked on contract basis in process reengineering and productivity optimisation of our Group.

8.5 Management Succession Plan

Our Group recognises the importance of continuity in management to maintain its competitive edge. In this regard, we are committed to continuously provide sufficient training, impart and upgrade the knowledge, skills and competency of its personnel to gradually assume the responsibilities of the senior management team.

At present, the key management team comprising our Executive Directors is supported by the middle management team, who manages the daily operational matters of our Group. We are conscious of the need to constantly groom suitable junior managers by encouraging participation in senior management discussions. In addition, the middle management are given the responsibility in various aspects of the business activities in order to ensure that they have a full understanding of the responsibilities and decision making process and be equipped with the knowledge necessary for them to succeed senior management positions in due course.

Our Directors believe close supervision and guidance on staff, particularly at the departmental head levels is a crucial step for our Group to groom its next generation of senior management. By having a pool of skilled and experienced staff, and an established system of operation in place, our Directors are of the view that disruptions to the operations of our Group will be minimal in the event of departure of any of its existing Executive Directors and/or senior management team.

8.6 Declaration by Directors, Promoters and Key Management

Save as disclosed below, none of the Directors, Promoters and key management is or was involved in the following events (whether in or outside Malaysia):-

- (a) A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel; or
- (b) Such person was disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation; or
- (c) Such person was charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (d) Any judgement was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (e) Such person was the subject of any order, judgement or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

8. SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS & KEY MANAGEMENT

8.7 Family Relationships

Save for the following family relationships, none of the substantial shareholders, Promoters, Directors and key management of our Group are related to one another:-

- (i) Foo Sen Chin and Lee Marn Fong who are husband and wife;
- (ii) Dato' Teo, Teo Chiang Lim and Teo Chiang Khai who are siblings; and
- (iii) Li Jialin and Liu Li who are husband and wife.

8.8 Involvement of Executive Directors and Key Management in Other Businesses/Corporations

As at LPD, Foo Sen Chin is a Director of Sengin, ECS Holdings, EPSB and Enrichnet Sdn Bhd as detailed in Section 8.2.3 of this Prospectus.

ECS Holdings is a substantial shareholder of ECSB. As an Executive Director of ECS Holdings, Foo Sen Chin is required to attend the board meetings of ECS Holdings. As the managing director of our Group, his role, amongst others, is to report to ECS Holdings the financial and business standing of our Group on a regular basis and also participate in the formulation of business strategies and direction of the ECS Holdings group of companies, which have a bearing on business strategies of our Group.

Sengin is principally an investment holding company and its main investment is in our Group.

EPSB is the owner of the land and the office cum warehouse at Lot 3, Jalan Teknologi 3/5, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor which ECSB is currently renting from. Save for the rental of the office cum warehouse to ECSB, EPSB has minimal activities. Enrichnet Sdn Bhd is a dormant company.

Based on the above, Foo Sen Chin's involvement in the said corporations is not expected to affect the operations of our Group.

Save for Foo Sen Chin and the following key management who holds directorships in the following companies in Malaysia (which are not dormant), all our key management personnel are involved in our Group on a full time basis and are not involved in other businesses or corporations in an executive capacity.

| Name | Company | Principal Activities |
|----------------|--------------------------|---|
| Chan Puay Chai | Hua Beng Trading Sdn Bhd | Property holding |
| Chin Sai Leong | Alpha NGV Sdn Bhd | Sales and installation of car natural gas vehicle systems |
| Chia Chin Pooi | Innocool Sdn Bhd | Food and beverages |

The appointment of Chan Puay Chai, Chin Sai Leong and Chia Chin Pooi in the key management of our Group would not be expected to affect the operations of our Group as they principally spend time and effort on activities relating to our Group. They have given their assurance that they would be able to fulfil and discharge their duties and responsibilities effectively as our key management on a full time basis. Their involvement in the aforesaid companies are minimal and merely on a non-executive basis. Hence this would not be expected to affect their performance for our Group. In addition, they do not hold any key management positions which involve day-to-day operations in these companies.

8.9 Service Agreements

None of the Directors and key management of our Group have any existing or proposed service agreements with the Company or any of its subsidiaries.

9. APPROVAL & CONDITIONS

9.1 Approvals & Conditions from the Authorities

(i) SC's Approval for the IPO

The SC via its letter dated 29 September 2009 approved the IPO under Section 212(5) of the CMSA. The conditions imposed by the SC and the status of compliance are as follows:-

| Conditions Imposed by SC | | Status of Compliance |
|--------------------------|--|---|
| 1. | Moratorium of the sale of ECSB Shares for six (6) months from the listing date to be imposed on ECS Holdings, TSP and Sengin. | Noted and to be complied. Please refer to Section 9.2 of this Prospectus for details on the moratorium. |
| 2. | ECSB to disclose in the prospectus the steps/measures it has/to be taken in relation to its dependency on its major supplier, HP Malaysia, in order to address/mitigate the associated risks. | Complied. Please refer to Section 4.2.1 and 6.9 of this Prospectus for the relevant disclosure. |
| 3. | ECSB to disclose in the prospectus the details of the potential conflict of interest situation and the non-compete agreement between ECSB, ECS Holdings and VST, and the steps/measures it has/to be taken and the mitigating factors to address the potential conflict of interest situation and the associated risks. | Complied. Please refer to Section 5.5 of this Prospectus for the salient terms of the non-compete agreement between ECSB and VST together with the commentary by the Board of Directors. |
| 4. | ECSB to ensure that the resultant NTA of Kush, Astar and Pericomp would not be less than their respective audited NTAs as at 31 December 2008 after the payment of the Special Dividend. ECSB is required to confirm that the payment of the Special Dividend would not have a significant adverse affect on the financial and liquidity position of the ECSB Group in carrying out its business operations. | Complied. Please refer to Section 5.4.2 of this Prospectus on information relating to the Special Dividend. |
| 5. | ECSB to fully comply with the relevant requirements pertaining to the implementation of the IPO as stipulated in the Guidelines on the Offering of Equity and Equity-Linked Securities issued by the SC ("SC Guidelines"). | Noted and to be complied with. |
| 6. | ECSB to inform SC upon completion of the IPO. | Noted and to be complied with. |

On 3 February 2010, we have submitted an application to the SC for a proposed waiver from complying with Paragraphs 9.01, 9.11, 11.03(a) and 11.03(b) of the Prospectus Guidelines in relation to the disclosure of information on an individual, namely Zhang Qing and Potent Growth Limited, a wholly-owned company of Zhang Qing ("**Proposed Waiver**"). Zhang Qing and Potent Growth Limited are deemed as our indirect substantial shareholders by virtue of their interest in VST as at LPD, pursuant to Section 6A of the Act. VST is a substantial shareholder of ECS Holdings, which in turn is the substantial shareholder of our Company.

The SC had vide its letter dated 12 February 2010 approved the said proposed waiver.

We have also disclosed the relevant websites and links to further information relating to ECS Holdings and VST in this Prospectus.

On 24 February 2010, we have submitted an application to the SC for an extension of time from 28 March 2010 up to 31 May 2010 to facilitate the full implementation of the Proposed Listing, which was duly approved by the SC on 11 March 2010.

9. APPROVALS & CONDITIONS

(ii) SEHK's Approval of the IPO

The SEHK has approved the IPO vide its letter dated 18 March 2009. The SEHK has not imposed any condition on our Company. However, in view of SEHK listing rules, our Company and VST shall enter into the Non-Compete Agreement, to ensure that there is a clear delineation between the businesses retained by VST and the businesses of our Group. Please refer to Section 5.5 of this Prospectus for further information relating the Non-Compete Agreement.

(iii) MSC Status granted by the MDeC

On 30 January 2002, we were granted MSC Status by the MDeC. To maintain its preferential status, we are expected to operate according to certain conditions. The conditions imposed by MDeC and the status of compliance are set out below:-

| | Conditions Imposed by MDeC | Status |
|----|--|----------|
| 1. | <p>ECSB must complete business registration of the proposed entity under the Act within one (1) month from the date of the letter issued by MDeC, and commence operations of the proposed entity within six (6) months from the date of the letter, and undertake such activities specified in ECSB's business plans as approved by MDeC below:-</p> <p>a) The development of KUSIS E-Kom Sistem, an Internet-based e-commerce software system for computer distributors and retailers; and</p> <p>b) The development of other related e-commerce applications such as an e-payment facility, a Client Relationship Management solutions and a Supply Chain Management solution.</p> <p>Any changes proposed to the above MSC-qualifying activities as detailed in the business plan must receive the prior written consent of MDeC.</p> | Complied |
| 2. | Locate the ECSB's headquarters and the implementation and operation of the MSC-qualifying activities in Cyberjaya within six months from the date of this Letter. | Complied |
| 3. | Ensure that at all times at least 15% of the total number of employees (excluding support staff) of the ECSB shall be "knowledge workers" (as defined by MDeC). | Complied |
| 4. | Continuously comply with the MSC's environmental guidelines as determined by MDeC from time to time. | Complied |
| 5. | Submit to MDeC a copy of the ECSB's annual report and audited statements in parallel with submission to the CCM. | Complied |
| 6. | Comply with all such statutory, regulatory and/or licensing requirements as may be applicable. | Complied |

9. APPROVAL & CONDITIONS

9.2 Moratorium on Shares

In accordance with the SC Guidelines, our Promoters will not be allowed to sell, transfer or assign its entire shareholdings in our Company for six (6) months from the date of our admission to the Official List of the Main Market of Bursa Securities.

The Promoters whose ECSB Shares are subjected to the moratorium based on the minimum and maximum scenario, are as follows:-

(i) Minimum Scenario

| Promoters | After the IPO and Proposed 20% Pericomp Acquisition | | | | % of Enlarged Share Capital |
|--------------|---|------|---------------|---|-----------------------------|
| | Direct | | Indirect | | |
| | No. of Shares to be held under Moratorium | % | No. of Shares | % | |
| ECS Holdings | 52,600,000 | 43.8 | - | - | 43.8 |
| TSP | 18,400,000 | 15.3 | - | - | 15.3 |
| Sengin | 18,400,000 | 15.3 | - | - | 15.3 |

(ii) Maximum Scenario

| Promoters | After the IPO and Proposed 20% Pericomp Acquisition | | | | % of Enlarged Share Capital |
|--------------|---|------|---------------|---|-----------------------------|
| | Direct | | Indirect | | |
| | No. of Shares to be held under Moratorium | % | No. of Shares | % | |
| ECS Holdings | 48,000,000 | 40.0 | - | - | 40.0 |
| TSP | 12,000,000 | 10.0 | - | - | 10.0 |
| Sengin | 12,000,000 | 10.0 | - | - | 10.0 |

The above-mentioned Promoters have provided undertakings that they shall comply with the abovementioned terms relating to the sale of their Shares under moratorium as outlined above.

Dato' Teo, Teo Chiang Lim, Teo Chiang Khai and Tay Swee Choo, being the ultimate individual shareholders of TSP, have provided undertakings that they will not sell, transfer or assign their shareholdings in TSP respectively for six (6) months from the date of our admission to the Official List of the Main Market of Bursa Securities.

Foo Sen Chin and Lee Marn Fong, being the ultimate individual shareholders of Sengin have provided undertakings that they will not sell, transfer or assign their shareholdings in Sengin respectively for six (6) months from the date of our admission to the Official List of the Main Market of Bursa Securities.

10. RELATED-PARTY TRANSACTIONS & CONFLICT OF INTEREST

10.1 Related Party Transactions

Save as disclosed below, there are no transactions, existing or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders, key management personnel and/or persons connected with them which is significant in relation to the business of our Group.

10.1.1 Non-Recurrent Related Party Transactions

Saved as disclosed below, we have not entered into any non-recurrent related party transactions with our Directors, substantial shareholders, key management personnel and/or persons connected with them during the past three (3) FYE 2006 to 2008 and for the FPE 30 September 2009 which is significant in relation to the business of our Group.

| Transacting Parties | Companies Within the Group | Interested Related Parties | Nature of Transaction | Value of transaction | | | FPE 30 September 2009 |
|---------------------|----------------------------|----------------------------|---|----------------------|----------|----------|-----------------------|
| | | | | FYE 2006 | FYE 2007 | FYE 2008 | |
| | | | | RM | RM | RM | RM |
| EPSB | Kush | Dato' Teo and Foo Sen Chin | Payment of deposit for due performance for the construction of building | 720,000 | - | - | - |
| EPSB | Kush | Dato' Teo and Foo Sen Chin | Payment of deposit for rental of office and warehouse | - | - | 772,890 | - |

Our Directors are of the opinion that above-mentioned non-recurrent related party transactions were negotiated on and agreed at arm's length basis on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of our minority shareholders.

10.1.2 Recurrent Related Party Transactions

Save as disclosed below, we have not entered into any other recurrent related party transactions of a revenue or trading in nature which are necessary for our day-to-day operations and in our ordinary course of business with related parties which involves the interests, direct or indirect, of our Directors, substantial shareholders, key management personnel and/or persons connected with them ("Recurrent Transaction(s)") during the past three (3) FYE 2006 to 2008 and for the FPE 30 September 2009.

Our Directors are of the opinion that such Recurrent Transactions were negotiated on and agreed at arm's length basis on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of our minority shareholders.

| Transacting Parties | Companies Within the Group | Interested Related Parties | Nature of Transaction | Value of transaction | | | FPE 30 September 2009 |
|-------------------------------|----------------------------|----------------------------|---------------------------|----------------------|----------|----------|-----------------------|
| | | | | FYE 2006 | FYE 2007 | FYE 2008 | |
| | | | | RM'000 | RM'000 | RM'000 | RM'000 |
| ECS Holdings | Pericomp | ECS Holdings | Purchases of ICT products | 56 | 88 | - | - |
| ECS Computers (Asia) Pte. Ltd | Astar | ECS Holdings | Purchases of ICT products | - | 3 | 14 | - |
| | | | Sales of ICT products | - | 33 | 529 | - |
| ECS Computers (Asia) Pte. Ltd | Pericomp | ECS Holdings | Purchases of ICT products | 48 | - | - | 8 |

10. RELATED-PARTY TRANSACTIONS & CONFLICT OF INTEREST

| Transacting Parties | Companies Within the Group | Interested Related Parties | Nature of Transaction | Value of transaction | | | FPE 30 September 2009 RM'000 |
|--|----------------------------|----------------------------|---------------------------|----------------------|--------------------|--------------------|---------------------------------|
| | | | | FYE 2006 RM'000 | FYE 2007 RM'000 | FYE 2008 RM'000 | |
| ECS Technology (China) Limited | Kush | ECS Holdings | Purchases of ICT Products | 29 | - | - | - |
| ECS Technology (China) Limited | Astar | ECS Holdings | Purchases of ICT Products | - | - | 16 | - |
| KDU College Sdn Bhd | Ku | Dato' Teo | Sales of ICT products | 194 | 530 | 665 | 714 |
| KDU Smart School Sdn Bhd | Ku | Dato' Teo | Sales of ICT products | 307 | 178 | 119 | 72 |
| KDU Management Development Centre | Ku | Dato' Teo | Sales of ICT products | 25 | - | - | 10 |
| Paramount Property Development Sdn Bhd | Ku | Dato' Teo | Sales of ICT products | 63 | 33 | 33 | 1 |
| PCB | Ku | Dato' Teo * | Sales of ICT products | 107 | 84 | 50 | 13 |
| Paramount Property (Utara) Sdn Bhd | Ku | Dato' Teo | Sales of ICT products | 44 | 54 | 8 | - |
| Paramount Engineering & Construction Sdn Bhd | Ku | Dato' Teo | Sales of ICT products | 81 | - | 65 | 3 |
| EPSB | Kush | Dato' Teo and Foo Sen Chin | Rental expense | - | - | 64 | 1,159 |

* *Mr. Quah Chek Tin is an independent non-executive Director of PCB and ECSB. However, he is not deemed as a related party in the said Recurrent Transactions, including the Recurrent Transactions entered into by the subsidiary companies of PCB with the ECSB Group, since he was appointed as a Director of ECSB after the completion of the recurrent transactions.*

In our ordinary course of business, we would enter into Recurrent Transactions, including but not limited to the above, with persons which are considered related party as defined in Chapter 10 of the Listing Requirements. Our Directors would ensure that any future Recurrent Transactions will be negotiated on and agreed to at arm's length basis on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of our minority shareholders.

In most cases, the Recurrent Transactions entered into by the transacting parties are ad-hoc purchases and sale of inventory among transacting parties, under the circumstances whereby either parties are required to fulfil delivery demands of ICT products which they do not hold at that point in time.

As provided under Chapter 10 of the Listing Requirements, in order to mitigate any potential conflict of interest arising from such Recurrent Transactions, our Board may seek the approval from our non-interested shareholders for a mandate in relation to the Recurrent Transactions at the next general meeting of the Company. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such Recurrent Transactions in our ordinary course of business without the need to convene numerous general meetings to approve such Recurrent Transactions as and when they are entered into.

10. RELATED-PARTY TRANSACTIONS & CONFLICT OF INTEREST

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit Committee will, amongst others, monitor any Recurrent Transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any Recurrent Transaction entered into by us.

10.2 Interest in Similar Business

10.2.1 Save as disclosed below, as at LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, in other businesses or corporations carrying on a similar or related trade as our Group

| Directors/ Substantial Shareholders | Name of Company | Principal Activities | Country of Incorporation | Equity Interest | |
|---|---|--|-----------------------------|-----------------|---------------|
| | | | | Direct % | Indirect % |
| ECS Holdings ^A | ECS Computers (Asia) Pte Ltd | Provider of IT products and services for IT infrastructure | Singapore | 100.0 | - |
| | ECS Indo Pte Ltd | Distributor of IT products | Singapore | 89.1 | - |
| | The Value Systems Co., Ltd | Provider of IT products and services for IT infrastructure | Thailand | 100.0 | - |
| | ECS Technology (China) Limited | Investment holding, provider of IT products and services for IT infrastructure | Hong Kong | 100.0 | - |
| | Pacific City (Asia Pacific) Pte Ltd | Retail of IT products, IT equipment and accessories | Singapore | - | 100.0 |
| | Isan System Pte Ltd | Distributor of information technology products | Singapore | - | 100.0 |
| | PT ECS Indo Jaya | Distributor of IT products | Indonesia | - | 89.1 |
| | ECS International Trading (Shanghai) Co. Ltd | Provider of IT products and services for IT infrastructure | China | - | 100.0 |
| | ECS China Technology (Shanghai) Co., Ltd | Provider of IT products and services for IT infrastructure | China | - | 100.0 |
| | ECS Technology (Guangzhou) Co. Ltd | Provider of IT products and services for IT infrastructure | China | - | 100.0 |
| | ECS Technology Co. Ltd | Provider of IT products and services for IT infrastructure | China | - | 100.0 |
| | MSI-ECS Phils., Inc (formerly known as MSI Digiland Phils., Inc.) | Provider of IT products and services for IT infrastructure | Philippines | 49.99 | - |
| | EIT Info-tech Limited | Provider of IT products and services for IT infrastructure | Hong Kong | - | 100.0 |
| | ECS Technology (HK) Co., Limited | Provider of IT products and services for IT infrastructure | Hong Kong | - | 100.0 |

10. RELATED-PARTY TRANSACTIONS & CONFLICT OF INTEREST

| Directors/ Substantial Shareholders | Name of Company | Principal Activities | Country of incorporation | Equity Interest | |
|---|---|-----------------------------|-----------------------------|--------------------|--------------------|
| | | | | Direct % | Indirect % |
| VST ^a | ECS Holdings and its subsidiary and associate companies as listed above | Refer to above | Refer to above | 89.66 ¹ | - |
| | 深圳偉仕宏業電子有限公司 (Shenzhen VST Electronics Trading Pte Ltd) | Distribution of IT products | China | 100.0 | - |
| | VST Computers (H.K) Limited | Distribution of IT products | Hong Kong | 100.0 | - |
| L&L Limited ^c | ECS Holdings and its subsidiary and associate companies as listed above | Refer to above | Refer to above | - | 89.66 ² |
| | VST and its subsidiary and associate companies as listed above | Refer to above | Refer to above | 19.18 ⁴ | - |
| Li Jialin ^d | ECS Holdings and its subsidiary and associate companies as listed above | Refer to above | Refer to above | - | 89.66 ³ |
| | VST and its subsidiary and associate companies as listed above | Refer to above | Refer to above | 4.38 | 32.37 |
| | L&L Limited and its subsidiary and associate companies as listed above | Refer to above | Refer to above | 50.0 | - |
| Liu Li ^e | ECS Holdings and its subsidiary and associate companies as listed above | Refer to above | Refer to above | - | 89.66 ³ |
| | VST and its subsidiary and associate companies as listed above | Refer to above | Refer to above | 13.19 | 23.56 |
| | L&L Limited and its subsidiary and associate companies as listed above | Refer to above | Refer to above | 50.0 | - |
| Tay Eng Hoe ^f | ECS Holdings and its subsidiary and associate companies as listed above | Refer to above | Refer to above | - | - |
| | VST and its subsidiary and associate companies as listed above | Refer to above | Refer to above | - | - |
| | Suntek Technology Co Ltd | Provision of ICT services | China | - | - |
| Wong Heng Chong ^g | ECS Computers (Asia) Pte Ltd | Refer to above | Refer to above | - | - |
| Eddie Foo Toon Ee ^h | ECS Indo Pte Ltd | Refer to above | Refer to above | - | - |
| | The Value Systems Co., Ltd | Refer to above | Refer to above | - | - |
| | Pacific City (Asia Pacific) Pte Ltd | Refer to above | Refer to above | - | - |
| | PT ECS Indo Jaya | Refer to above | Refer to above | - | - |

10. RELATED-PARTY TRANSACTIONS & CONFLICT OF INTEREST

| Directors/ Substantial Shareholders | Name of Company | Principal Activities | Country of incorporation | Equity Interest | |
|---|---|---|-----------------------------|-----------------|---------------|
| | | | | Direct % | Indirect % |
| Foo Sen Chin ¹ | ECS Holdings and its subsidiary and associate companies as listed above | Refer to above | Refer to above | - | - |
| Teo Chiang Lim ¹ | Meru Industrial Development Sdn Bhd | Trading of computer hardware and property investment | Malaysia | - | 100.0 |
| | Office Automation Sdn Bhd | Dealing in computer hardware and software and providing computer consultancy business | Malaysia | - | 100.0 |
| | S.S. Technology (F.E.) Sdn Bhd | Computer products distribution and trading | Malaysia | - | 100.0 |
| Teo Chiang Khai ^K | SHC Business Solutions Sdn Bhd | Provision of IT services, sales and marketing tools | Malaysia | - | 51.0 |
| | SHC Technology Sdn Bhd | IT related business | Malaysia | - | 100.0 |

Notes:-

- (1) In respect of its direct substantial shareholdings in ECS Holdings.
- (2) In respect of its indirect substantial shareholdings in ECS Holdings through VST
- (3) In respect of their indirect shareholdings in ECS Holdings via their direct substantial shareholdings in L&L Limited and direct substantial shareholdings in VST.
- (4) In respect of its direct substantial shareholdings in VST.

Commentary

- (A) The subsidiary and associate companies of ECS Holdings are involved in similar ICT distribution businesses in Singapore, China, Thailand, Indonesia, Philippines. Our Board does not foresee any material conflict of interest or business competition that may arise from the above due to the following justifications:-
- (i) None of the said companies compete with ECSB as they conduct their business in countries other than Malaysia;
 - (ii) Internal policies are put in place by ECS Holdings such that each of its subsidiary and associate companies do not compete in the same country; and
 - (iii) In general, most ICT principals of the ECS Holdings group of companies (including our Group) has placed restrictive clauses in their respective distribution agreements that disallow exporting and importing of ICT products supplied by them between countries in which ECS Holdings operate.
- (B) The subsidiary and associate companies of VST (apart from ECS Holdings and its subsidiaries) are involved in similar ICT distribution businesses in Hong Kong and China. Our Board does not foresee any material conflict of interest or business competition that may arise based on the following justifications:-
- (i) None of the said subsidiary and associate companies of VST distribute competing products with our Group. VST is mainly a distributor of ICT components originating from brands such as AMD, Cosair, Seagate, and Western Digital;
 - (ii) None of the said subsidiary and associate companies of VST operate in Malaysia; and
 - (iii) Our Group intend to enter in the Non-Compete Agreement with VST in-conjunction with the IPO, as further detailed in Section 5.6 of this Prospectus.
- (C) L&L Limited is the substantial shareholder of VST, ECS Holdings and ECSB.

10. RELATED-PARTY TRANSACTIONS & CONFLICT OF INTEREST

- (D) Li Jialin is the ultimate substantial shareholder of L&L Limited, VST, ECS Holdings and ECSB.
- (E) Liu Li is the ultimate substantial shareholder of L&L Limited, VST, ECS Holdings and ECSB.
- (F) Tay Eng Hoe is a Non Executive Director of our Group as well as the Group CEO of ECS Holdings and the Vice Chairman of VST. Our Board does not foresee any material conflict of interest or business competition that may arise from Tay Eng Hoe's directorships in ECS Holdings and VST, being the direct and indirect substantial shareholders of ECSB, due to the reasons as provided in (A) and (B) above.

Tay Eng Hoe's is also a director of Suntek Technology Co., Ltd which is principally involved in the provision of ICT services. Our Board does not foresee any material conflict of interest or business competition that may arise from Tay Eng Hoe's directorship in Suntek Technology Co., Ltd since the company's business operations is mainly in China. Suntek Technology Co., Ltd does not have any business operations in Malaysia.

- (G) Wong Heng Chong is a Non Executive Director of our Group as well as a Director of ECS Computers (Asia) Pte Ltd. Our Board does not foresee any material conflict of interest or business competition that may arise from Wong Heng Chong's directorship in ECS Computers (Asia) Pte Ltd which is a subsidiary of ECS Holdings, being the substantial shareholder of ECSB, due to the reasons as provided in (A) above.
- (H) Eddie Foo Toon Ee is a Non Executive Director of our Group as well as a director of certain subsidiary companies of ECS Holdings, namely ECS Indo Pte Ltd, The Value Systems Co., Ltd, Pacific City (Asia Pacific) Pte Ltd and PT ECS Indo Jaya. Our Board does not foresee any material conflict of interest or business competition that may arise from Eddie Foo Toon Ee's directorships in the said subsidiary companies of ECS Holdings, being the substantial shareholder of ECSB, due to the reasons as provided in (A) above.
- (I) Foo Sen Chin is the Managing Director of our Group as well as the Executive Director of ECS Holdings. However, our Board does not foresee any material conflict of interest or business competition that may arise from Foo Sen Chin's directorship in ECS Holdings, being the substantial shareholder of ECSB due to the reasons as provided in (A) above. Furthermore, Foo Sen Chin is a substantial shareholder of ECSB through his interest in Sengin.
- (J) Our Board does not foresee any material conflict of interest or business competition that may arise from Teo Chiang Lim's interest in Meru Industrial Development Sdn Bhd, Office Automation Sdn Bhd and S.S Technology (F.E) Sdn Bhd since the said companies are not distributor of ICT products and services. Furthermore, the said companies are not in the same scale of business activity as the ECSB Group.

Furthermore, Teo Chiang Lim is an indirect substantial shareholder of ECSB through TSP which is only expected to hold 10% of the enlarged issued and paid-up share capital of ECSB upon the completion of the Listing. In addition, Teo Chiang Lim is not a member of the Board of Directors of ECSB and is not expected to participate in the management of the ECSB Group upon the Listing. Nonetheless, the Board representatives of ECS Holdings and Sengin (being the other substantial shareholders of ECSB) will ensure that there will be no conflict of interest resulting from Teo Chiang Lim's interest in the companies/business with similar principal activities as the ECSB Group.

- (K) Our Board does not foresee any material conflict of interest or business competition that may arise from Teo Chiang Khai's interest in SHC Business Solutions Sdn Bhd and SHC Technology Sdn Bhd since the said companies are not distributor of ICT products and services. Furthermore, the said companies are not in the same scale of business activity as the ECSB Group.

10. RELATED-PARTY TRANSACTIONS & CONFLICT OF INTEREST

Furthermore, Teo Chiang Khai is an indirect substantial shareholder of ECSB through TSP which is only expected to hold 10% of the enlarged issued and paid-up share capital of ECSB upon the completion of the Listing. In addition, Teo Chiang Khai is not a member of the Board of Directors of ECSB and is not expected to participate in the management of the ECSB Group upon the Listing. Nonetheless, the Board representatives of ECS Holdings and Sengin (being the other substantial shareholders of ECSB) will ensure that there will be no conflict of interest resulting from Teo Chiang Khai's interest in the companies/business with similar principal activities as the ECSB Group.

10.2.2 Conflict of Interest in Related Parties Sales and Purchases

Save as disclosed in Section 10.1 in this Prospectus, none of our Directors or substantial shareholders' direct or indirect interest in other businesses or corporations, have purchased or supplied ICT products and services to our Group.

10.2.3 In addition, our Board has proposed to undertake the following measures to mitigate any possible conflict of interest that may potentially arise as a result of our Directors' or substantial shareholders' interests in these businesses or corporations:-

- (a) To safeguard our interest and to avoid a potential conflict of interest situation, our Audit Committee will, amongst others, monitor any transaction which we will enter into with our Directors or substantial shareholders and/or persons connected with them; and
- (b) All our Directors and substantial shareholders are required to declare and disclose any transaction in which they are deemed interested and such transactions must be subject to the scrutiny of the Audit Committee. In addition, our Directors and substantial shareholders have given their undertakings that all business transactions entered into between our Group and themselves and/or persons connected with them shall be negotiated on and agreed at arm's length basis on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of our minority shareholders.

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10. RELATED-PARTY TRANSACTIONS & CONFLICT OF INTEREST

10.3 Other Transactions

10.3.1 There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we were a party in respect of the past three (3) FYE 2006 to 2008 and the FPE 30 September 2009.

10.3.2 There were no outstanding loans (including guarantees of any kind) made by us to or for the benefit of a related party in respect of the past three (3) FYE 2006 to 2008 and the FPE 30 September 2009.

10.3.3 Save as disclosed below, none of our Directors or substantial shareholders had any interest, direct or indirect, in the promotion of or in any material assets which had been, within the past three (3) FYE 2006 to 2008 and the FPE 30 September 2009, acquired or proposed to be acquired or disposed of or proposed to be disposed of by or leased or proposed to be leased to us:-

(i) On 10 November 2006, Kush had entered into an agreement with EPSB ("**Agreement**") whereby:-

(a) EPSB shall construct an office cum warehouse building consisting of (i) three storey office building with an approximate area of 42,000 Sq.ft.; and (ii) single storey warehouse with an approximate area of 40,000 Sq.ft. (with an approximate height of 30 feet) at Lot 3, Jalan Teknologi 3/5, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor measuring in area approximately 116,871 Sq.ft. ("**Premises**"); and

(b) Kush shall thereafter rent the Premises with a monthly rental of approximately RM120,000. The actual quantum of the rental is to be determined upon completion of an independent evaluation of the rental rate.

On or before the execution of the Agreement, Kush shall deliver to EPSB a sum of RM720,000 being the security deposit for the due observance and performance by Kush of its covenants and obligations contained in the Agreement.

(ii) On 15 December 2008, Kush had entered into a rental agreement ("**Rental Agreement**") with EPSB to lease the Premises. The lease is for three (3) years commencing from 15 December 2008 at a monthly rental of RM128,815 subject to the terms and conditions of the Rental Agreement ("**Tenancy**") whereby:-

(a) Kush shall pay EPSB a sum of RM772,890 being rental and utility deposits for water and electricity ("**Security Deposit**") and the same shall be refunded free of interest by EPSB to Kush upon the termination of the Tenancy.

(b) Kush shall be given an option to renew the Tenancy for a further period of three (3) years ("**Option Period**") provided that the Company gives to EPSB not less than three (3) months written notice of its intention to renew the Tenancy. The Option Period will be subjected to a new rental rate which will be based on the then prevailing market rate to be mutually agreed between the parties.

Dato' Teo and Foo Sen Chin are both Directors and substantial shareholders of EPSB, each holding 50% of the issued and paid-up share capital of EPSB comprising 1,000,000 ordinary shares of RM1.00 each.

The market rental of the Premises, as appraised by CH Williams Talhar & Wong Sdn Bhd on 2 December 2008, is at RM128,815 per month.

10. RELATED-PARTY TRANSACTIONS & CONFLICT OF INTEREST

10.4 Declaration by Advisers

- (i) MIMB wishes to confirm that there is no existing or potential conflict of interest in its capacity as the Adviser, Sole Underwriter and Co-Placement Agent for the Listing.

However, MIMB wishes to highlight that EON Bank Berhad (“EBB”), the holding company of MIMB, has extended various banking facilities to our Group with a limit of up to approximately RM19.5 million comprising overdraft, letters of credit, trust receipts, bankers’ acceptances, shipping guarantees, bank guarantees and foreign exchange credit lines. As at LPD, the outstanding balance of the said banking facilities amounted to approximately RM9.35 million.

EBB has also extended a fixed loan of RM8.0 million to EPSB of which RM7.57 million is outstanding as at LPD. EPSB is the property owner of our Group’s rented main office and warehouse in Kota Damansara. Foo Sen Chin and Dato’ Teo are the substantial shareholders of EPSB.

Notwithstanding the foregoing, MIMB is of the view that the extension of the said banking facilities to our Group will not result in a conflict of interest situation as none of the gross proceeds from the Public Issue shall be utilised to repay the outstanding banking facilities.

In addition, the relationship between EBB and our Group does not give rise to a material conflict of interest situation due to the following reasons:-

- (a) MIMB is required to comply strictly with regulated policies and guidelines issued by the relevant authorities such as the SC and Bank Negara Malaysia.
- (b) MIMB’s role as the adviser for the listing has been carried out professionally and objectively in accordance with the relevant terms of the due diligence planning memorandum. The due diligence processes and the verification exercises (which were participated by our Directors and senior management, the Reporting Accountants, the Solicitors, the Independent Market Researchers, MIMB and other relevant advisers) have been duly undertaken and performed in relation to the preparation of relevant documents relating to our listing.
- (c) MIMB does not receive or derive any financial interest or benefit from the Listing other than the normal advisory fee, underwriting commission and placement fee charged.
- (ii) Messrs Cheang & Ariff has given its written confirmation that there is no conflict of interest in its capacity as the Solicitors to our Group for our Listing.
- (iii) Messrs Crowe Horwath (formerly known as Messrs Horwath) has given its written confirmation that there is no conflict of interest in its capacity as the Reporting Accountants to our Group for our Listing.
- (iv) Dun and Bradstreet (D&B) Malaysia Sdn Bhd has given its written confirmation that there is no conflict of interest in its capacity as the Independent Market Researcher for our Listing.
- (v) Messrs KPMG has given its written confirmation that there is no conflict of interest in its capacity as the Auditor to our Group.

11. MAJOR LICENCES, PERMITS & LANDED PROPERTIES

11.1 Major Licences & Permits

As at LPD, our Group does not require any major licences that may be relevant to the businesses of our Group.

11.2 Landed Properties

As at LPD, our Group do not own any landed properties.

11.3 Breach of Building By-Laws or Approved Land Use

There is no breach of building by-laws or approved land use by our Group as we do not own any landed properties.

11.4 Major Plant & Equipment

As at LPD, our Group has commissioned warehouse handling equipment consisting of two (2) forklifts, four (4) reach trucks and seven (7) pallet trucks. The said equipment and vehicles are commissioned for the purpose of handling our Group's inventory and deliveries. As at LPD, the net book value of the said warehouse handling equipments stood at RM125,103.

While we generally contract external transportation service providers to handle our deliveries, we have commissioned three (3) transportation vans to serve as standby vehicles.

In FYE 2008, FYE 2009 and up until LPD, we have spent approximately RM3.2 million in expenditure for office equipments, furniture and fittings as well as network equipments and warehouse handling equipments at our purpose-built office and warehouse.

Save for the above, we have not commissioned or engaged in the use of any other major plant and equipment for our operations.

12. FINANCIAL INFORMATION

12.1 Proforma Consolidated Income Statements

The following is a summary of the Proforma consolidated income statements of our Group for the past three (3) financial years up to FYE 2008, FPE 30 September 2008 and FPE 30 September 2009, which is presented for illustrative purposes only on the assumption that the group structure had been in place since FYE 2006.

The proforma consolidated income statements of our Group should be read in conjunction with the accompanying notes and assumptions as set out in the Reporting Accountants' Letter on the Proforma Consolidated Financial Information set out in Section 12.4 of this Prospectus.

| | ←-----FYE-----→ | | | ←FPE 30 September→ | |
|---|-----------------|----------------|----------------|--------------------|----------------|
| | 2006 RM'000 | 2007 RM'000 | 2008 RM'000 | 2008* RM'000 | 2009 RM'000 |
| Revenue | 765,995 | 976,990 | 1,159,534 | 877,052 | 940,365 |
| Cost of sales | (733,341) | (929,299) | (1,100,912) | (831,647) | (891,007) |
| GP | 32,654 | 47,691 | 58,622 | 45,405 | 49,358 |
| Other income | 1,831 | 3,398 | 3,611 | 2,895 | 2,052 |
| | 34,485 | 51,089 | 62,233 | 48,300 | 51,410 |
| Operating overheads | (20,968) | (28,685) | (31,193) | (24,300) | (26,055) |
| Finance costs | (2,947) | (3,458) | (3,934) | (2,973) | (1,904) |
| PBT | 10,570 | 18,946 | 27,106 | 21,027 | 23,451 |
| Depreciation | 777 | 871 | 956 | 705 | 1,141 |
| Interest expense | 2,947 | 3,458 | 3,934 | 2,973 | 1,904 |
| Interest income | - | (27) | (27) | (18) | (21) |
| EBITDA | 14,294 | 23,248 | 31,969 | 24,687 | 26,475 |
| Depreciation | (777) | (871) | (956) | (705) | (1,141) |
| Interest expense | (2,947) | (3,458) | (3,934) | (2,973) | (1,904) |
| Interest income | - | 27 | 27 | 18 | 21 |
| PBT | 10,570 | 18,946 | 27,106 | 21,207 | 23,451 |
| Income tax expense | (3,023) | (5,213) | (7,306) | (5,782) | (5,985) |
| PAT | 7,547 | 13,733 | 19,800 | 15,245 | 17,466 |
| GP margin (%) | 4.3 | 4.9 | 5.1 | 5.2 | 5.2 |
| PBT margin (%) | 1.4 | 1.9 | 2.3 | 2.4 | 2.5 |
| PAT margin (%) | 1.0 | 1.4 | 1.7 | 1.7 | 1.9 |
| Number of Shares in issue of RM0.50 each ¹ | 93,000 | 93,000 | 93,000 | 93,000 | 93,000 |
| Gross EPS (sen) ² | 11.4 | 20.4 | 29.1 | 22.6 | 25.2 |
| Net EPS (sen) ² | 8.1 | 14.8 | 21.3 | 16.4 | 18.8 |

Notes:-

* Unaudited and included for the purpose of comparison only.

1. Assumed number of ordinary shares in issue after the Internal Rationalisation, Proposed 20% Pericomp Acquisition but before the Public Issue.
2. The Gross EPS and Net EPS were computed by dividing the PBT and PAT respectively by the assumed number of shares in issue during the relevant financial years.

Pericomp shall become a wholly-owned subsidiary of ECSB upon the completion of the Proposed 20% Pericomp Acquisition, which is expected to be completed after the issuance of this Prospectus. Accordingly, there are no minority interests as all subsidiary companies of ECSB are wholly-owned pursuant to the Listing Scheme.

12. FINANCIAL INFORMATION**12.2 Proforma Consolidated Balance Sheets**

The following proforma consolidated balance sheet of our Group as at 30 September 2009 is for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions as set out in the Reporting Accountants' Letter on the Proforma Consolidated Financial Information set out in Section 12.4 of this Prospectus.

| | As at 30 September 2009 RM'000 | I After Internal Rationalisation RM'000 | II After I and Proposed 20% Pericomp Acquisition RM'000 | III After II and Public Issue RM'000 |
|---|---|--|--|---|
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | 192 | 3,955 | 3,955 | 3,955 |
| Investment in club membership | - | 62 | 62 | 62 |
| Deferred tax assets | - | 986 | 986 | 986 |
| Total non-current assets | 192 | 5,003 | 5,003 | 5,003 |
| CURRENT ASSETS | | | | |
| Inventories | - | 105,169 | 105,169 | 105,169 |
| Trade receivables | - | 134,473 | 134,473 | 134,473 |
| Other receivables, deposits and prepayments | 3 | 10,930 | 10,930 | 10,273 |
| Amount due from related companies | 9 | - | - | - |
| Amount due from related parties | - | 394 | 394 | 394 |
| Cash and bank balances | 72 | 22,833 | 22,833 | 54,470 |
| Tax recoverable | - | 54 | 54 | 54 |
| Total current assets | 84 | 273,853 | 273,853 | 304,833 |
| TOTAL ASSETS | 276 | 278,856 | 278,856 | 309,836 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| Share capital | 500 | 46,000 | 46,500 | 60,000 |
| Share premium | - | - | 960 | 25,435 |
| Reserves | (470) | 30,071 | 29,115 | 27,500 |
| SHAREHOLDERS' EQUITY | 30 | 76,071 | 76,575 | 112,995 |
| MINORITY INTEREST | - | 5,944 | - | - |
| TOTAL EQUITY | 30 | 82,015 | 76,575 | 112,995 |
| NON-CURRENT LIABILITIES | | | | |
| Other payables | - | 29 | 29 | 29 |
| Deferred tax liabilities | - | 324 | 324 | 324 |
| Total non-current liabilities | - | 353 | 353 | 353 |
| CURRENT LIABILITIES | | | | |
| Trade payables | - | 93,868 | 93,868 | 93,868 |
| Other payables and accruals | 20 | 38,206 | 43,646 | 38,206 |
| Amount due to related companies | 226 | - | - | - |
| Short-term borrowings | - | 52,200 | 52,200 | 52,200 |
| Provision for taxation | - | 2,614 | 2,614 | 2,614 |
| Proposed dividend | - | 9,600 | 9,600 | 9,600 |
| Total current liabilities | 246 | 196,488 | 201,928 | 196,488 |
| TOTAL LIABILITIES | 246 | 196,841 | 202,281 | 196,841 |
| TOTAL EQUITY AND LIABILITIES | 276 | 278,856 | 278,856 | 309,836 |
| Number of ordinary shares in issue ('000) | 1,000 | 92,000 | 93,000 | 120,000 |
| NA (RM'000) | 30 | 76,071 | 76,575 | 112,995 |
| NA per ordinary share (RM) | 0.03 | 0.83 | 0.82 | 0.94 |

12. FINANCIAL INFORMATION**12.3 Proforma Consolidated Cash Flow Statement**

The following proforma consolidated cash flow statement of our Group for the FPE 30 September 2009 is for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions as set out in the Reporting Accountants' Letter on proforma consolidated financial information as at FPE 30 September 2009 disclosed in Section 12.4 of this Prospectus.

| | FPE 30 September 2009 RM'000 |
|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| PBT | 23,451 |
| Adjustments for:- | |
| Depreciation of property, plant and equipment | 1,141 |
| Gain on disposal of property, plant and equipment | (451) |
| Unrealised loss on foreign exchange | 286 |
| Interest expense | 1,904 |
| Plant and equipment written off | 33 |
| Interest income | (21) |
| Operating profit before working capital changes | 26,343 |
| Increase in inventories | (37,955) |
| Increase in trade and other receivables | (13,444) |
| Increase in trade and other payables | 47,531 |
| CASH FROM OPERATIONS | 22,475 |
| Income tax paid | (5,908) |
| NET CASH FROM OPERATING ACTIVITIES | 16,567 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of plant and equipment | (1,542) |
| Proceed from disposal of property, plant and equipment | 3,381 |
| NET CASH FROM INVESTING ACTIVITIES | 1,839 |
| CASHFLOWS FOR FINANCING ACTIVITIES | |
| Repayment of bank borrowings | (10,538) |
| Interest paid | (1,904) |
| Deposits uplifted from a licensed bank | 4 |
| Interest received | 21 |
| Repayment to immediate holding company | (23) |
| Dividend paid | (74) |
| NET CASH FOR FINANCING ACTIVITIES | (12,514) |
| NET INCREASE IN CASH AND BANK BALANCES | 5,892 |
| CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL PERIOD* | 16,941 |
| CASH AND BANK BALANCES AT END OF THE FINANCIAL PERIOD | 22,833 |

Note:-

* The proceeds from disposal of ECSB pursuant to the listing scheme, amounted to RM39,075 was adjusted to the cash and bank balances at the beginning of the financial period.

The proforma consolidated cash flow statements of ECSB Group has been prepared after the Proposed 20% Pericomp Acquisition before taking into account the proceeds from the Public Issue and proposed utilisation of proceeds.

12. FINANCIAL INFORMATION

12.4 Reporting Accountants' Letter on the Proforma Consolidated Financial Information (prepared for the inclusion in this Prospectus)



Date: 22 February 2010

The Board of Directors
ECS ICT Berhad
Lot 3, Jalan Teknologi 3/5,
Taman Sains Selangor,
Kota Damansara,
47810 Petaling Jaya,
Selangor Darul Ehsan.

Dear Sirs/Madam

ECS ICT BERHAD ("ECSB") PROFORMA CONSOLIDATED FINANCIAL INFORMATION

We have reviewed the proforma consolidated financial information of ECS ICT Berhad and its subsidiaries ("**ECSB Group**" or "**the Group**") from the financial years ended 31 December 2006 to 2008 and the financial period ended 30 September 2009, together with the accompanying notes thereto, for which the Directors are solely responsible, as set out in the accompanying statements (initialled by us for the purpose of identification only), prepared for illustrative purposes for inclusion in the Prospectus of ECSB to be dated 19 March 2010.

It is our responsibility to form an opinion on the proforma consolidated financial information as required by the Prospectus Guidelines issued by the Securities Commission and to report our opinion to you.

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the audited financial statements, considering the evidence supporting the adjustments, and discussing the proforma consolidated financial information with the Directors of the Group.

As the proforma consolidated financial information has been prepared for illustrative purposes only, such information may not, because of its nature, reflect the actual financial position, results and cash flows of the Group. Further, such information does not purport to predict the future financial position, results and cash flows of the Group.

In our opinion,

- (a) the proforma consolidated financial information has been properly prepared on the bases set out in the accompanying notes to the proforma consolidated financial information and such bases are consistent with the accounting policies of ECSB Group unless otherwise stated;
- (b) the financial statements used in the preparation of the proforma consolidated financial information were prepared in accordance with applicable approved Financial Reporting Standards in Malaysia; and

Crowe Horwath AF 1018
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Member Crowe Horwath International

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12. FINANCIAL INFORMATION



- (c) each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing such proforma consolidated financial information.

We understand that this letter will be used solely for the purpose stated above, in connection with the aforementioned transactions. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

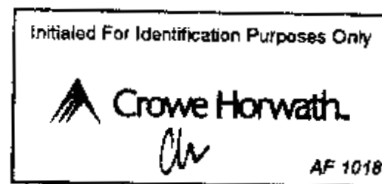
A handwritten signature in black ink, appearing to read "Crowe Horwath".

Crowe Horwath
Firm No : AF 1018
Chartered Accountants

A handwritten signature in black ink, appearing to read "Onn Kien Hoe".

Onn Kien Hoe
Approval No : 1772/11/10 (J/PH)
Partner

12. FINANCIAL INFORMATION



ECS ICT BERHAD ("ECSB") AND ITS SUBSIDIARIES ("ECSB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

1. PROFORMA GROUP AND BASIS OF PREPARATION

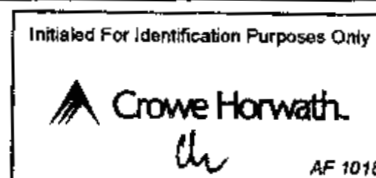
1.1 Proforma Group

The proforma consolidated financial information of ECS ICT Berhad ("ECSB") and its subsidiaries ("ECSB Group" or "the Group"), comprising the financial information of ECSB, ECS Astar Sdn. Bhd. ("Astar"), ECS Pericomp Sdn. Bhd. ("Pericomp"), ECS KUSH Sdn. Bhd. ("KUSH") and ECS KU Sdn. Bhd. ("KU") are presented for the purpose of illustration only.

The relevant financial years and period of ECSB Group for the purpose of this report covers financial years ended 31 December 2006 to 2008 and financial period from 1 January 2009 to 30 September 2009.

The proforma consolidated financial information of ECSB Group is prepared on the assumption that ECSB Group had been in existence throughout the financial years ended 31 December 2006 to 2008, and financial period from 1 January 2009 to 30 September 2009 ("Relevant Financial Period"). The proforma consolidated financial information comprises the following:-

- Section 2 - Proforma Consolidated Income Statements for the Relevant Financial Period;
- Section 3 - Proforma Consolidated Balance Sheets as at 30 September 2009; and
- Section 4 - Proforma Consolidated Cash Flow Statement for the FP from 1 January 2009 to 30 September 2009.

12. FINANCIAL INFORMATION**ECS ICT BERHAD ("ECSB") AND ITS SUBSIDIARIES ("ECSB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****1.2 Basis of Preparation**

The proforma consolidated financial information is prepared using the audited financial statements of ECSB, KUSH, Astar, Pericomp, and KU for the relevant financial period except for FP 2008 which relates to the unaudited management financial statements for the financial period from 1 January 2008 to 30 September 2008 for comparison purposes.

In preparing this report, certain reclassifications were made to ensure the consistency of presentation of information for comparison purposes.

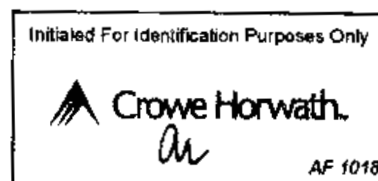
The proforma consolidated financial information has been prepared in accordance with Financial Reporting Standards ("FRS") and accounting principles generally accepted in Malaysia after incorporating adjustments that are appropriate for the preparation of the proforma consolidated financial information.

The proforma consolidated financial statements have been prepared using the merger method to account for the Internal Rationalisation and acquisition method to account for the Proposed 20% Pericomp Acquisition. Under the merger method, the difference between the carrying value of the investment and the nominal value of the share capital of the subsidiary is taken to the merger reserve.

The proforma consolidated balance sheets together with the accompanying notes thereto, have been prepared solely for illustrative purposes, to show the effects of the listing scheme had the scheme been implemented and completed on 30 September 2009.

The Group and the Company have not applied the following accounting standards amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective.

| FRSs / Interpretation | Effective date |
|--|-----------------------|
| Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards</i> and FRS 127, <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i> | 1 January 2010 |
| Amendments to FRS 2, <i>Share-based Payment: Vesting Conditions and Cancellations</i> | 1 January 2010 |
| FRS 4, <i>Insurance Contracts</i> | 1 January 2010 |
| FRS 7, <i>Financial Instruments: Disclosures</i> | 1 January 2010 |
| FRS 8, <i>Operating Segments</i> | 1 July 2009 |
| FRS 101, <i>Presentation of Financial Statements</i> | 1 January 2010 |

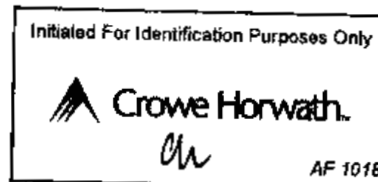
12. FINANCIAL INFORMATION**ECS ICT BERHAD ("ECSB") AND ITS SUBSIDIARIES ("ECSB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****1.2 Basis of Preparation (Cont'd)**

| FRSs / Interpretation | Effective date |
|---|-----------------------|
| FRS 123, <i>Borrowing Costs</i> | 1 January 2010 |
| Amendments to FRS 132, <i>Financial Instruments: Presentation and</i> FRS 101, <i>Presentation of Financial Statements - Puttable Financial</i> <i>Instruments and Obligations Arising on Liquidation</i> | 1 January 2010 |
| FRS 139, <i>Financial Instruments: Recognition and Measurement</i> | 1 January 2010 |
| Amendments to FRS 139, <i>Financial Instruments: Recognition and</i> <i>Measurement</i> , FRs 7, <i>Financial Instruments: Disclosures and</i> IC interpretation 9, <i>Reassessment of Embedded Derivatives</i> | 1 January 2010 |
| Improvements to FRSs(2009) | 1 January 2010 |
| IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i> | 1 January 2010 |
| IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i> | 1 January 2010 |
| IC Interpretation 11, FRS 2 - <i>Group and Treasury Share Transactions</i> | 1 January 2010 |
| IC Interpretation 13, <i>Customer Loyalty Programmes</i> | 1 January 2010 |
| IC Interpretation 14, FRS 119 - <i>The Limit on a Defined Benefit Asset,</i> <i>Minimum Funding Requirements and their Interaction</i> | 1 January 2010 |

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations from the annual period beginning 1 January 2010, except for FRS 4 and 8, Amendments to FRS 2, IC Interpretation 10, 11, 13 and 14 which are not applicable to the Group and the Company.

The impact of applying FRS 7 and FRS 139 on the financial instruments upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemptions given in the respective FRSs. The initial application of the other standards, amendments and interpretations is not expected to have any material impact on the financial statements or any material change in accounting policy.

12. FINANCIAL INFORMATION



ECSB ICT BERHAD ("ECSB") AND ITS SUBSIDIARIES ("ECSB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

1.2 Basis of Preparation (Cont'd)

Listing Scheme

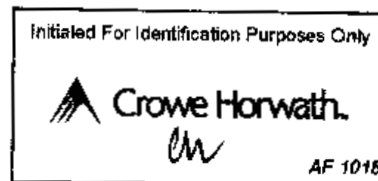
ECSB seeks a listing on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The listing scheme comprises the following:-

- 1) Internal Rationalisation
 - (a) Acquisition of the entire issued and paid up share capital of ECSB comprising 1,000,000 ordinary shares of RM0.50 each by ECS Holdings, Teo Soo Pin Sdn. Bhd. and Sengin Sdn. Bhd. from KUSH, Dato' Teo Chiang Quan and Mr. Foo Sen Chin for a total cash consideration of RM39,075;
 - (b) Acquisition of the entire issued and paid-up share capital of KUSH comprising 1,000,002 ordinary shares of RM1.00 each for a total purchase consideration of RM68,462,121, to be wholly satisfied through the issuance of 91,000,000 new ECSB shares of RM0.50 each at approximately RM0.75 per ECSB share; and
 - (c) Transfer of KUSH's entire equity interests in the following subsidiaries to ECSB:-
 - (i) the entire issued and paid up share capital of Astar, comprising 500,000 ordinary shares of RM1.00 each for a total cash consideration of RM100,000;
 - (ii) the entire issued and paid up share capital of KU, comprising 400,000 ordinary shares of RM1.00 each from KUSH for a total cash consideration of RM1,000,000; and
 - (iii) 320,000 ordinary shares of RM1.00 each in Pericomp, representing 80% of the issued and paid-up share capital of Pericomp for a total cash consideration of RM560,000.

The above are collectively referred to as "Transfers" hereinafter.

The consideration for the Transfers shall, upon completion, be wholly satisfied by way of an indebtedness owing by ECSB to KUSH. The said indebtedness shall be settled through the proceeds arising from the Public Issue.

12. FINANCIAL INFORMATION



ECS ICT BERHAD ("ECSB") AND ITS SUBSIDIARIES ("ECSB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

1.2 Basis of Preparation (Cont'd)

Listing Scheme (Cont'd)

2) Proposed 20% Pericomp Acquisition

Proposed acquisition of the remaining 20% of issued and paid-up share capital of Pericomp represented by 80,000 ordinary shares of RM1.00 each for a total purchase consideration of RM6,900,000. The purchase consideration of RM6,900,000 shall be satisfied in the following manner: -

- (a) issuance of 1,000,000 new ECSB shares at an issue price equivalent to the IPO price; and
- (b) the remaining consideration sum, to be wholly satisfied by way of indebtedness owing by ECSB. The said indebtedness shall be settled through the proceeds arising from the Public Issue.

3) Public Issue

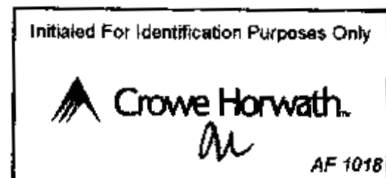
Public issue of 27,000,000 new ECSB Shares ("Public Issue Shares") at an issue price of RM1.46 per Share;

4) Offer For Sale

Offer for sale of up to 20,000,000 ECSB Shares ("Offer Shares"), representing up to 16.7% of the enlarged issued and paid-up share capital, at an offer price of RM1.46 per Share by way of private placement.

5) Listing

Admission of ECSB to Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued and paid-up share capital of ECSB of RM60,000,000 comprising 120,000,000 Shares on the Main Market of Bursa Malaysia Securities Berhad.

12. FINANCIAL INFORMATION**ECS ICT BERHAD ("ECSB") AND ITS SUBSIDIARIES ("ECSB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****2. PROFORMA CONSOLIDATED INCOME STATEMENTS OF ECSB GROUP**

| | Audited FYE 2006 ¹ RM'000 | Audited FYE 2007 ¹ RM'000 | Audited FYE 2008 ¹ RM'000 | Unaudited FP 2008 ^{*2} RM'000 | Audited FP 2009 ¹ RM'000 |
|--|--|--|--|--|---|
| Revenue | 765,995 | 976,990 | 1,159,534 | 877,052 | 940,365 |
| Cost of sales | (733,341) | (929,299) | (1,100,912) | (831,647) | (891,007) |
| Gross profit ("GP") | 32,654 | 47,691 | 58,622 | 45,405 | 49,358 |
| Other income | 1,831 | 3,998 | 3,611 | 2,895 | 2,052 |
| Operating overheads | (20,968) | (28,685) | (31,193) | (24,300) | (26,055) |
| Finance costs | (2,947) | (3,458) | (3,934) | (2,973) | (1,904) |
| Profit before taxation ("PBT") | 10,570 | 18,946 | 27,106 | 21,027 | 23,451 |
| Depreciation | 777 | 871 | 958 | 705 | 1,141 |
| Interest expense | 2,947 | 3,458 | 3,934 | 2,973 | 1,904 |
| Interest income | - | (27) | (27) | (18) | (21) |
| Earning before interest, depreciation and taxation | 14,294 | 23,248 | 31,969 | 24,687 | 26,475 |
| Depreciation | (777) | (871) | (956) | (705) | (1,141) |
| Interest expense | (2,947) | (3,458) | (3,934) | (2,973) | (1,904) |
| Interest income | - | 27 | 27 | 18 | 21 |
| PBT | 10,570 | 18,946 | 27,106 | 21,027 | 23,451 |
| Income tax expense | (3,023) | (5,213) | (7,308) | (5,782) | (5,985) |
| Profit after taxation ("PAT") | 7,547 | 13,733 | 19,800 | 15,245 | 17,466 |
| GP margin (%) | 4.3 | 4.9 | 5.1 | 5.2 | 5.2 |
| PBT margin (%) | 1.4 | 1.9 | 2.3 | 2.4 | 2.5 |
| PAT margin (%) | 1.0 | 1.4 | 1.7 | 1.7 | 1.9 |
| Effective tax rate (%) | 28.6 | 27.5 | 27.0 | 27.5 | 25.5 |
| Interest coverage (times) | 4.6 | 6.5 | 7.9 | 8.1 | 13.3 |
| Trade receivables turnover ratio [#] (days) | 41 | 43 | 39 | 36 | 39 |
| Trade payables turnover ratio ^{###} (days) | 16 | 22 | 17 | 15 | 27 |
| Gearing ratio ^{###} (times) | 1.6 | 1.4 | 0.9 | 1.1 | 0.6 |
| Assumed number of ordinary shares in issue of RM0.50 each [^] ('000) | 93,000 | 93,000 | 93,000 | 93,000 | 93,000 |
| Gross earnings per share ("EPS") based on assumed number of shares in issue ^{^^} (sen) | 11.4 | 20.4 | 29.1 | 22.6 | 25.2 |
| Net EPS based on assumed number of shares in issue ^{^^} (sen) | 8.1 | 14.8 | 21.3 | 16.4 | 18.8 |

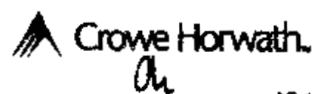
Notes:-

- ¹ - Based on audited financial statements.
- ² - Based on unaudited financial statements.
- ^{*} - For comparison purposes.
- [#] - Computed by dividing the net trade receivables over revenue.
- ^{###} - Computed by dividing the trade payables over purchases.
- ^{###} - Computed by dividing the total interest bearing debts over shareholders fund.
- [^] - Assumed number of ordinary shares in issue after the Internal Rationalisation, Proposed 20% Pericomp Acquisition but before the Public Issue.
- ^{^^} - The Gross EPS and Net EPS were computed by dividing the PBT and PAT respectively by the assumed number of shares in issue during the Relevant Financial Period.

There is no minority interest as all subsidiaries are wholly owned pursuant to the Listing Scheme.

12. FINANCIAL INFORMATION

Initialed For Identification Purposes Only

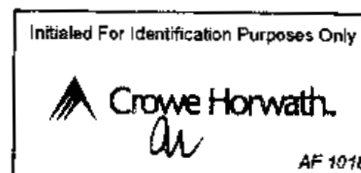


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ECS ICT BERHAD ("ECSB") AND ITS SUBSIDIARIES ("ECSB GROUP")**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF ECSB GROUP AS AT 30 SEPTEMBER 2009**

| | Note | As at 30.9.2009 ECSB RM'000 | Proforma I After Internal Rationalisation RM'000 | Proforma II After Proforma I and Proposed 20% Pericomp Acquisition RM'000 | Proforma III After Proforma II and Public Issue RM'000 |
|---|------|--------------------------------------|---|--|--|
| ASSETS | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Property, plant and equipment | 3.4 | 192 | 3,955 | 3,955 | 3,955 |
| Investment in club membership | | - | 62 | 62 | 62 |
| Deferred tax assets | 3.5 | - | 986 | 986 | 986 |
| Total non-current assets | | 192 | 5,003 | 5,003 | 5,003 |
| CURRENT ASSETS | | | | | |
| Inventories | 3.6 | - | 105,169 | 105,169 | 105,169 |
| Trade receivables | 3.7 | - | 134,473 | 134,473 | 134,473 |
| Other receivables, deposits and prepayments | 3.8 | 3 | 10,930 | 10,930 | 10,273 |
| Amount due from related companies | 3.9 | 9 | - | - | - |
| Amount due from related parties | 3.10 | - | 394 | 394 | 394 |
| Cash and bank balances | 3.11 | 72 | 22,833 | 22,833 | 54,470 |
| Tax recoverable | | - | 54 | 54 | 54 |
| Total current assets | | 84 | 273,853 | 273,853 | 304,833 |
| TOTAL ASSETS | | 276 | 278,856 | 278,856 | 309,836 |
| EQUITY AND LIABILITIES | | | | | |
| EQUITY | | | | | |
| Share capital | 3.12 | 500 | 46,000 | 46,500 | 60,000 |
| Share premium | 3.13 | - | - | 960 | 25,435 |
| Reserves | 3.14 | (470) | 30,071 | 29,115 | 27,560 |
| SHAREHOLDERS' EQUITY | | 30 | 76,071 | 76,575 | 112,995 |
| MINORITY INTERESTS | 3.15 | - | 5,944 | - | - |
| TOTAL EQUITY | | 30 | 82,015 | 76,575 | 112,995 |
| NON-CURRENT LIABILITIES | | | | | |
| Other payables | 3.16 | - | 29 | 29 | 29 |
| Deferred tax liabilities | 3.5 | - | 324 | 324 | 324 |
| Total non-current liabilities | | - | 353 | 353 | 353 |
| CURRENT LIABILITIES | | | | | |
| Trade payables | 3.17 | - | 93,868 | 93,868 | 93,868 |
| Other payables and accruals | 3.16 | 20 | 36,206 | 43,646 | 38,206 |
| Amount due to related companies | 3.9 | 226 | - | - | - |
| Short-term borrowings | 3.18 | - | 52,200 | 52,200 | 52,200 |
| Provision for taxation | | - | 2,614 | 2,614 | 2,614 |
| Dividend payable | 3.19 | - | 9,600 | 9,600 | 9,600 |
| Total current liabilities | | 246 | 196,488 | 201,928 | 196,486 |
| TOTAL LIABILITIES | | 246 | 196,841 | 202,281 | 196,841 |
| TOTAL EQUITY AND LIABILITIES | | 276 | 278,856 | 278,856 | 309,836 |
| Number of ordinary shares in issue ('000) | | 1,000 | 92,000 | 93,000 | 120,000 |
| Net Assets ("NA") (RM'000) | | 30 | 76,071 | 76,575 | 112,995 |
| NA per ordinary share (RM) | | 0.03 | 0.83 | 0.82 | 0.94 |

12. FINANCIAL INFORMATION



ECS ICT BERHAD ("ECSB") AND ITS SUBSIDIARIES ("ECSB GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF ECSB GROUP As At 30 SEPTEMBER 2009 (CONT'D)

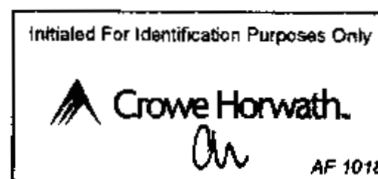
3.1 Proforma I

Proforma I incorporates the declaration of RM9.6 million single tier interim dividend and the Internal Rationalisation which include the following:-

- (a) Acquisition of the entire issued and paid up share capital of ECSB comprising 1,000,000 ordinary shares of RM0.50 each by ECS Holdings, Teo Soo Pin Sdn. Bhd. and Sengin Sdn. Bhd. from KUSH, Dato' Teo Chiang Quan and Mr. Foo Sen Chin for a total cash consideration of RM39,075;
- (b) Acquisition of the entire issued and paid-up share capital of KUSH comprising 1,000,002 ordinary shares of RM1.00 each for a total purchase consideration of RM68,462,121, to be wholly satisfied through the issuance of 91,000,000 new ECSB shares at approximately RM0.75 per ECSB Share; and
- (c) Transfer of KUSH's entire equity interests in the following subsidiaries to ECSB:-
 - (i) the entire issued and paid up share capital of Astar, comprising 500,000 ordinary shares of RM1.00 each for a total cash consideration of RM100,000;
 - (ii) the entire issued and paid up share capital of KU, comprising 400,000 ordinary shares of RM1.00 each for a total cash consideration of RM1,000,000; and
 - (iii) 320,000 ordinary shares of RM1.00 each in Pericomp, representing 80% of the issued and paid-up share capital of Pericomp for a total cash consideration of RM560,000.

The above are collectively referred to as "**Transfers**" hereinafter.

The consideration for the Transfers shall, upon completion, be wholly satisfied by way of an indebtedness owing by ECSB to KUSH. The said indebtedness shall be settled through the proceeds arising from the Public Issue.

12. FINANCIAL INFORMATION**ECS ICT BERHAD ("ECSB") AND ITS SUBSIDIARIES ("ECSB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF ECSB GROUP AS AT 30 SEPTEMBER 2009 (CONT'D)****3.2 Proforma II**

Proforma II incorporates the effects of Proforma I and the Proposed 20% Pericomp Acquisition.

3.3 Proforma III

Proforma III incorporates the effects of Proforma II and the Public Issue. The proceeds will be utilised as follows:-

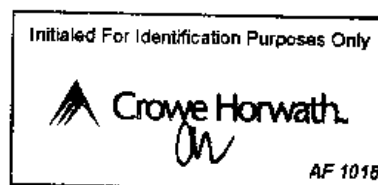
| | RM'000 |
|---|---------------|
| To fund the Transfers | 1,660 |
| To fund the Proposed 20% Pericomp Acquisition | 5,440 |
| Business expansion | 5,000 |
| Estimated listing expenses * | 3,000 |
| Working capital | 24,320 |
| | 39,420 |

Note:-

* - The estimated listing expenses for issue of new shares of RM1,445,000 is to be written off against the share premium account under Section 60 of the Companies Act 1965 in Malaysia. The remaining of estimated listing expenses of RM1,555,000 will be expensed off to the income statement and this represents a one-off expenditure pursuant to the Initial Public Offering.

3.4 Property, Plant and Equipment

| At 30.9.2009 | At Cost RM'000 | Accumulated Depreciation RM'000 | Net Book Value as per Proforma I,II and III RM'000 |
|------------------------|----------------------|---------------------------------------|---|
| Office equipment | 6,789 | (4,242) | 2,547 |
| Office renovation | 115 | (65) | 50 |
| Motor vehicles | 1,414 | (1,184) | 230 |
| Furniture and fittings | 1,420 | (292) | 1,128 |
| | 9,738 | (5,783) | 3,955 |

12. FINANCIAL INFORMATION**ECS ICT BERHAD ("ECSB") AND ITS SUBSIDIARIES ("ECSB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF ECSB GROUP AS AT 30 SEPTEMBER 2009 (CONT'D)****3.5 Deferred Taxation**

Deferred tax assets and liabilities are attributable to the following;

| | |
|-------------------------------|---------------|
| | RM'000 |
| Deferred tax assets | 986 |
| Deferred tax liabilities | (324) |
| As per Proforma I, II and III | 662 |

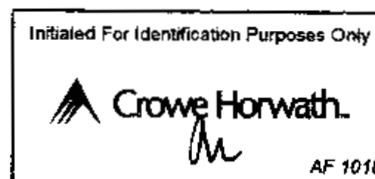
Movement in temporary difference during the period

| | At 1.1.2009 RM'000 | Recognised in income statement RM'000 | Recognised in equity RM'000 | At 30.9.2009 RM'000 |
|---------------------------------|-----------------------|--|-----------------------------------|------------------------|
| Property, plant and equipment | | | | |
| - capital allowance | (479) | (18) | - | (497) |
| - revaluation | (324) | - | 324 | - |
| - unabsorbed capital allowances | 51 | (17) | - | 34 |
| Provisions | 714 | 340 | - | 1,054 |
| Other items | (120) | 191 | - | 71 |
| | (158) | 496 | 324 | 662 |

3.6 Inventories

| | |
|-------------------------------|---------------|
| | RM'000 |
| Finished goods | |
| - at cost | 100,829 |
| - at net realisable value | 1,311 |
| Goods-in-transit | 3,029 |
| As per Proforma I, II and III | 105,169 |

The write-down of inventories to net realisable value amounted to RM963,058.

12. FINANCIAL INFORMATION**ECS ICT BERHAD ("ECSB") AND ITS SUBSIDIARIES ("ECSB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF ECSB GROUP AS AT 30 SEPTEMBER 2009 (CONT'D)****3.7 Trade Receivables**

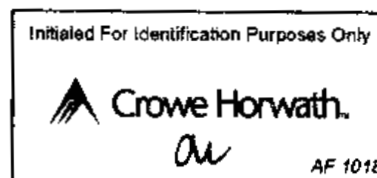
| | RM'000 |
|--|----------------|
| Gross trade receivables | 136,035 |
| Allowance for doubtful debts:- | |
| At 1 January 2009 | (1,079) |
| Addition for the financial period | (1,159) |
| Bad debts written off | 676 |
| At 30 September 2009 | (1,562) |
| Net trade receivables as per Proforma I,II and III | <u>134,473</u> |

The Group's normal trade credit terms range from 14 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

3.8 Other Receivables, Deposits And Prepayments

Included in deposits is an amount of RM772,890 rental security deposits paid to a company in which certain directors have substantial interests.

| | RM'000 |
|---|---------------|
| Audited as at 30 September 2009 | 3 |
| Arising from the Internal Rationalisation | 10,927 |
| As per Proforma I and Proforma II | 10,930 |
| Less : Prepaid listing expenses | (657) |
| As per Proforma III | <u>10,273</u> |

12. FINANCIAL INFORMATION**ECS ICT BERHAD ("ECSB") AND ITS SUBSIDIARIES ("ECSB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF ECSB GROUP AS AT 30 SEPTEMBER 2009 (CONT'D)****3.9 Amount Due From Related Companies**

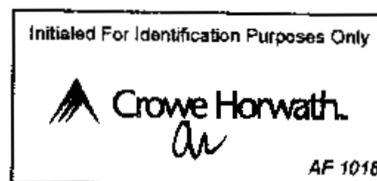
The amounts due from related companies are unsecured, bear interest at 5% per annum and are subject to the normal trade terms.

3.10 Amount Due From Related Parties

The amounts due from related parties are trade in nature and subject to normal trade terms.

3.11 Cash And Bank Balances

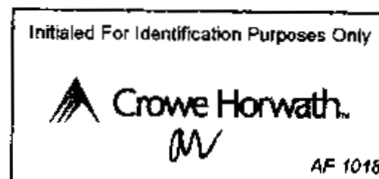
| | RM'000 |
|---|---------------|
| Audited as at 30 September 2009 | 72 |
| Arising from the Internal Rationalisation | 22,761 |
| As per Proforma I and Proforma II | 22,833 |
| Proceeds from the Public Issue | 39,420 |
| Utilisation of proceeds: | |
| - proposed 20% Pericomp Acquisition | (5,440) |
| - estimated listing expenses | (2,343) |
| As per Proforma III | <u>54,470</u> |

12. FINANCIAL INFORMATION**ECS ICT BERHAD ("ECSB") AND ITS SUBSIDIARIES ("ECSB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF ECSB GROUP AS AT 30 SEPTEMBER 2009 (CONT'D)****3.12 Share Capital**

The issued and paid-up share capital of ECSB as at 30 September 2009 was RM500,000 comprising 1,000,000 ordinary shares of RM0.50 each.

The movements in the issued and paid-up share capital of ECSB are as follows:-

| | Number of Ordinary Shares (<i>'000</i>) | Amount of Share Capital RM' <i>000</i> |
|--|--|---|
| Audited as at 30 September 2009 | 1,000 | 500 |
| Issuance of shares for the Acquisition of KUSH | 91,000 | 45,500 |
| As per Proforma I | 92,000 | 46,000 |
| Issuance of shares for the Proposed 20% Pericomp Acquisition | 1,000 | 500 |
| As per Proforma II | 93,000 | 46,500 |
| Public Issue | 27,000 | 13,500 |
| As per Proforma III | 120,000 | 60,000 |

12. FINANCIAL INFORMATION**ECS ICT BERHAD ("ECSB") AND ITS SUBSIDIARIES ("ECSB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF ECSB GROUP AS AT 30 SEPTEMBER 2009 (CONT'D)****3.13 Share Premium**

The movements in the share premium account are as follows:-

| | RM'000 |
|--|---------|
| As at 30 September 2009 | - |
| Issuance of shares for the Acquisition of KUSH* | - |
| As per Proforma I | - |
| Issuance of shares for the Proposed 20% Pericomp Acquisition | 960 |
| As per Proforma II | 960 |
| Public Issue | 25,920 |
| Estimated listing expenses # | (1,445) |
| As per Proforma III | 25,435 |

Note:-

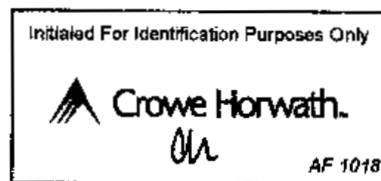
* - Merger relief pursuant to Section 60(4) of the Companies Act 1965 in Malaysia.

- The estimated listing expenses for issue of new shares of RM1,445,000 is to be written off against the share premium account under Section 60 of the Companies Act 1965 in Malaysia. The remaining of estimated listing expenses of RM1,555,000 will be expensed off to the income statement and this represents a one-off expenditure pursuant to the Initial Public Offering.

The share premium is not distributable by way of cash dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965.

3.14 Reserves

| | Note | RM'000 |
|--------------------------|------|--------|
| NON-DISTRIBUTABLE | | |
| Capital reserve | (a) | - |
| Merger deficit | (c) | - |
| DISTRIBUTABLE | | |
| Retained profits | (d) | 27,560 |
| As per Proforma III | | 27,560 |

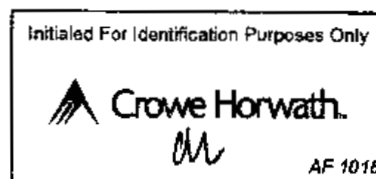
12. FINANCIAL INFORMATION**ECS ICT BERHAD ("ECSB") AND ITS SUBSIDIARIES ("ECSB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF ECSB GROUP AS AT 30 SEPTEMBER 2009 (CONT'D)****3.14 Reserves (Cont'd)**

- (a) The capital reserve represents the capitalisation of the subsidiaries' retained profits for their bonus issues;
- (b) The merger deficit arose from the difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries upon consolidation using merger accounting principles.

| | RM'000 |
|---|---------------|
| Merger deficit arose from Acquisition of KUSH group | 44,500 |
| set-off against : | |
| - Capital reserve | (400) |
| - Retained profits | (44,100) |
| | <hr/> |
| As per Proforma I, II and Proforma III | - |
| | <hr/> |
| (c) (Accumulated losses)/Retained profits | |
| | RM'000 |
| Audited as at 30 September 2009 | (470) |
| Internal Rationalisation | 84,241 |
| Less: Set-off against merger deficit | (44,100) |
| : Interim dividend | (9,600) |
| | <hr/> |
| As per Proforma I | 30,071 |
| Proposed 20% Pericomp Acquisition* | (956) |
| | <hr/> |
| As per Proforma II | 29,115 |
| Estimated listing expenses# | (1,555) |
| | <hr/> |
| As per Proforma III | 27,560 |
| | <hr/> |

Note:-

- * - The acquisition of the additional 20% shares in Pericomp has resulted in a goodwill of approximately RM1.1million. This goodwill has been treated as a transaction involving equity holders in accordance with International Financial Reporting Standard IFRS 3 (revised) - Business Combination. The existing IFRS 3 - Business Combination, does not deal with such issue and guidance is obtained using the treatment of the above IFRS.
- # - The estimated listing expenses for issue of new shares of RM1,445,000 is to be written off against the share premium account under Section 60 of the Companies Act 1965 in Malaysia. The remaining of estimated listing expenses of RM1,555,000 will be expensed off to the income statement and this represents a one-off expenditure pursuant to the Initial Public Offering.

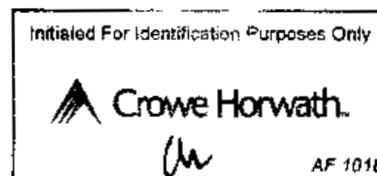
12. FINANCIAL INFORMATION**ECS ICT BERHAD ("ECSB") AND ITS SUBSIDIARIES ("ECSB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF ECSB GROUP AS AT 30 SEPTEMBER 2009 (CONT'D)****3.15 Minority Interests**

Minority interests are measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

| | RM'000 |
|-----------------------------------|---------------|
| Audited as at 30 September 2009 | - |
| Proposed Internal Rationalisation | 5,944 |
| As per Proforma I | 5,944 |
| Proposed 20% Pericomp Acquisition | (5,944) |
| As per Proforma II and III | - |

3.16 Other Payables And Accruals

| | RM'000 |
|--|---------------|
| Non-current: | |
| Other payables | 29 |
| As per Proforma I, II and III | 29 |
| Current: | |
| Other payables | 6,598 |
| Deferred revenue | 387 |
| Marketing Funds | 22,824 |
| Accruals | 8,397 |
| As per Proforma I | 38,206 |
| Indebtedness arose from the Proposed 20% Pericomp Acquisition | 5,440 |
| As per Proforma II | 43,646 |
| Repayment of indebtedness arose from the Proposed 20% Pericomp Acquisition | (5,440) |
| As per Proforma III | 38,206 |
| Total other payables and accruals | 38,235 |

12. FINANCIAL INFORMATION**ECS ICT BERHAD ("ECSB") AND ITS SUBSIDIARIES ("ECSB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS/STATEMENT OF ASSETS AND LIABILITIES OF ECSB GROUP AS AT 30 SEPTEMBER 2009 (CONT'D)****3.17 Trade Payables**

The normal trade credit terms granted to the ECSB Group range from 30 to 60 days.

Significant payables that are not in the functional currency of the Group entities are as follows:-

| | |
|-----|---------------|
| | RM'000 |
| USD | 30,581 |

3.18 Short-term Borrowings

| | |
|-------------------------------|---------------|
| | RM'000 |
| Bankers' acceptances | 44,700 |
| Revolving credits | 7,500 |
| As per Proforma I, II and III | <u>52,200</u> |

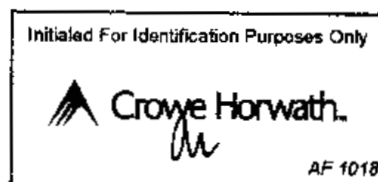
At the balance sheet date, the effective interest rates are as follows:-

| | |
|----------------------|--|
| | Effective interest rate % |
| Bankers' acceptances | 4.01 |
| Revolving credits | 4.03 |

The bank borrowings are secured by a negative pledge over the entire assets of a subsidiary and guaranteed by the ultimate holding company, ECS Holdings Limited and KUSH.

3.19 Proposed Dividend

KUSH declared a single tier interim ordinary dividend of 959.998% per ordinary share totaling RM9.6 million in respect of the financial year ending 31 December 2009 on 6 November 2009. The dividend will be paid on a date to be determined by the Directors to the shareholders registered in the books of KUSH as at the close of business on 6 November 2009.

12. FINANCIAL INFORMATION**ECS ICT BERHAD ("ECSB") AND ITS SUBSIDIARIES ("ECSB GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****4. PROFORMA CONSOLIDATED CASH FLOW STATEMENT OF ECSB GROUP FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2009***

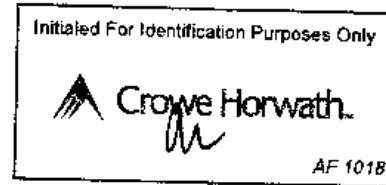
| | FP 2009 RM'000 |
|---|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Profit before taxation | 23,451 |
| Adjustments for:- | |
| Depreciation of property, plant and equipment | 1,141 |
| Gain on disposal of property, plant and equipment | (451) |
| Unrealised loss on foreign exchange | 286 |
| Interest expense | 1,904 |
| Plant and equipment written off | 33 |
| Interest income | (21) |
| Operating profit before working capital changes | <u>26,343</u> |
| Increase in inventories | (37,955) |
| Increase in trade and other receivables | (13,444) |
| Increase in trade and other payables | <u>47,531</u> |
| CASH FROM OPERATIONS | <u>22,475</u> |
| Income tax paid | (5,908) |
| NET CASH FROM OPERATING ACTIVITIES | <u>16,567</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of plant and equipment | (1,542) |
| Proceed from disposal of property, plant and equipment | <u>3,381</u> |
| NET CASH FROM INVESTING ACTIVITIES | <u>1,839</u> |
| CASH FLOWS FOR FINANCING ACTIVITIES | |
| Repayment of bank borrowings | (10,538) |
| Interest paid | (1,904) |
| Deposits uplifted from a licensed bank | 4 |
| Interest received | 21 |
| Repayment to immediate holding company | (23) |
| Dividend paid | (74) |
| NET CASH FOR FINANCING ACTIVITIES | <u>(12,514)</u> |
| NET INCREASE IN CASH AND BANK BALANCES | <u>5,892</u> |
| CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL PERIOD ** | <u>16,941</u> |
| CASH AND BANK BALANCES AT END OF THE FINANCIAL PERIOD | <u>22,833</u> |

Note:

* - The Proforma Consolidated Cash Flow Statements of ECSB Group has been prepared after the Proposed 20% Pericomp Acquisition before taking into account the proceeds from the Public Issue and Utilisation of Proceeds.

** - The proceeds from disposal of ECSB pursuant to the listing scheme, details of which are set out in paragraph 1(a) of Basis of Preparation amounting to RM39,075 was adjusted to the cash and bank balances at the beginning of the financial period.

12. FINANCIAL INFORMATION



ECS ICT BERHAD ("ECSB") AND ITS SUBSIDIARIES ("ECSB GROUP")

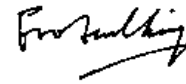
APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated 19 February 2010

On behalf of the Board,



DATO' TEO CHANG QUAN



FOO SEN CHIN

12. FINANCIAL INFORMATION**12.5 Capitalisation & Indebtedness**

The consolidated cash and bank balances, capitalisation and indebtedness of our Group as at 30 September 2009 based on our proforma consolidated balance sheets as at 30 September 2009, adjusted for the net proceeds arising from the Public Issue as set out in Section 3.9 of this Prospectus are as follows:-

| | Audited as at 30 September 2009 RM'000 | After Internal Rationalisation And Proposed 20% Pericomp Acquisition RM'000 | After Public Issue and utilisation of proceeds RM'000 |
|--|---|--|---|
| Cash and bank balances | 72 | 22,833 | 54,470 |
| Borrowings | | | |
| - Short term borrowings (secured and guaranteed) * | - | 52,200 | 52,200 |
| - Long term borrowings | - | - | - |
| Total indebtedness | - | 52,200 | 52,200 |
| Total Equity | 30 | 76,575 | 112,995 |
| Total Capitalisation and Indebtedness | 30 | 24,375 | 60,795 |

Note:-

* Our Group borrowings are usually secured by way of corporate guarantee by ECS Holdings and/or Kush or through a negative pledge over our Group's assets.

Contingent Liabilities

Our Board is not aware of any contingent liabilities as at LPD (being the latest practicable date at which such amounts could be calculated prior to registration of this Prospectus), which have become enforceable or is likely to become enforceable, which in the opinion of our Directors, will or may substantially affect the ability of our Group to meet our obligations as and when they fall due.

13. MANAGEMENT DISCUSSION & ANALYSIS OF PAST FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

The following management's discussion and analysis of our Group's past financial performances and results of operations should be read in conjunction with the proforma consolidated financial information of our Group and the related notes thereon included in Section 12.4 of this Prospectus.

This discussion and analysis contains data derived from the audited financial statements of our Group as well as forward-looking statements that involve risks and uncertainties. Our Group's results may differ significantly from those projected in the forward-looking statements.

Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 4 of this Prospectus.

13.1 Overview

We are a company with MSC Status and are principally involved in investment holding. We are also involved in the provision of e-commerce systems and solutions, whilst our subsidiary companies, namely Astar, Ku, Pericomp and Kush are principally involved in ICT Distribution, Enterprise Systems and ICT Services.

Our Group is one of the largest ICT distributors in Malaysia in terms of revenue and we offer a wide range of ICT products and enterprise systems originating from leading international ICT principals. Additionally, we provide our customers with a substantial range of services such as system integration, network and Internet solutions, software support services, hardware repairs and general ICT maintenance services. We are recognised as an ICT hub for ICT hardware, software and related services. We are also commonly referred by our ICT principals and resellers/customers as a channel development partner.

Please refer to Section 5 and 6 of this Prospectus for details on our Group.

13.2 Directors' Analysis & Commentary on the Proforma Consolidated Income Statements

13.2.1 Segmental Analysis

The following is our segmental analysis for the past three (3) financial years up to FYE 2008, FPE 30 September 2008 and FPE 30 September 2009 prepared based on our proforma consolidated results on the assumption that our Group had been in existence through out the financial years under review:-

(i) Analysis of Revenue by Companies

| Companies | <-----FYE-----> | | | <--FPE 30 September--> | |
|---|-----------------------|-----------------------|-------------------------|------------------------|-----------------------|
| | 2006 RM'000 | 2007 RM'000 | 2008 RM'000 | 2008* RM'000 | 2009 RM'000 |
| Astar | 675,044 | 869,640 | 1,024,508 | 776,130 | 849,395 |
| Pericomp | 88,148 | 105,359 | 132,077 | 98,000 | 88,515 |
| Kush | 5,296 | 5,949 | 7,589 | 4,834 | 6,381 |
| Ku | 11,014 | 15,493 | 10,624 | 9,008 | 12,275 |
| ECSB | 22 | 33 | 125 | 90 | 127 |
| | <u>779,524</u> | <u>996,474</u> | <u>1,174,923</u> | <u>888,063</u> | <u>956,693</u> |
| Elimination of inter-company transactions | (13,529) | (19,484) | (15,389) | (11,011) | (16,328) |
| Group's Revenue | <u>765,995</u> | <u>976,990</u> | <u>1,159,534</u> | <u>877,052</u> | <u>940,365</u> |

Note:-

* Unaudited and included for the purpose of comparison only.

13. MANAGEMENT DISCUSSION & ANALYSIS OF PAST FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

(ii) Analysis of Revenue by Activities

| Activities | <-----FYE-----> | | | <--FPE 30 September--> | |
|--|-----------------|----------------|------------------|------------------------|----------------|
| | 2006 RM'000 | 2007 RM'000 | 2008 RM'000 | 2008* RM'000 | 2009 RM'000 |
| ICT Distribution | 573,149 | 750,539 | 849,436 | 648,839 | 678,873 |
| Enterprise Systems | 190,649 | 224,179 | 293,094 | 215,957 | 257,234 |
| ICT Services | 10,430 | 15,807 | 24,804 | 18,432 | 14,205 |
| Management fee, rental and dividend income | 5,296 | 5,949 | 7,589 | 4,834 | 6,381 |
| | 779,524 | 996,474 | 1,174,923 | 888,063 | 956,693 |
| Elimination of inter company transactions | (13,529) | (19,484) | (15,389) | (11,011) | (16,328) |
| Group's Revenue | 765,995 | 976,990 | 1,159,534 | 877,052 | 940,365 |

Note:-

* Unaudited and included for the purpose of comparison only.

(iii) Analysis of Revenue by Local/Exports Sales

To avoid parallel importing, most of our ICT principals would include clauses in the distributorship agreements which prohibit our Group from re-exporting ICT products supplied by them. As such, none of our Group revenue has been derived from export sales in the last three (3) financial years up to FYE 2008 and in the FPE 30 September 2008 and FPE 30 September 2009.

(iv) Analysis of PBT by Companies

| Companies | <-----FYE-----> | | | <--FPE 30 September--> | |
|---|-----------------|----------------|----------------|------------------------|----------------|
| | 2006 RM'000 | 2007 RM'000 | 2008 RM'000 | 2008* RM'000 | 2009 RM'000 |
| Astar | 7,722 | 12,439 | 20,362 | 16,086 | 18,732 |
| Pericomp | 3,009 | 6,390 | 6,606 | 4,605 | 4,215 |
| Kush | 93 | 319 | 308 | 509 | 345 |
| Ku | (32) | 161 | 105 | (119) | 162 |
| ECSB | (121) | (100) | (53) | (33) | (9) |
| | 10,671 | 19,209 | 27,328 | 21,048 | 23,445 |
| Elimination of inter-company transactions | (101) | (263) | (222) | (21) | 6 |
| Group's PBT | 10,570 | 18,946 | 27,106 | 21,027 | 23,451 |

Note:-

* Unaudited and included for the purpose of comparison only.

13. MANAGEMENT DISCUSSION & ANALYSIS OF PAST FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

(v) Analysis of PAT by companies

| Companies | <-----FYE-----> | | | <--FPE 30 September--> | |
|---|-----------------|----------------|----------------|------------------------|----------------|
| | 2006 RM'000 | 2007 RM'000 | 2008 RM'000 | 2008* RM'000 | 2009 RM'000 |
| Astar | 5,542 | 9,047 | 14,989 | 11,686 | 13,952 |
| Pericomp | 2,166 | 4,663 | 4,837 | 3,353 | 3,102 |
| Kush | 65 | 217 | 91 | 348 | 289 |
| Ku | (32) | 114 | 105 | (89) | 125 |
| ECSB | (121) | (100) | (52) | (33) | (9) |
| | 7,620 | 13,941 | 19,970 | 15,266 | 17,459 |
| Elimination of inter-company transactions | (73) | (208) | (170) | (21) | 6 |
| Group's PAT | 7,547 | 13,733 | 19,800 | 15,245 | 17,465 |

Note:-

* Unaudited and included for the purpose of comparison only.

13.2.2 Commentary on Past Proforma Operating Results

(i) FYE 2006 (as compared with FYE 2005)

Revenue

In FYE 2006, our Group revenue grew by 11.6% to RM766.0 million from RM686.1 million recorded in the previous financial year. The growth in revenue was mainly attributed to the increase in sales of notebooks and desktop PCs during the financial year. The sales growth of notebooks and desktops PCs segment can be attributed to the appointment of Astar as a distributor of the popular HP Pavillion, HP Presario and Lenovo notebooks and desktop PCs during the financial year, which in total helped increase sales by approximately RM90.8 million.

Our Group also saw an improvement in the sales of software and networking hardware, which mitigated the decline in revenue from low-end servers and high-end printers. During the year, Pericomp managed to increase its sales from its networking hardware segment due to more projects awarded by its new and existing customers.

Revenue contribution from the ICT Services also improved largely due to an increase in the number of maintenance contracts entered into by Ku.

GP

However, during the financial year our GP stood at RM32.6 million, which was a marginal drop from RM32.9 million recorded in the FYE 2005. GP did not improve in tandem with revenue growth as it was impacted by a decline in GP margin from the ICT Services business segment.

PBT & PAT

Despite having no growth in GP, our PBT improved by 16.3% to RM10.6 million from RM9.1 million recorded in the previous financial year. This is mainly attributable to a reduction in overheads by approximately RM1.3 million and the increase in other income of approximately RM1.0 million.

In line with our PBT results, our PAT in FYE 2006 grew by 13.0% to RM7.5 million from RM6.7 million recorded in the previous year.

13. MANAGEMENT DISCUSSION & ANALYSIS OF PAST FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

(ii) **FYE 2007 (as compared with FYE 2006)**

Revenue

In FYE 2007, our Group revenue grew by 27.5% to RM977.0 million from RM766.0 million recorded in FYE 2006. The improvement in revenue was mainly attributed to the increase in the ICT Distribution business segment, largely driven by a significant increase in sales of notebooks and desktop PCs. The sales of notebooks and PCs were higher as a positive result from the joint promotional efforts undertaken by us and our ICT principals.

Our Group has geographically expanded our business in FYE 2007, which resulted in an increase in the number of resellers during the year. We also managed to increase sales via the B2B System and CCTS, which has resulted in higher turnaround for goods sold.

During the year, revenue from sales of consumable products (such as ink cartridges and re-fills) declined by approximately RM46.7 million due to our Group's strategy to reduce sales of low margin products. However, the said decline was fully mitigated by the increase in sales of low-end printers and peripherals (such as LCD monitors and the Apple iPod). We also saw an improvement in revenue from the Enterprise Systems and ICT Services segments mainly due to our ability to secure new customers and the undertaking of sizeable government and private projects by our customers.

Our Group also saw a notable improvement in revenue contribution from ICT Services segment, since we have been putting more emphasis in this particular business segment which generally provides better GP margins.

GP

We recorded even better growth in terms of GP in FYE 2007 compared to our revenue growth. During the financial year, GP grew by 46.0% to RM47.7 million from RM32.6 million recorded in the previous financial year. The significant improvement in GP was mainly due to sales of notebooks and networking hardware. GP also improved resulting from an increase in financial discounts provided by our ICT principals, which is a form of incentive whenever we make early payments of our trade payables to our ICT principals.

PBT & PAT

During the financial year, PBT grew significantly by 79.2% to RM18.9 million from RM10.6 million recorded in the previous financial year. PBT growth was higher than the growth in GP as a result of higher other income, while overheads only grew by 36.8%.

In tandem with the higher revenue and PBT, PAT in FYE 2007 grew by 82.0% to RM13.7 million from RM7.5 million recorded in the previous year.

(iii) **FYE 2008 (as compared with FYE 2007)**

Revenue

In FYE 2008, our Group revenue grew by 18.7% to RM1,159.5 million from RM977.0 million recorded in FYE 2007. The growth in revenue was mainly attributed to an increase in notebooks sales, which was driven by higher demand from personal end-users and lower pricing by our ICT principals. During the year, our Group has managed to take advantage of the industry trend to replace desktop PCs with notebooks. Higher sales from notebooks have also effectively mitigated a decline in demand for supplies and consumable products, peripherals and low-end printers.

13. MANAGEMENT DISCUSSION & ANALYSIS OF PAST FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

Our Group also enjoyed higher sales of software, low-end servers and storage products by approximately RM37.7 million. There was also a substantial increase in sales of networking hardware and software products due to sizeable projects undertaken by our corporate customers.

Before eliminating inter company transactions, our Group registered a revenue growth of 13.2% from RM750.5 million to RM849.4 million in the ICT Distribution segment. For the Enterprise Systems segment, revenue grew by 30% from RM224.2 million to RM293.1 million. Revenue from the ICT Services segment improved 56.9% from RM15.8 million to RM24.8 million.

GP

In tandem with the growth in revenue, GP in FYE 2008 grew by 22.9% to RM58.6 million from RM47.7 million recorded in FYE 2007. Similar to the previous financial year, improvement in GP was a result of higher portion of notebook revenue as a percentage of total revenue. GP also improved resulting from higher sales rebates and financial discounts given by our ICT principals.

PBT & PAT

In FYE 2008, PBT grew significantly by 43.1% to RM27.1 million from RM18.9 million recorded in the previous financial year. While operating overheads increased, the actual quantum of the increase in overheads was less than the increase in GP. Accordingly, growth in PBT outstripped GP growth.

In line with growth in PBT, PAT for the FYE 2008 grew similarly by 44.2% to RM19.8 million from RM13.7 million recorded in the previous year.

(iv) **FPE 30 September 2009 (as compared with FPE 30 September 2008)**

Revenue

Despite the general decline in business and consumer sentiments as a result of the global financial crisis beginning in the second half of 2008, our Group registered a commendable revenue of RM940.4 million in the FPE 30 September 2009, which is approximately 7.2% higher than RM877.1 million achieved in the corresponding nine (9) months period in FPE 30 September 2008.

GP

In tandem with growth in revenue, GP in FPE 30 September 2009 grew by 8.7% to RM49.4 million from RM45.4 million recorded in FPE 30 September 2008. The growth was mainly from the increased in profits generated from the Enterprise System as additional focus was put into this business segment.

PBT & PAT

PBT for FPE 30 September 2009 grew by 10.6% to RM23.5 million from RM21.2 million achieved in FPE 30 September 2008. The growth was mainly from lesser interest expense incurred in FPE 30 September 2009 which was reduced to RM1.9 million from RM3.0 million recorded in FPE 30 September 2008.

In line with growth in PBT, PAT for the FPE 30 September 2009 grew by 14.6% to RM17.5 million from RM15.2 million recorded in FPE 30 September 2008.

13. MANAGEMENT DISCUSSION & ANALYSIS OF PAST FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

- (v) **General information on the three (3) financial years up to FYE 2008, FPE 30 September 2008 and FPE 30 September 2009**

Exceptional/ Extraordinary Items

There were no exceptional or extraordinary items in the financial years under review.

Analysis of Other Income

| | <-----FYE-----> | | | <-FPE 30 September-> | |
|---|-----------------|--------------|--------------|----------------------|--------------|
| | 2006 | 2007 | 2008 | 2008 | 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Realised gain on foreign exchange | 1,647 | 2,386 | 2,331 | 2,099 | 722 |
| Unrealised gain on foreign exchange | - | 712 | 478 | - | 2 |
| Bad debts recovered | 137 | 122 | 707 | 682 | 271 |
| Interest income | - | 27 | 27 | 18 | 21 |
| Sundry income | 47 | 63 | 68 | 66 | 6 |
| Gain on disposal of plant and equipment | - | 88 | - | 30 | 456 |
| Reversal of inventory written off | - | - | - | - | 574 |
| Total other income | 1,831 | 3,398 | 3,611 | 2,895 | 2,052 |

The other income of our Group mainly consist realised gain on foreign exchange. The realised foreign exchange gain is a recurring item and is part of the ordinary course of the ECSB Group's business. Further elaboration on the impact of foreign currency exposure is detailed below. For FPE 30 September 2009, our Group recorded a reversal of inventory written off in the previous financial year.

Impact from foreign currency exposure, interest rates or commodity prices

A significant amount of our Group's purchases from ICT principals are conducted in USD. As such, any significant fluctuation of the USD against the Ringgit may have a material impact on our profitability. In view of the potential risk, our management has put in place a proactive hedging policy which involves continuous monitoring and review of the exchange rate. Our management would normally lock in our purchase costs by entering into currency forward contracts, usually thirty (30) days ahead of the scheduled payment for major purchases.

Save for the foreign exchange gains/losses recorded in the financial statements for the FYE 2006 to FYE 2008, FPE 30 September 2008 and FPE 30 September 2009 below, there were no material impact of fluctuations in foreign currency exchange rates, interest rates or commodity prices on operating profits of our Group in the relevant financial years under review as illustrated in the table below:-

| | <-----FYE-----> | | | <-FPE 30 September-> | |
|----------------------------|-----------------|--------|--------|----------------------|--------|
| | 2006 | 2007 | 2008 | 2008* | 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Astar</u> | | | | | |
| Gains/ (losses) realised | 934 | 1,363 | 1,151 | 989 | 393 |
| Gains/ (losses) unrealized | - | 325 | 261 | (379) | (117) |
| <u>Pericomp</u> | | | | | |
| Gains/ (losses) realised | 713 | 1,023 | 1,180 | 1,110 | 328 |
| Gains/ (losses) unrealized | - | 386 | 219 | (484) | (171) |

Note:-

* Unaudited and included for the purpose of comparison only.

13. MANAGEMENT DISCUSSION & ANALYSIS OF PAST FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

Analysis of Other Receivables Deposits and Prepayments

| | <-----FYE-----> | | | <--FPE 30 September--> | |
|----------------------------|-----------------|--------------|--------------|------------------------|---------------|
| | 2006 | 2007 | 2008 | 2008 | 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Marketing claims | 5,684 | 7,332 | 6,477 | 5,824 | 8,222 |
| Deposits | 893 | 900 | 1,389 | 915 | 890 |
| Prepayments | 410 | 500 | 543 | 1,636 | 574 |
| Consolidation adjustments* | - | 14 | - | - | - |
| Other receivables | 47 | 38 | 1,370 | 1,495 | 1,244 |
| Total | 7,034 | 8,764 | 9,780 | 9,870 | 10,930 |

* In respect of un-reconciled inter-company balances.

Our other receivables are mainly in the form of marketing claims arising from price protection on lower selling prices of selected products under promotion, incentive to resellers and other promotional expenses due from vendors to our Group. In FYE 2008, our Group has made an insurance claim on stock loss in transit and sponsorship of transportation charges amounting to approximately RM1.0 million and RM0.2 million respectively, recorded under other receivables.

Analysis of Other Payables and Accruals

| | <-----FYE-----> | | | <--FPE 30 September--> | |
|------------------------------|-----------------|---------------|---------------|------------------------|---------------|
| | 2006 | 2007 | 2008 | 2008 | 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Other payables – non current | - | 34 | 29 | 29 | 29 |
| Other payables - current | 12,479 | 18,370 | 24,789 | 24,239 | 30,656 |
| Accruals | 4,339 | 8,333 | 9,390 | 8,432 | 7,550 |
| Total | 16,818 | 26,737 | 34,208 | 32,700 | 38,235 |

Our other payables are generally related to non-trade related expenditures and other miscellaneous sundry expenditures. On the overall, other payables have increased throughout the three financial years ended FYE 2008, mainly due to the increase in marketing funds which increased in tandem with the growth of turnover. Marketing funds are allocated by ICT principals for advertising and promotional activities to boost sales of specific products. The said allocations are granted to our Group in the form of additional discounts and are recorded in the form of other payables. Generally, an increase in sales turnover would result in an increase in marketing funds.

Accruals related mainly to accruals in respect of payroll related expenses, sales commission, advertising and promotion and transportation expenses.

Analysis of Finance Costs

| | <-----FYE-----> | | | <--FPE 30 September--> | |
|-------------------|-----------------|--------|--------|------------------------|--------|
| | 2006 | 2007 | 2008 | 2008 | 2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Total borrowings | 59,923 | 70,250 | 62,738 | 69,030 | 52,200 |
| Interest expenses | 2,947 | 3,458 | 3,934 | 2,973 | 1,904 |

In the last three (3) financial years up to FYE 2008, our interest expense has increased in tandem with our revenue growth. Although Group borrowings was reduced from RM70.25 million as at 31 December 2007 to RM62.74 million as at 31 December 2008, our Group relied on more trade facilities (in line with higher sale transactions) during the 12-month course of FYE 2008 than the previous 12 months in FYE 2007. The average borrowings utilisation for FYE 2008 was RM78.5 million as compared to RM71.5 million in FYE 2007. As such, fluctuation of interest expense may not tally with total borrowings, which is recorded as a balance sheet item at the end of the financial year.

13. MANAGEMENT DISCUSSION & ANALYSIS OF PAST FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

Audited Qualification

There were no audit qualifications for the financial years/period under review.

Tax consideration

Our Group's effective tax rates for the FYE 2006 to FYE 2008 and for the FPE 30 September 2008 and FPE 30 September 2009 are generally in-line with the Malaysian corporate tax rate. Throughout the financial years under review, there were no disputes with or any investigations carried out by the Inland Revenue Board, and no tax penalty imposed or additional tax assessed by the Inland Revenue Board.

As at the LPD, the submission of tax return and settlement of any tax liabilities, if any, are up-to-date. Our management believes that the provision for tax expense is adequate.

Impact of Inflation

There was no material impact of inflation on the operating profits of our Group in the relevant financial years under review. However, we wish to note that our profitability margins have historically been narrow. As such, there is a risk that we may experience operating losses due to unanticipated increase in operating costs.

Such increase in operating costs could be triggered by spikes in energy prices, cost hikes for transportation and outsourcing services, upward revision of rental rates and increase in financing rates, any of which we cannot pass on to our customers.

Government, Economic, Fiscal or Monetary Policies

There are no government, economic, fiscal or monetary policies or factors that have or could materially affect the Group's operations. The risks relating to government, economic, fiscal or monetary policies that could materially affect our Group's operations are set out in Section 4 of this Prospectus.

The Malaysian government has put in place under the 9MP various incentives in its efforts to stimulate the growth of the ICT industry, which would be the driver of growth for the ICT Distribution industry that we operate in. Please refer to Section 7 of the Prospectus on the details of the incentives undertaken by the Malaysian government.

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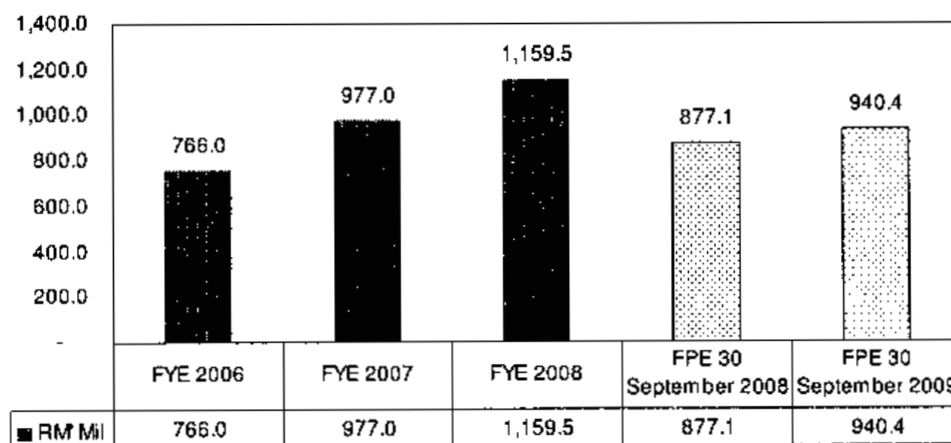
13. MANAGEMENT DISCUSSION & ANALYSIS OF PAST FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

13.2.3 Significant Trends

Our Group's financial performance for the past three (3) financial years up to FYE 2008, FPE 30 September 2008 and for FPE 30 September 2009 is illustrated in the following diagrams and is based on the financial information of our Group as set out in Section 12 of this Prospectus.

(i) Revenue Growth

The revenue growth of our Group is illustrated in the following chart:-



Our Group's revenue grew by approximately 27.5% and 18.7% in FYE 2007 and FYE 2008 respectively. Revenue for FPE 30 September 2009 also grew by approximately 7.2% as compared with FPE 30 September 2008. The growth in revenue was attributed from the increase in sales by our subsidiary companies, namely Astar and Pericomp and Ku.

Astar's revenue is primarily derived from the distribution of ICT products. From Astar's perspective, the growth in revenue was mainly attributable to the increase in products and brands distributed as well as the increase in sales to existing and new resellers and customers. The increase in the number of resellers is in line with the management's geographical expansion plan and this contributed to the revenue growth.

On the other hand, revenue derived from Enterprise Systems segment account for the majority of Pericomp's revenue. Pericomp mainly deals with networking hardware and software products, from Cisco, and IBM and Sun. Its revenue is mainly from projects secured by its customers, where Pericomp would act as the vendor support to its customers that have tendered or obtained ICT projects from both the government and private sectors. Pericomp's revenue growth can be attributed to the overall growth in the ICT spending in Malaysia, in the government and private sectors.

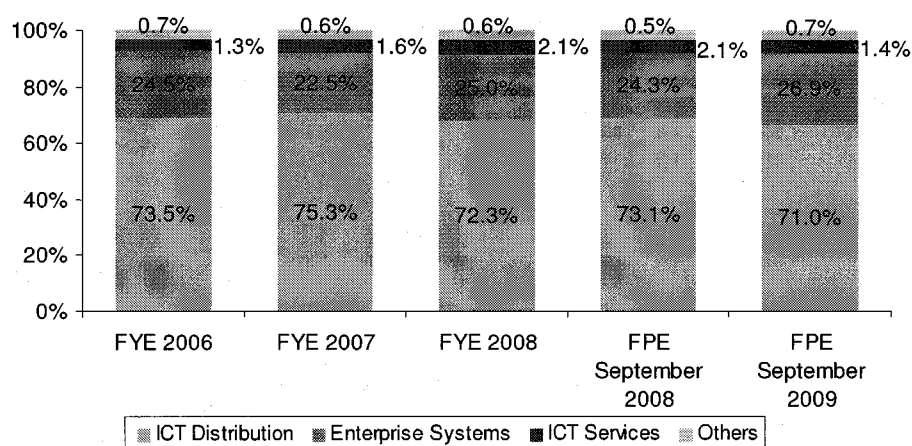
Based on our nine (9) months results, we expect our full year revenue in FYE 2009 to be higher than what was achieved in FYE 2008.

Going forward, our Group intend to secure additional distributorships of popular ICT brands from new ICT principals and also to secure popular product lines from our existing ICT principals. This would ultimately improve our product mix and indirectly increase our revenue as well as profitability.

13. MANAGEMENT DISCUSSION & ANALYSIS OF PAST FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

(ii) Revenue by Activities

Our Group revenue by activities for the last three financial years up to FYE 2008, FPE 30 September 2008 and for FPE 30 September 2009 are set out in the chart below:-



Based on the chart above, the ICT Distribution segment has been consistently the largest contributor to our Group revenue in the last three financial years and in FPE 30 September 2009, representing more than 70% of our Group total revenue in each financial year/period. Furthermore, the management believes that this feature shall continue in the foreseeable future of our Group.

Nonetheless, the management is putting additional focus on the Enterprise Systems and ICT Services segment of our business, which would normally provide higher profit margins.

Such efforts includes improving our value added services by sponsoring more technical certifications for our engineers and setting up a technology centre in our office to install the latest enterprise systems such as servers, storages and network products for testing and demonstration of configurations, proof of concepts and software applications.

Please refer to Sections 4 (Risk factors), Section 7.3 (critical success factor) and Section 7.4 (market growth factors) in the executive summary of the Independent Market Research Report located in Section 7 of this Prospectus for other factors that may affect our revenue and potentially our profitability.

(iii) Main Cost Components

The main cost components of our Group for the last three financial years up to FYE 2008, FPE 30 September 2008 and for FPE 30 September 2009, as a percentage of our Group revenue, are set out below:-

| | FYE 2006 | | FYE 2007 | | FYE 2008 | | FPE September 2008 | | FPE September 2009 | |
|------------------------------|----------|-------|----------|-------|-----------|-------|--------------------|-------|--------------------|-------|
| | RM'000 | * % | RM'000 | * % | RM'000 | * % | RM'000 | * % | RM'000 | * % |
| Cost of Sales | 733,341 | 95.5 | 929,299 | 95.1 | 1,100,912 | 94.9 | 831,647 | 94.5 | 891,007 | 94.8 |
| Operating Overheads | 20,968 | 2.7 | 28,685 | 2.9 | 31,193 | 2.7 | 24,300 | 2.8 | 26,055 | 2.8 |
| Finance Costs | 2,947 | 0.4 | 3,458 | 0.4 | 3,934 | 0.3 | 2,973 | 0.3 | 1,904 | 0.2 |
| Income tax expenses | 3,023 | 0.4 | 5,213 | 0.5 | 7,306 | 0.6 | 5,782 | 0.7 | 5,985 | 0.6 |
| Total Revenue & other income | 760,279 | 99.0 | 966,655 | 98.9 | 1,143,345 | 98.6 | 864,702 | 98.3 | 924,951 | 98.4 |
| | 767,826 | 100.0 | 980,388 | 100.0 | 1,163,145 | 100.0 | 879,947 | 100.0 | 942,417 | 100.0 |

* As a percentage of revenue and other income

13. MANAGEMENT DISCUSSION & ANALYSIS OF PAST FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

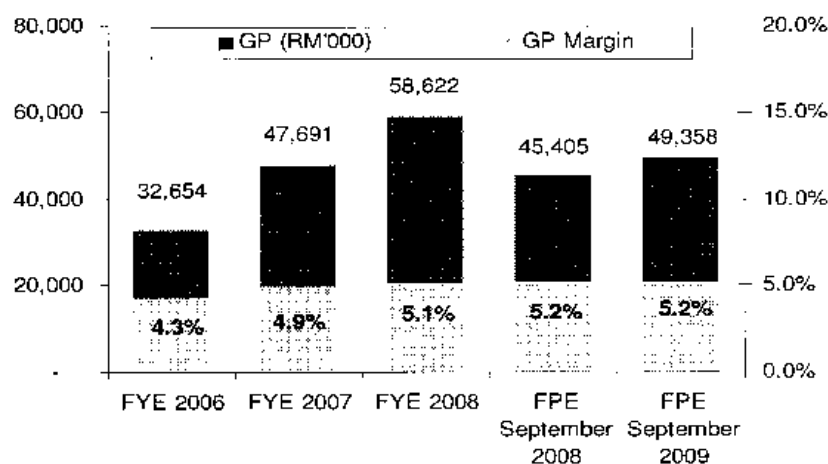
The major cost components of our Group's operation is cost of sales, accounting for more than 94% of our Group's revenue and other income during the above-mentioned financial years/period. Our cost of sales are mainly purchases of ICT products from ICT principals, including spare parts related to our ICT Services segment. Our selling and purchase price of ICT products are generally fixed by our ICT principals. In determining their selling prices to us and our recommended selling prices to our resellers, our ICT principal would generally consider factors including amongst others, their pricing strategies, pricing of competing products, their overall costs as well as the cost of distribution. By having a large and diversified portfolio of products comprising more than 30 brands, our cost of sale, as a percentage of revenue and other income is naturally hedged and has been fairly consistent.

Our operating overheads have increased in line with our total staff size as detailed in Section 6.17 of this Prospectus. Our other cost components comprising income tax expenses and finance costs had consistently in aggregate accounted for less than 1% of our revenue and other income.

Premised to the above, our management continuously take active measures to optimise operating and administrative costs within our control to improve our profitability.

(iv) GP and GP Margin

Our Group's GP and GP Margins for the last three financial years up to FYE 2008, FPE 30 September 2008 and FPE September 2009 are set out in the chart below:-



For the last three (3) financial years up to FYE 2008, our Group's GP has experienced significant growth mainly due to increases in revenue. The improvement in GP was mainly attributed to higher sales notebooks and networking hardware. The overall GP margin remained fairly consistent with slight improvement from FYE 2006 to FYE 2008.

In FPE 30 September 2009, our Group recorded a GP of RM49.4 million, which is 8.7% higher than the GP of RM45.4 million achieved in FPE 30 September 2008. On an annualised basis, GP for FYE 2009 would be approximately RM65.8 million. GP margin in FPE 30 September 2009 improved slightly to 5.2% compared to 5.1% recorded in FYE 2008.

Generally, the sale of high-end ICT products would command better profit margin and vice-versa. Accordingly, the Enterprise Systems segment would usually command a higher GP margin as compared to the ICT Distribution segment.

In addition, the ICT Services segment would normally generate better profit margins compared to the ICT Distribution and Enterprise Systems segments. However, revenue from the ICT Services segment had historically contributed to a small portion of the total revenue.

13. MANAGEMENT DISCUSSION & ANALYSIS OF PAST FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

13.3 Directors' Declaration on Financial Performance of our Group

Save as disclosed in Section 4, 6 and 7 of this Prospectus, our Directors are of the view that the financial performance, position and operations of our Group are not affected by any of the following:-

- (a) Known trends, demands, commitments, events or uncertainties that have had or that our Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of our Group;
- (b) Material commitments for capital expenditure save as disclosed in Section 13.9.2 of this Prospectus;
- (c) Unusual or infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as disclosed below and in Section 4 of this Prospectus;
- (d) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been disclosed in this section; and
- (e) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make the historical financial statements not indicative of future financial performance and position of our Group other than those disclosed in this section and in Section 4 of this Prospectus.

13.4 Order Book

Due to the fast moving nature of the ICT Distribution industry that we are operating in, we generally do not have any long-term agreement with our customers. Our customers' orders are usually fulfilled on an immediate basis (1-2 days) when we have stocks in our warehouses. If we do not have the stocks at our warehouses, such orders are fulfilled within a period of 2 to 4 weeks depending on delivery lead time from our ICT Principals.

Generally, purchase orders relating to volume ICT products are usually fulfilled in the next working day. On the other hand, for purchase orders' relating to certain value ICT products meant for the setting up ICT infrastructure, we would normally order from our suppliers upon confirmation of order by our customers.

As at LPD, our confirmed order book had purchase orders amounting to approximately RM82.9 million. Given our operating parameters as explained above, our order book at any given point in time are usually fulfilled and billed to our customers within the next 1-2 months.

13. MANAGEMENT DISCUSSION & ANALYSIS OF PAST FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

13.5 Liquidity & Capital Resources

13.5.1 Working Capital

As at 30 September 2009, our Group's total cash and bank balances amounted to approximately RM22.8 million. In addition, we have bank facilities of approximately RM109.0 million available to our Group, comprising bankers' acceptances, revolving credits shipping guarantee, letter of guarantee, trust receipts and letters of credit. As at 30 September 2009, we have utilised RM52.2 million of the banking facilities. Further details on our Group's borrowings are set out in Section 13.5.4 below.

Our Directors are of the opinion that, after taking into account the cash flow position of the Group, the available banking facilities and the proceeds to be raised from the Public Issue, we will have adequate working capital for our present and foreseeable requirements for a period of twelve (12) months from the date of this Prospectus.

13.5.2 Treasury Policies and Objectives

Our Group generally finance our growth and operations mainly through a combination of cash generated from our operations and external borrowings from financial institutions. The principal uses of working capital are to purchase ICT products from ICT principals as well as to meet operational expenses. Our Group typically maintains a positive working capital balance which is generated from trade receipts.

As detailed in the preceding section, as at 30 September 2009, our Group has approximately RM109.0 million of banking facilities of which RM52.2 million have been utilised. Accordingly, we have a sufficient buffer for additional credit lines should the need arises.

13.5.3 Proforma Group Cash Flow Summary

The following summary of the proforma consolidated cash flow statement of our Group, for the FPE 30 September 2009 is for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions as set out in the Reporting Accountants' Letter on proforma consolidated financial information as at 30 September 2009.

| | FPE 30 September 2009 RM'000 |
|--|------------------------------------|
| Net cash from operating activities | 16,567 |
| Net cash from investing activities | 1,839 |
| Net cash for financing activities | (12,514) |
| Net increase in cash and bank balances | 5,892 |
| Cash and bank balances at the beginning of the financial period* | 16,941 |
| Cash and bank balances at the end of financial period | 22,833 |

Note:-

The proceeds from disposal of ECSB pursuant to the listing scheme, amounted to RM39,075 was adjusted to the cash and bank balances at the beginning of the financial period.

The proforma consolidated cash flow statements of ECSB Group has been prepared after the Proposed 20% Pericomp Acquisition before taking into account the proceeds from the Public Issue and proposed utilisation of proceeds.

13. MANAGEMENT DISCUSSION & ANALYSIS OF PAST FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

Net cash from operating activities

Net cash inflow from our Group's operating activities for the FPE 30 September 2009 amounted to RM16.6 million. Our PBT amounted to RM23.5 million while working capital changes amounted to RM38.0 million.

Net cash from investing activities

Net cash inflow of RM1.8 million from investing activities was mainly due to the proceeds from disposal of property, plant and equipment by our Group during the financial year amounted to approximately RM3.2 million.

Net cash used in financing activities

Net cash out flow of RM12.5 million used in financing activities was a result of the repayment of bank borrowings and interest payment amounting to RM10.5 million and RM1.9 million respectively.

13.5.4 Borrowings

As at 30 September 2009, our total borrowings all of which are interest bearing comprise the following:-

| | Proforma Group As at 30 September 2009 RM'000 |
|------------------------------|--|
| Short-Term Borrowings | |
| Bankers' acceptances | 44,700 |
| Revolving credits | 7,500 |
| Total | <u><u>52,200</u></u> |
| Gearing (times)* | 0.68 |

Note:-

* Computed based on the proforma shareholders' funds as at 30 September 2009 of RM76.58 million after the completion of the Internal Rationalisation and the Proposed 20% Pericomp Acquisition.

As at 30 September 2009, our Group do not have any long-term borrowings or any borrowings in foreign currency.

To the best of our Directors' knowledge, as at LPD, there has been no default on payments of either interest and/or principal sums for any borrowings by ECSB or any of our subsidiary companies for FYE 2008 and FPE 30 September 2009.

13. MANAGEMENT DISCUSSION & ANALYSIS OF PAST FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

13.6 Key Financial Ratios

13.6.1 Trade Receivables

A summary of trade receivables of our Group for the past three financial years up to FYE 2008, FPE 30 September 2008 and FPE 30 September 2009 is set out below:-

| | <-----FYE-----> | | | <--FPE 30 September--> | |
|--|-----------------|----------------|----------------|------------------------|----------------|
| | 2006 RM'000 | 2007 RM'000 | 2008 RM'000 | 2008* RM'000 | 2009 RM'000 |
| Trade Receivables | 87,201 | 115,218 | 123,468 | 115,783 | 136,035 |
| Less: Allowance for doubtful debts | (584) | (695) | (1,078) | (659) | (1,562) |
| | 86,619 | 114,523 | 122,390 | 115,123 | 134,473 |
| Revenue | 765,995 | 976,990 | 1,159,534 | 877,052 | 940,365 |
| Percentage of trade receivables to revenue (%) | 11.3 | 11.7 | 10.6 | 13.1 | 14.3 |
| Trade receivables turnover period (days) | 41 | 43 | 39 | 36 | 39 |

Note:-

* Unaudited and included for the purpose of comparison only.

The normal credit period granted by our Group to our customers is between fourteen (14) to sixty (60) days. The net trade receivables turnover period for the financial years under review is fairly consistent with the credit period granted to our customers.

As at 30 September 2009, the trade receivables of our Group amounted to approximately RM136.04 million which as follows:-

| | 1-30 days RM'000 | 31-60 days RM'000 | 61 - 90 days RM'000 | > 90 days RM'000 | Total RM'000 |
|------------------------|---------------------|----------------------|------------------------|---------------------|-----------------|
| Trade receivables | 77,644 | 39,096 | 9,913 | 9,381 | 136,035 |
| % of trade receivables | 57.1 | 28.7 | 7.3 | 6.9 | 100.0 |

13.6.2 Trade Payables

A summary of trade payables of our Group for the past three (3) financial years up to FYE 2008, FPE 30 September 2008 and FPE 30 September 2009 is set out below:-

| | <-----FYE-----> | | | <--FPE 30 September--> | |
|---|-----------------|----------------|----------------|------------------------|----------------|
| | 2006 RM'000 | 2007 RM'000 | 2008 RM'000 | 2008* RM'000 | 2009 RM'000 |
| Trade Payables | 32,974 | 57,768 | 50,077 | 49,766 | 93,868 |
| Purchases | 740,121 | 953,902 | 1,101,935 | 895,231 | 957,053 |
| Percentage of trade payables to purchases (%) | 4.5 | 6.1 | 4.5 | 5.6 | 9.8 |
| Trade payables turnover period (days) | 16 | 22 | 17 | 15 | 27 |

Note:-

* Unaudited and included for the purpose of comparison only.

13. MANAGEMENT DISCUSSION & ANALYSIS OF PAST FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

Generally, the normal credit period granted to our Group by our ICT principals is between thirty (30) to sixty (60) days. However, the net trade payables turnover period for our Group for the financial years under review were usually less than thirty (30) days. We would normally pay our ICT principals promptly in view that we may be entitled to financial discounts on early payment.

As at 30 September 2009, the trade payables of our Group amounted to approximately RM93.87 million which is as follows:-

| | 1-30 days RM'000 | 31-60 days RM'000 | 61-90 days RM'000 | > 91 days RM'000 | Total RM'000 |
|---------------------|---------------------|----------------------|----------------------|---------------------|-----------------|
| Trade payables | 54,857 | 19,200 | 12,815 | 6,996 | 93,868 |
| % of trade payables | 58.4 | 20.5 | 13.7 | 7.4 | 100.0 |

13.6.3 Inventories

A summary of inventories of our Group for the past three (3) financial years up to FYE 2008, FPE 30 September 2008 and FPE 30 September 2009 is set out below:-

| | <-----FYE-----> | | | <--FPE 30 September--> | |
|---|-----------------|----------------|----------------|------------------------|----------------|
| | 2006 RM'000 | 2007 RM'000 | 2008 RM'000 | 2008* RM'000 | 2009 RM'000 |
| At cost: | | | | | |
| - Finished goods | 45,027 | 56,842 | 63,996 | 82,973 | 100,829 |
| - Goods-in-transit | 2,451 | 4,956 | 1,732 | 837 | 3,029 |
| At net realisable value:- | | | | | |
| - Finished goods | 247 | 308 | 1,487 | 1,783 | 1,311 |
| | 47,725 | 62,106 | 67,215 | 85,593 | 105,169 |
| Cost of sales | 733,341 | 929,299 | 1,100,912 | 831,647 | 891,007 |
| Percentage of inventories to cost of sales (%) | 6.5 | 6.7 | 6.1 | 10.3 | 11.8 |
| Inventories turnover period (days) | 24 | 24 | 22 | 28 | 32 |

Note:-

* Unaudited and included for the purpose of comparison only.

For the past three (3) financial years up to FYE 2008, FPE 30 September 2008 and FPE 30 September 2009, the inventories turnover period for our Group is below thirty two (32) days. The relatively low inventory turnover period was due to the short product lifespan of ICT products. We generally optimise our inventory levels in order to mitigate the risk of price reductions by our ICT principals or decline in value resulting from technological changes affecting the usefulness or desirability of our inventory.

13.6.4 Current Ratio

A summary of current ratio of the proforma Group for the past three (3) financial years up to FYE 2008, FPE 30 September 2008 and FPE 30 September 2009 is set out below:-

| | <-----FYE-----> | | | <--FPE 30 September--> | |
|-----------------------|-----------------|----------------|----------------|------------------------|----------------|
| | 2006 RM'000 | 2007 RM'000 | 2008 RM'000 | 2008* RM'000 | 2009 RM'000 |
| Current ratio (times) | 1.3 | 1.3 | 1.5 | 1.4 | 1.5 |

* Unaudited and included for the purpose of comparison only.

13. MANAGEMENT DISCUSSION & ANALYSIS OF PAST FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

13.7 Financial Instruments

As at LPD, save for the cash generated from our operations, the bank facilities from financial institutions as detailed on Section 13.5 of this Prospectus and the currency forward contracts entered into by our Group as detailed in Section 13.2.2 (v) of this Prospectus, we do not have nor are we using any other financial instruments.

13.8 Dividend Policy

The declaration of interim dividends and the recommendation of final dividend are subject to the discretion of our Directors and any final dividend for the year/period is subject to shareholders' approval. Such payments will depend upon a number of factors, including our Group's earnings, capital requirements, general financial condition, our Company's distributable reserves and other factors considered relevant by our Board.

Going forward, our Company intend to pay out approximately 30% of our Group's consolidated PAT as dividends to our shareholders, subject to confirmation by our Board of Directors and to any contractual obligation and provide that such distribution would not be detrimental to our working capital requirements or to any plans approved by our Board. Investors should note that the said dividend payout ratio only represents our Company's current intention and is not legally binding in respect of the Company's future dividends which are subject to our Board's discretion.

Being a holding company, our ability to pay dividends is dependent upon the dividends and other distribution that we receive from our subsidiary companies, namely Astar, Pericomp, Ku and Kush. The payment of dividends and other distribution by our subsidiary companies will depend upon their operating results, financial condition, capital commitments and other factors deem relevant by their respective boards of Directors.

13.9 Material Litigation, Material Capital Commitments for Capital Expenditure & Contingent Liabilities

13.9.1 Material Litigation

Save as disclosed in Section 16.6 of this Prospectus, as at LPD, our Group is not engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Group, and our Directors have no knowledge of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of our Group.

13.9.2 Material Capital Commitments for Capital Expenditure

Our Board of Directors is not aware of any material capital commitments for capital expenditure incurred or known to be incurred by us or our subsidiary companies, which upon becoming enforceable, may have a material impact on the financial position of our Group, as at LPD.

13.9.3 Contingent Liabilities

Our Board of Directors is not aware of any contingent liabilities as at LPD, which have become enforceable or is likely to become enforceable, which in the opinion of our Directors, will or may substantially affect the ability of our Group to meet our obligation when they fall due.