VST HOLDINGS LIMITED
偉 仕 控 股 有 限 公 司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 856)

RESULTS ANNOUNCEMENT OF A SUBSIDIARY

ECS, a 89.09% owned subsidiary of VST, announced its consolidated results for the second quarter ended 30 June 2014 on the Singapore Exchange Securities Trading Limited on 11 August 2014.

Pursuant to Rule 705 and Rule 920(1)(a)(ii) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX"), ECS Holdings Limited ("ECS" or the "Company"), a public company listed on the SGX and a 89.09% owned subsidiary of VST Holdings Limited ("VST"), announced its consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the second quarter ended 30 June 2014 on the website of www.sgx.com of SGX on 11 August 2014. The results are prepared in accordance with Singapore Financial Reporting Standards and Interpretations of Financial Reporting Standards.

This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and is being released for information purpose only. The attachment is a reproduction of the results announcement of ECS presented in thousands of Singapore dollars unless otherwise stated and the English version of the attachment shall prevail over the Chinese version.

By order of the Board
VST HOLDINGS LIMITED
Li Jialin
Chairman and Chief Executive Officer

Hong Kong, 11 August 2014

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

* *for identification purpose only*

ECS HOLDINGS LIMITED
Second Quarter Financial Statement and Dividend Announcement

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS.

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Income Statement for the second quarter and six months ended 30 June 2014.

	Three Months Ended 30 June		Six Months Ended 30 June	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Revenue	**1,021,768**	**1,017,497**	**1,952,655**	**2,107,836**
Cost of sales	(980,971)	(980,673)	(1,873,319)	(2,031,152)
Gross profit	40,797	36,824	79,336	76,684
Other income including interest income	1,249	2,311	3,287	4,285
Selling & distribution expenses	(17,261)	(16,415)	(34,118)	(33,713)
General & administrative expenses	(10,535)	(9,979)	(23,189)	(22,639)
Operating profit (note 1)	**14,250**	**12,741**	**25,316**	**24,617**
Finance costs	(3,343)	(2,308)	(6,158)	(4,786)
Share of profit of associates	1,620	1,353	2,767	2,794
Profit from operations before tax	**12,527**	**11,786**	**21,925**	**22,625**
Income tax expense	(3,146)	(2,739)	(5,343)	(5,272)
Profit for the period	**9,381**	**9,047**	**16,582**	**17,353**
Attributable to:				
Owners of the Company	9,381	8,974	16,582	17,248
Non-controlling interests	-	73	-	105
	9,381	9,047	16,582	17,353

1(a)(ii) Statement of Comprehensive Income for the second quarter and six months ended 30 June 2014.

	Group Three Months Ended 30 June		Group Six Months Ended 30 June	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Profit for the period	9,381	9,047	16,582	17,353
Other comprehensive income				
Exchange (loss)/gain on translation of net assets of foreign subsidiaries	(1,066)	886	(5,696)	6,266
Share of foreign currency translation differences of associates	464	(19)	(84)	(96)
Total comprehensive income for the period	8,779	9,914	10,802	23,523
Attributable to:				
Owners of the Company	8,779	9,816	10,802	23,377
Non-controlling interests	-	98	-	146
Profit for the period	8,779	9,914	10,802	23,523

Breakdown and explanatory Notes to Income Statement

Note 1. The following items have been included in arriving at profit for the period:-

Group	Three Months Ended 30 June		Six Months Ended 30 June	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Depreciation and amortisation	(648)	(753)	(1,284)	(1,433)
Allowance made for doubtful debts and bad debts written off net of bad debts recovered	(1,855)	(215)	(2,152)	(1,013)
Allowance made for inventory obsolescence and inventories written off	(56)	(1,575)	(2,052)	(1,629)
Foreign exchange (loss)/gain	(1,574)	1,250	(245)	1,928
Loss on sale of property, plant and equipment	-	(5)	(7)	(25)
Fair value changes on financial instruments	410	837	(776)	(81)

1(b)(i) A Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 June 2014 $'000	31 December 2013 $'000	30 June 2014 $'000	31 December 2013 $'000
Non-Current Assets				
Property, plant and equipment	8,445	8,399	99	70
Investment in subsidiaries	-	-	218,401	219,301
Investment in associates	53,026	51,379	3,320	3,320
Deferred expenses	1,814	1,871	-	-
Intangible assets	33,522	33,522	-	-
Deferred tax assets	8,911	8,889	-	-
	105,718	104,060	221,820	222,691
Current Assets				
Inventories	263,506	281,264	-	-
Trade and other receivables	879,609	727,804	54,034	51,144
Deferred expenses	1,432	1,732	-	-
Cash and bank balances	72,252	120,864	2,571	4,119
	1,216,799	1,131,664	56,605	55,263
Current Liabilities				
Trade and other payables	602,983	590,237	30,802	26,428
Deferred income	2,015	2,514	-	-
Bank borrowings	216,393	145,769	13,750	10,080
Finance lease liabilities	15	26	-	-
Current tax payable	4,041	5,033	428	412
	825,447	743,579	44,980	36,920
Net Current Assets	391,352	388,085	11,625	18,343
Non-Current Liabilities				
Bank borrowings	112,500	113,400	112,500	113,400
Deferred tax liabilities	5,962	4,581	27	27
Deferred income	2,342	2,387	-	-
Finance lease liabilities	67	36	-	-
	120,871	120,404	112,527	113,427
	376,199	**371,741**	**120,918**	**127,607**
Equity attributable to owners of the Company				
Share capital	114,894	113,117	114,894	113,117
Other reserves	(9,736)	4,094	-	8,050
Retained earnings	271,041	254,530	6,024	6,440
	376,199	**371,741**	**120,918**	**127,607**

Notes to Statement of Financial Position

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/06/2014		As at 31/12/2013	
$'000	$'000	$'000	$'000
Secured	Unsecured	Secured	Unsecured
-	216,393	-	145,769

Amount repayable after one year

As at 30/06/2014		As at 31/12/2013	
$'000	$'000	$'000	$'000
Secured	Unsecured	Secured	Unsecured
-	112,500	-	113,400

Details of any collateral

Nil.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Three Months Ended 30 June		Six Months Ended 30 June	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Cash Flows from Operating Activities				
Profit from operations before taxation	12,527	11,786	21,925	22,625
Adjustments for :				
Share of profit of associates	(1,620)	(1,353)	(2,767)	(2,794)
Fair value changes on financial instruments	(410)	(837)	776	81
Depreciation of property, plant and equipment	648	753	1,284	1,433
Loss on disposal of property, plant and equipment	-	5	7	25
Interest expense	3,343	2,308	6,158	4,786
Interest income	(215)	(180)	(510)	(342)
Operating profit before working capital changes	14,273	12,482	26,873	25,814
Changes in working capital :				
Inventories	(13,266)	21,728	12,620	49,104
Trade and other receivables	(110,518)	4,989	(165,427)	(98,989)
Trade and other payables	50,451	14,035	26,760	44,748
Cash (utilized in)/generated from operations	(59,060)	53,234	(99,174)	20,677
Income taxes paid	(2,673)	(2,657)	(4,975)	(4,167)
Net cash (used in)/from operating activities	**(61,733)**	**50,577**	**(104,149)**	**16,510**
Cash Flows from Investing Activities				
Interest received	215	180	510	342
Loan to associate	-	-	(2,841)	(2,965)
Dividend received from associate	705	730	705	730
Purchase of property, plant and equipment	(727)	(248)	(1,389)	(426)
Proceeds from disposal of property, plant and equipment	-	3	7	103
Net cash from investing activities	**193**	**665**	**(3,008)**	**(2,216)**
Cash Flows from Financing Activities				
Interest paid	(3,020)	(2,366)	(5,619)	(5,020)
Dividend paid	(8,121)	(8,050)	(8,121)	(8,050)
Proceed from issue of shares	512	-	1,777	-
Proceeds from bank loans	234,272	247,117	456,766	549,958
Repayment of bank loans	(205,381)	(260,219)	(385,455)	(569,218)
Payment of finance lease instalments	(12)	(19)	(18)	(41)
Net cash from/ (used in) financing activities	**18,250**	**(23,537)**	**59,330**	**(32,371)**
Net (decrease)/increase in cash and cash equivalents	(43,290)	27,705	(47,827)	(18,077)
Cash and cash equivalents at beginning of the period	116,243	64,300	120,864	108,210
Effects of exchange rate changes on balances held in foreign currencies	(701)	372	(785)	2,244
Cash and cash equivalents at end of the period	**72,252**	**92,377**	**72,252**	**92,377**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity

(i) Consolidated statement of changes in equity for the six months ended 30 June 2014

	Share Capital $'000	Dividend Reserve $'000	General Reserve $'000	Accumulated Profits $'000	Currency Translation Reserve $'000	Total Equity $'000
Bal as at 1 Jan 2014	113,117	8,050	8,315	254,530	(12,271)	371,741
Total comprehensive income/(loss) for the period	-	-	-	7,201	(5,178)	2,023
Share options exercised	1,265	-	-	-	-	1,265
Bal as at 31 Mar 2014	114,382	8,050	8,315	261,731	(17,449)	375,029
Total comprehensive income/(loss) for the period	-	-	-	9,381	(602)	8,779
Transfer of reserve	-	71	-	(71)	-	-
Final tax exempt one-tier dividend paid at 2.2 cents per share	-	(8,121)	-	-	-	(8,121)
Share options exercised	512	-	-	-	-	512
Bal as at 30 Jun 2014	114,894	-	8,315	271,041	(18,051)	376,199

(ii) Consolidated statement of changes in equity for the six months ended 30 June 2013

	Share Capital $'000	Dividend Reserve $'000	General Reserve $'000	Accumulated Profits $'000	Currency Translation Reserve $'000	Total $'000	Non-Controlling Interests $'000	Total Equity $'000
Bal as at 1 Jan 2013	113,117	8,050	6,927	228,950	(17,365)	339,679	1,339	341,018
Total comprehensive income for the period	-	-	-	8,274	5,287	13,561	48	13,609
Bal as at 31 Mar 2013	113,117	8,050	6,927	237,224	(12,078)	353,240	1,387	354,627
Total comprehensive income for the period	-	-	-	8,974	842	9,816	98	9,914
Final tax exempt one-tier dividend paid at 2.2 cents per share	-	(8,050)	-	-	-	(8,050)	-	(8,050)
Bal as at 30 Jun 2013	113,117	-	6,927	246,198	(11,236)	355,006	1,485	356,491

(iii) Statement of changes in equity of the company for the six months ended 30 June 2014

	Share Capital $'000	Dividend Reserve $'000	Accumulated Profits / (Losses) $'000	Total $'000
Bal as at 1 Jan 2014	113,117	8,050	6,440	127,607
Total comprehensive loss for the period	-	-	(1,087)	(1,087)
Share options exercised	1,265	-	-	1,265
Bal as at 31 Mar 2014	114,382	8,050	5,353	127,785
Total comprehensive income for the period	-	-	742	742
Transfer of reserve	-	71	(71)	-
Final tax exempt one-tier dividend paid at 2.2 cents per share	-	(8,121)	-	(8,121)
Share options exercised	512	-	-	512
Bal as at 30 Jun 2014	114,894	-	6,024	120,918

(iv) Statement of changes in equity of the company for the six months ended 30 June 2013

	Share Capital $'000	Dividend Reserve $'000	Accumulated Profits / (Losses) $'000	Total $'000
Bal as at 1 Jan 2013	113,117	8,050	7,794	128,961
Total comprehensive loss for the period	-	-	(2,246)	(2,246)
Bal as at 31 Mar 2013	113,117	8,050	5,548	126,715
Total comprehensive loss for the period	-	-	(631)	(631)
Final tax exempt one-tier dividend paid at 2.2 cents per share	-	(8,050)	-	(8,050)
Bal as at 30 Jun 2013	113,117	-	4,917	118,034

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the quarter ended 30 June 2014, the Company issued 930,000 ordinary shares arising from the exercise of stock options under ECS Employee Stock Option Scheme II. As at 30 June 2014, the Company has outstanding share options of 7,320,000 unissued ordinary shares. As at 30 June 2013, the Company has outstanding share options of 11,150,000 unissued ordinary shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Issued and fully paid ordinary share capital

	Number of shares ('000)
2014	
At 30 June 2014	369,140
2013	
At 31 December 2013	365,910

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

N.A.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed. However, our auditors have performed certain procedures and enquiries. These procedures are substantially less in scope than an audit or a review in accordance with Singapore Standard on Review Engagements (SSRE) 2410.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

N.A.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2013 except as described in paragraph 5.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Amendments and Interpretations to the Singapore Financial Reporting Standards ("FRSs") for periods effective from 1 January 2014 are currently being assessed to have no material impact on the Group results.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Three Months Ended 30 June		Six Months Ended 30 June	
	2014	**2013**	**2014**	**2013**
Earnings per ordinary share for the year based on net profit attributable to shareholders:-				
(i) Based on weighted average number of ordinary shares in issue	2.54 cents	2.45 cents	4.51 cents	4.71 cents
Weighted average number of shares ('000)	369,140	365,910	368,058	365,910
(ii) On a fully diluted basis	2.54 cents	2.45 cents	4.49 cents	4.71 cents
Weighted average number of shares ('000)	370,030	365,910	369,127	365,910

In arriving at the fully diluted earnings per share, only those potential ordinary shares arising from the exercise of options which would dilute the basic earnings per share of the Group are included in the computation.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	GROUP	
	30 June 2014	**31 December 2013**
Net asset value per ordinary share based on issued share capital as at the end of the financial period	101.91 cents	101.59 cents

	COMPANY	
	30 June 2014	**31 December 2013**
Net asset value per ordinary share based on issued share capital as at the end of the financial period	32.76 cents	34.87 cents

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

   (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

   (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on.

Review of Group Performance

(a) <u>Revenue</u>

The Group's revenue for the three months ended 30 June 2014 was $1.02b (three months ended 30 June 2013: $1.02b). Geographically, revenue in North Asia increased by 8.6% to $627.8m (three months ended 30 June 2013: $578.1m) due to higher sales of servers, networking hardware, and software products. The revenue in South East Asia decreased by 10.3% to $394.0m (three months ended 30 June 2013: $439.4m) as a result of lower sales of notebooks, consumer storage products, supplies and media tablets.

Revenue for the Distribution segment in the three months ended 30 June 2014 decreased by 18.2% to $591.6m (three months ended 30 June 2013: $723.5m) due to lower sales of notebooks, media tablets, consumer storage products, desktop PCs and supplies. This was mitigated by the increase in revenue from the Enterprise Systems and IT Services segments of 47.1% and 18.6% to $420.2m and $9.9m, respectively (three months ended 30 June 2013: $285.6m and $8.4m, respectively) mainly due to higher sales of servers, networking hardware and software products.

(b) <u>Profitability</u>

The Group's gross profit for the three months ended 30 June 2014 was $40.8m (three months ended 30 June 2013: $36.8m), with gross profit margin of 4.0% (three months ended 30 June 2013: 3.6%). The higher gross profit margin was due to the change in the revenue mix as the Group continued its focus to grow the higher-margin Enterprise Systems segment which accounted for 41.1% (three months ended 30 June 2013: 28.1%) of total revenue for the three months period ended 30 June 2014. This was mainly due to improved Enterprise Systems sales in North Asia and improved margins achieved by networking hardware and enterprise storage products. The increase in the gross profit margin was also attributed to higher rebates earned in the current quarter and lower provisions made for inventory obsolescence incurred for the three months ended 30 June 2014.

Total operating expenses for the three months ended 30 June 2014 increased approximately 5.3% or $1.4m to $27.8m (three months ended 30 June 2013: $26.4m) due to higher provisions for doubtful debts and outward freight expenses. Finance costs for the three months ended 30 June 2014 amounted to $3.3m (three months ended 30 June 2013: $2.3m) due to higher utilization of bank borrowings to support the growth in the Enterprise business which has longer credit terms.

The Group's net profit after tax and non-controlling interests ("NPATMI") for the three months ended 30 June 2014 was $9.4m (three months ended 30 June 2013: $9.0m), with NPATMI of 0.9% of revenue, consistent with the comparative period.

(c) <u>Statement of Financial Position</u>

The Group's total shareholders' funds as at 30 June 2014 stood at $376.2m (as at 31 December 2013: $371.7m). The final tax exempt one-tier dividend of 2.2 cents per share for the financial year ended 31 December 2013 was paid on 16 May 2014.

The Group's gross bank borrowings as at 30 June 2014 stood at $328.9m (as at 31 December 2013: $259.2m). Cash and bank balances was $72.3m (as at 31 December 2013: $120.9m). Net gearing ratio was 0.68 times as at 30 June 2014 (as at 31 December 2013: 0.37 times).

Net cash used in operating activities for the three months ended 30 June 2014 was $61.7m (cash generated for the three months ended 30 June 2013: $50.6m) as a result of higher trade and other receivable balances as at 30 June 2014. The increase in the trade and other receivables balance is due to the increase in the

Enterprise Systems segment business, which accounted for 41.1% (three months ended 30 June 2013: 28.1%) of total revenue for the three months period ended 30 June 2014, which is mainly project based and generally has longer credit terms.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

N.A.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

According to the IDC report published in August 2013, IT spending is expected to grow across all major segments for the rest of 2014, with the strongest growth set to come from Enterprise business. As such, the Group will put in more effort to drive the Enterprise business, which offers higher margins, in all countries where we have a presence.

Barring any unforeseen circumstances, the Board of Directors remains cautiously optimistic about the Group's financial performance in the third quarter of 2014 and for the whole of FY2014.

11. Dividend

(a) Present Period

Any dividend recommended for the current financial period reported on? None

(b) Previous Corresponding Period

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

N.A.

(d) Books closure date

N.A.

12. If no dividend has been declared/recommended, a statement to that effect.

N.A.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

N.A.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

N.A.

15. A breakdown of sales as follows:-

N.A.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

N.A.

17. Interested Person Transactions Under General Mandate.

Name of Interested Persons	Aggregate value of all interested transactions during the financial year under review (excluding transactions less than S$100,000 and transactions concluded under shareholders' mandate pursuant to Rule 920)	Aggregate value of all transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
a) Transactions for the sale of goods and services with Vnet Capital Co., Ltd and its subsidiaries	-	S$254,066
b) Transactions for the sale of goods with VST Computers (H.K.) Limited and its subsidiaries	-	S$61,483,560
c) Transactions for the purchase of goods with VST Computers (H.K.) Limited and its subsidiaries	-	S$8,583,625

The above transactions are for the second quarter ended 30 June 2014.

BY ORDER OF THE BOARD

Lim Yok Yen

Company Secretary

11 August 2014

ECS HOLDINGS LIMITED

CONFIRMATION BY BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the second quarter ended 30 June 2014 to be false or misleading in any material respect.

On behalf of the Board of Directors

Chairman
Tay Eng Hoe

Director
Ong Wei Hiam

11 August 2014