

ECS HOLDINGS LIMITED
(“Company”)
(Incorporated in the Republic of Singapore)
(Company Registration No. 199804760R)

**LIMITED IMPACT EXPECTED FROM SPIN OFF OF
PERSONAL COMPUTER UNIT BY HEWLETT PACKARD**

The board of directors of the Company (the “**Board**”) wishes to inform Shareholders as follows:

Hewlett Packard (“**HP**”), one of the key vendors of the Company from which servers, networking, data storage systems and printers are sourced, has recently announced that it will be spinning off or selling its Personal System Group (“**PSG**”), which includes its personal computer unit, webOS operating system and devices. HP has also announced that it will shut down its tablets and smart phones segment.

In connection with an interview granted to a group of analysts, the Company has noted the following:

- (a) ECS has returned all the HP tablets and smartphones and has received full refund with respect to the same, therefore leaving no risk of inventory obsolescence.
- (b) If the proposed spin off by HP (as aforesaid) is proceeded as announced, the impact to the Company is likely to be mitigated as it is expected to continue acting as a regional distributor for PSG and the Company has been diversifying its business to include other vendors. The personal computer business with PSG constituted approximately 18% of the Company’s total purchases, but contributed to only approximately 8% of its total net profits. In a worst case scenario where the distributorship with PSG is terminated, the impact is expected to be an approximate 8% reduction in profit which is in turn expected to be offset by growth in other personal computer vendors arising from gains in market share.

BY ORDER OF THE BOARD

Eddie Foo Toon Ee
Company Secretary
2 September 2011