

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

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**ECS ICT BERHAD**

*(Company No: 351038-H)*

*(Incorporated in Malaysia under the Companies Act, 1965)*

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

**PROPOSED BONUS ISSUE OF 60,000,000 NEW ORDINARY SHARES OF RM0.50 EACH IN ECS ICT BERHAD (“ECSB SHARES”) (“BONUS SHARES”) TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY TWO (2) EXISTING ECSB SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser*



**Maybank Investment Bank Berhad** (15938-H)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

An Extraordinary General Meeting (“EGM”) will be held at Training Room, Ground Floor, Lot 3, Jalan Teknologi 3/5, Taman Sains Selangor, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 10 October 2012 at 2.00 p.m. or at any adjournment thereof. The notice of EGM together with the Proxy Form are enclosed in this Circular.

A member entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend the EGM and vote on his behalf. In such event, the Proxy Form must be deposited at the Registered Office of ECS ICT Berhad at Level 8, Uptown 1, 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not later than forty-eight (48) hours before the time set for holding the EGM or any adjournment thereof. The lodgement of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last day and time for lodging the Proxy Form

Monday, 8 October 2012 at 2.00 p.m.

Date and time of the EGM

Wednesday, 10 October 2012 at 2.00 p.m.

This Circular is dated 20 September 2012

## DEFINITIONS

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The following definitions shall apply throughout this Circular unless the context requires otherwise:

Board	: Board of Directors of ECSB
Bonus Share(s)	: 60,000,000 new ECSB Shares to be issued pursuant to the Proposed Bonus Issue
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd
Bursa Securities	: Bursa Malaysia Securities Berhad
CDS	: Central Depository System
Circular	: This circular dated 20 September 2012 to the shareholders of ECSB
ECSB or Company	: ECS ICT Berhad
ECSB Group or Group	: ECSB and its subsidiaries
ECSB Share(s) or Share(s)	: Ordinary share(s) of RM0.50 each in ECSB
EGM	: Extraordinary general meeting
Entitlement Date	: The date as at the close of business (to be determined and announced later by the Board) on which shareholders of ECSB must be registered as a member and whose names appear in the Record of Depositors in order to participate in the Proposed Bonus Issue
EPS	: Earnings per Share
FPE	: Financial period ended
FYE	: Financial year ended/ending
Maybank IB	: Maybank Investment Bank Berhad
MMLR	: Main Market Listing Requirements of Bursa Securities
NA	: Net assets
Proposed Bonus Issue	: Proposed bonus issue of 60,000,000 new ECSB Shares to be credited as fully paid-up on the basis of one (1) Bonus Share for every two (2) existing ECSB Shares held on the Entitlement Date
Record of Depositors	: A record of securities holders established by Bursa Depository under the rules of Bursa Depository
SICDA	: Securities Industry (Central Depositories) Act, 1991

## CURRENCY

RM and sen	: Ringgit Malaysia and sen
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References to “we”, “us”, “our” and “ourselves” are to our Company, and where the context otherwise requires, our subsidiaries.

All references to “you” in this Circular are to the shareholders of ECSB.

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

Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any reference in the Circular to any enactment is a reference to the enactment as for the time being amended or re-enacted.

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## **ECS ICT BERHAD**

*(Company No.: 351038-H)*

*(Incorporated in Malaysia under the Companies Act, 1965)*

### **Registered Office:**

Level 8, Uptown 1  
1, Jalan SS21/58  
Damansara Uptown  
47400 Petaling Jaya  
Selangor Darul Ehsan

20 September 2012

### **Board of Directors:**

Dato' Teo Chiang Quan *(Non-Independent Non-Executive Chairman)*

Foo Sen Chin *(Managing Director)*

Soong Jan Hsung *(Executive Director)*

Tay Eng Hoe *(Non-Independent Non-Executive Director)*

Eddie Foo Toon Ee *(Non-Independent Non-Executive Director)*

Wong Heng Chong *(Independent Non-Executive Director)*

Quah Chek Tin *(Independent Non-Executive Director)*

Ahmad Subri bin Abdullah *(Independent Non-Executive Director)*

Ho Chee Kit *(Independent Non-Executive Director)*

Narong Intanate *(Non-Independent Non-Executive Director)*

**To: The Shareholders of ECS ICT Berhad**

Dear Sir/Madam,

### **PROPOSED BONUS ISSUE**

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#### **1. INTRODUCTION**

On 10 September 2012, Maybank IB had, on behalf of the Board announced that the Company is proposing to undertake a bonus issue of 60,000,000 new ECSB Shares to be credited as fully paid-up on the basis of one (1) Bonus Share for every two (2) existing ECSB Shares held on an entitlement date to be determined and announced later.

The purpose of this Circular is to provide the shareholders of ECSB with details of the Proposed Bonus Issue and to seek your approval for the resolution pertaining to the Proposed Bonus Issue to be tabled at the forthcoming EGM of the Company. The notice of EGM together with the Proxy Form are enclosed herewith in this Circular.

**You are advised to read and consider carefully the contents and the appendices of this Circular before voting on the resolution pertaining to the Proposed Bonus Issue at the forthcoming EGM.**

## 2. DETAILS OF THE PROPOSED BONUS ISSUE

### 2.1 Basis and number of Bonus Shares

The Company proposes to implement a bonus issue of 60,000,000 Bonus Shares to be credited as fully paid-up on the basis of one (1) Bonus Share for every two (2) existing ECSB Shares held by the entitled shareholders of the Company on the Entitlement Date.

Any fractional entitlements under the Proposed Bonus Issue, if any, shall be dealt with in such manner as the Board shall in its absolute discretion deems fit, expedient and in the best interest of the Company.

The Proposed Bonus Issue is not intended to be implemented on a staggered basis.

### 2.2 Capitalisation of reserves

The Proposed Bonus Issue shall be effected via capitalisation of the Company's entire share premium whilst the remainder shall be capitalised from the Company's retained profits.

An illustration of the proposed capitalisation for the Proposed Bonus Issue based on the Company's latest audited financial statements for the FYE 31 December 2011, after taking into consideration the total net interim dividend of RM5.00 million received from its subsidiary is set out below:

<u>ECSB (Company level)</u>	<u>Share Premium</u>	<u>Retained Profits</u>	<u>Merger Reserve</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Audited as at 31 December 2011	25,903	9,801	22,961	58,665
Net dividend income declared to ECSB by ECS ASTAR Sdn Bhd (" <b>Dividend</b> ")	-	5,000	-	5,000
	<u>25,903</u>	<u>14,801</u>	<u>22,961</u>	<u>63,665</u>
Less:				
• Single-tier dividend of 8 sen per ECSB Share in respect of FYE 31 December 2011 paid on 15 June 2012 (" <b>Dividend Paid</b> ")	-	(9,600)	-	(9,600)
• Amount to be capitalised for the Proposed Bonus Issue	(25,903)	(4,097)	-	(30,000)
• Estimated expenses for the Proposed Bonus Issue	-	(150)		(150)
<b>Proforma balances after the Proposed Bonus Issue</b>	<u>-</u>	<u>954</u>	<u>22,961</u>	<u>23,915</u>

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An illustration of the proposed capitalisation for the Proposed Bonus Issue based on the Company's latest unaudited financial statements for the FPE 30 June 2012, after taking into consideration the Dividend is set out below:

<b>ECSB (Company level)</b>	<b>Share Premium</b>	<b>Retained Profits</b>	<b>Merger Reserve</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unaudited as at 30 June 2012	25,903	569	22,961	49,433
Dividend	-	5,000	-	5,000
	<u>25,903</u>	<u>5,569</u>	<u>22,961</u>	<u>54,433</u>
Less:				
• Amount to be capitalised for the Proposed Bonus Issue	(25,903)	(4,097)	-	(30,000)
• Estimated expenses for the Proposed Bonus Issue	-	(150)	-	(150)
<b>Proforma balances after the Proposed Bonus Issue</b>	<u>-</u>	<u>1,322</u>	<u>22,961</u>	<u>24,283</u>

The Board confirms that based on the latest audited financial statements for the FYE 31 December 2011 and the latest unaudited financial statements for FPE 30 June 2012, the available reserves (after the Dividend) of the Company are adequate for the capitalisation under the Proposed Bonus Issue.

The Reporting Accountants of the Company, Messrs KPMG had vide its letter dated 10 September 2012, as enclosed in **Appendix I** of this Circular, also concluded that, based on the financial information extracted from the audited financial statements of the Company for the FYE 31 December 2011 and the unaudited results for the FPE 30 June 2012, nothing has come to their attention to render that the Company has insufficient reserves in its reserves account (after the Dividend) for the capitalisation pursuant to the Proposed Bonus Issue.

Further, pursuant to Paragraph 6.30(1) of the MMLR of Bursa Securities, a listed issuer intending to make a bonus issue of securities must ensure that the necessary reserves required for capitalisation of the bonus issue are unimpaired by losses on a consolidated basis, where applicable, based on the listed issuer's latest audited financial statements as well as its latest quarterly report.

Based on ECSB's audited consolidated financial statements for the FYE 31 December 2011 and its latest unaudited consolidated financial statements for the FPE 30 June 2012, the reserves available (after the Dividend) to be capitalised for the Proposed Bonus Issue are unimpaired by losses on a consolidated basis. Hence, the Company has complied with Paragraph 6.30(1) of the MMLR.

### **2.3 Ranking of the Bonus Shares**

The Bonus Shares shall, upon allotment and issuance, rank equally in all respects with the existing ECSB Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid where the entitlement date precedes the date of allotment and issuance of the Bonus Shares.

## 2.4 Listing of and quotation for the Bonus Shares

The Company had, on 13 September 2012, obtained the approval from Bursa Securities for the listing of and quotation for the Bonus Shares pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities.

The Bonus Shares shall be listed and quoted on the Main Market of Bursa Securities on the next market day following the Entitlement Date. The notice of allotment of the Bonus Shares will be issued and despatched to the entitled shareholders within four (4) market days after the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities, or such other periods as may be prescribed by Bursa Securities.

As the Bonus Shares are securities prescribed under Section 14(5) of the SICDA, the Bonus Shares will be subjected to the SICDA and the Rules of Bursa Depository. Accordingly, the Bonus Shares will be credited into the respective CDS accounts of the entitled shareholders and no physical share certificate will be issued.

## 3. RATIONALE FOR THE PROPOSED BONUS ISSUE

The Board is of the view that the Proposed Bonus Issue is the most appropriate avenue of rewarding the existing shareholders of the Company for their continuous support and loyalty whilst at the same time enhancing the Company's share capital base as the Proposed Bonus Issue will:

- (i) increase the issued and paid-up share capital base of ECSB to a level which may better reflect the Company's current scale of operations;
- (ii) enable the shareholders to have greater participation in the equity of the Company in terms of the number of ECSB Shares; and
- (iii) improve the trading liquidity and marketability of ECSB Shares with a larger issued and paid-up share capital base.

## 4. EFFECTS OF THE PROPOSED BONUS ISSUE

### 4.1 Issued and paid-up share capital

The proforma effects of the Proposed Bonus Issue on the issued and paid-up share capital of ECSB are illustrated in the table below:

	<u>No. of shares</u>	<u>Par value</u> (RM)	<u>Issued and paid-up share capital</u> (RM)
Issued and paid-up share capital as at 10 September 2012	120,000,000	0.50	60,000,000
Shares to be issued pursuant to the Proposed Bonus Issue	60,000,000	0.50	30,000,000
<b>Enlarged issued and paid-up share capital</b>	<b><u>180,000,000</u></b>	<b><u>0.50</u></b>	<b><u>90,000,000</u></b>

## 4.2 NA per Share and Gearing

The proforma effects of the Proposed Bonus Issue on the consolidated NA per Share based on the audited consolidated balance sheet of ECSB as at 31 December 2011 are illustrated in the table below:

<b>ECSB (Consolidated level)</b>	<b>Audited as at 31 December 2011</b>	<b>Adjustment pursuant to Dividend Paid</b>	<b>After the Proposed Bonus Issue</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Share capital	60,000	60,000	90,000
Share premium	25,903	25,903	-
Retained profits	86,807	77,207	<sup>(1)</sup> 72,960
Shareholders' fund/NA	<u>172,710</u>	<u>163,110</u>	<u>162,960</u>
No. of ECSB Shares in issue ('000)	120,000	120,000	180,000
NA per Share (RM)	1.44	1.36	0.91
Borrowings (RM'000)	-	-	-
Gearings (times)	-	-	-

**Note:**

<sup>(1)</sup> After deducting the estimated expenses relating to the Proposed Bonus Issue of RM150,000.

The Proposed Bonus Issue will not have any effect on the gearing of ECSB Group.

## 4.3 EPS

The Proposed Bonus Issue is not expected to have any effect on the earnings of ECSB Group for the FYE 31 December 2012. However, upon completion of the Proposed Bonus Issue, the future EPS of ECSB Group is expected to be diluted as a result of the increase in the number of issued and paid-up share capital in ECSB arising from the Proposed Bonus Issue.

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#### 4.4 Substantial Shareholders' Shareholdings

The Proposed Bonus Issue will not have any effect on the percentage shareholdings of the substantial shareholders of ECSB. However, the number of ECSB Shares held by each substantial shareholder will increase proportionately as a result of the Proposed Bonus Issue.

The effects of the Proposed Bonus Issue on the substantial shareholders' shareholdings based on the register of substantial shareholders of the Company are set out below:

Substantial shareholders	As at 10 September 2012			After the Proposed Bonus Issue		
	Direct	Indirect	%	Direct	Indirect	%
	No. of ECSB Shares	No. of ECSB Shares	%	No. of ECSB Shares	No. of ECSB Shares	%
ECS Holdings Limited	49,222,500	-	41.02	73,833,750	-	41.02
Sengin Sdn Bhd	14,460,000	-	12.05	21,690,000	-	12.05
Foo Sen Chin	-	(1)14,664,800	12.22	-	(1)21,997,200	12.22
Lee Marn Fong	-	(2)14,664,800	12.22	-	(2)21,997,200	12.22
Oasis Hope Sdn Bhd	10,300,000	-	8.58	15,450,000	-	8.58
Dato' Teo Chiang Quan	-	(3)10,300,000	8.58	-	(3)15,450,000	8.58
Dasar Technologies Sdn Bhd	6,600,000	-	5.50	9,900,000	-	5.50

**Notes:**

(1) By virtue of his substantial shareholdings in Sengin Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and the shareholdings of his child.

(2) By virtue of her substantial shareholdings in Sengin Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and the shareholdings of her child.

(3) By virtue of his substantial shareholdings in Oasis Hope Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

#### 4.5 Convertible Securities

As at the date of this Circular, the Company does not have any convertible securities in issue.

## 5. APPROVALS REQUIRED

The Proposed Bonus Issue is subject to and conditional upon approvals being obtained from the following:

- (i) Bursa Securities, for which the approval for the listing of and quotation for the 60,000,000 Bonus Shares on the Main Market of Bursa Securities was obtained vide its letter dated 13 September 2012, subject to the following conditions:

	<u>Conditions</u>	<u>Status of Compliance</u>
(a)	ECSB and Maybank IB must fully comply with the relevant provisions under the MMLR pertaining to the implementation of the Proposed Bonus Issue;	To be complied
(b)	ECSB and Maybank IB to inform Bursa Securities upon the completion of the Proposed Bonus Issue;	To be complied
(c)	ECSB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue is completed; and	To be complied
(d)	ECSB and Maybank IB are required to make the relevant announcements pursuant to paragraph 6.35(2)(a) & (b) and 6.35(4) of the MMLR	To be complied

- (ii) shareholders of ECSB, for the Proposed Bonus Issue at the forthcoming EGM to be convened; and

- (iii) any other relevant authorities and/or parties, if required.

The Proposed Bonus Issue is not conditional upon any other corporate exercise of the Company.

## 6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or major shareholders nor persons connected to them has any interest, direct or indirect, in the Proposed Bonus Issue, save for their respective entitlements as the shareholders of the Company under the Proposed Bonus Issue pursuant to their shareholdings in ECSB as at the Entitlement Date, which is also available to the other shareholders of the Company.

## 7. OUTSTANDING CORPORATE EXERCISES

The Board confirms that, as at date of this Circular, there is no other proposal which has been announced by the Company and is pending completion, save and except for the Proposed Bonus Issue, which is the subject matter of this Circular.

## 8. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of ECSB Shares as traded on Bursa Securities for the past twelve (12) months are as follows:

	<u>Highest</u>	<u>Lowest</u>
	RM	RM
<b><u>2011</u></b>		
September	1.29	1.14
October	1.33	1.13
November	1.33	1.26
December	1.30	1.20
<b><u>2012</u></b>		
January	1.46	1.24
February	1.61	1.35
March	1.55	1.50
April	1.55	1.52
May	1.63	1.45
June	1.52	1.43
July	1.60	1.51
August	1.60	1.53

The last transacted price of ECSB Shares on 7 September 2012, being the last full trading day prior to the announcement of the Proposed Bonus Issue RM1.51

The last transacted price of ECSB Shares on 18 September 2012, being the latest practicable date prior to the printing of this Circular RM1.60

*(Source: Bloomberg)*

## 9. ESTIMATED TIME FRAME FOR COMPLETION

The Proposed Bonus Issue is expected to be completed by the fourth (4<sup>th</sup>) quarter of 2012. The estimated timing of events leading up to the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities is set out as follows:

<u>Event</u>	<u>Estimated timing</u>
Convening of EGM	10 October 2012
Announcement on Entitlement Date	Mid October 2012
Entitlement Date for the Proposed Bonus Issue	End October 2012
Listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities	End October 2012

## 10. DIRECTORS' RECOMMENDATION

The Board, after having considered all aspects of the Proposed Bonus Issue, including but not limited to the rationale and effects of the Proposed Bonus Issue, is of the opinion that the Proposed Bonus Issue is in the best interest of the Company and as such, recommends that you vote in favour of the relevant resolution to be tabled at the forthcoming EGM in relation to the Proposed Bonus Issue.

**11. EGM**

The EGM, the notice of which is enclosed in this Circular, will be held at Training Room, Ground Floor, Lot 3, Jalan Teknologi 3/5, Taman Sains Selangor, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 10 October 2012 at 2.00 p.m., for the purpose of considering and if thought fit, passing with or without modifications, the resolution to give effect to the Proposed Bonus Issue.

If you are unable to attend and vote in person at the EGM, you are requested to complete, sign and return the enclosed Proxy Form for the EGM in accordance with the instructions printed thereon as soon as possible, so as to arrive at the Registered Office of the Company at Level 8, Uptown 1, 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for the EGM or at any adjournment thereof. The lodgement of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

**12. ADDITIONAL INFORMATION**

Shareholders are advised to refer to the attached appendices for additional information.

Yours faithfully,  
For and on behalf of the Board  
**ECS ICT BERHAD**

**FOO SEN CHIN**  
**MANAGING DIRECTOR**



**KPMG (Firm No. AF 0758)**  
Chartered Accountants  
Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

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

Our ref M/EOBS/JLTH  
Contact Eric Ong (ext 3023)

10 September 2012

Dear Sirs,

**ECS ICT Berhad (“ECSB” or “Company”)**

**Adequacy of Reserves for the Proposed Bonus Issue of 60,000,000 new ordinary shares of RM0.50 each of ECSB (“ECSB Shares” or “Bonus Shares”) to be credited as fully paid-up on the basis of one (1) Bonus Share for every two (2) existing ECSB Shares held on an entitlement date to be determined later (“Proposed Bonus Issue”)**

We have been appointed to report on the proforma movements of share capital and reserves of the Company as at 31 December 2011 and 30 June 2012 and the adequacy of reserves which have been prepared by the management of the Company for illustrative purposes only, for inclusion in the circular to the shareholders in relation to the Proposed Bonus Issue in accordance with the Main Market Listing Requirements (“Listing Requirements”) and for no other purpose.

The Company is proposing to implement a bonus issue of 60,000,000 Bonus Shares on the basis of one (1) Bonus Share for every two (2) existing ECSB Shares held on an entitlement date to be determined later.

**Directors’ responsibilities**

The proforma movements of share capital and reserves of the Company together with the notes thereon are prepared for illustrative purposes only, for which the Directors are solely responsible. The Directors are also responsible to ensure that the reserve required for capitalisation for the Bonus Shares in relation to the Proposed Bonus Issue based on the audited financial statements for the financial year ended 31 December 2011 as well as the unaudited interim financial statements for the 6-month period ended 30 June 2012 are sufficient and unimpaired by losses up to the completion date of the Proposed Bonus Issue.

**Our responsibilities**

We report on the proforma movements of share capital and reserves of the Company as at 31 December 2011 and 30 June 2012 as set out in the attachment which we have stamped for the purpose of identification in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000: *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*.

KPMG, a partnership established under Malaysian law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity.



*ECS ICT Berhad  
Adequacy of reserves for the proposed bonus issue  
10 September 2012*

The proforma movements of share capital and reserves as at 31 December 2011 and 30 June 2012 have been prepared for illustrative purposes only on the basis of assumptions as set out in the notes thereon and after making certain adjustments to show the total amount of reserves of the Company as at 31 December 2011 and 30 June 2012, had the proposals been effected on that date.

The available share premium and retained profits of the Company as at 31 December 2011 amounting to approximately RM25.903 million and RM9.801 million respectively have been extracted from the audited financial statements for the year ended 31 December 2011, whilst the share premium and retained profits of the Company as at 30 June 2012 amounting to approximately RM25.903 million and RM0.569 million respectively have been extracted from the unaudited interim financial statements for the 6-month period ended 30 June 2012.

The final dividend of approximately RM9.6 million of the Company for the year ended 31 December 2011 has been approved by the shareholders at the Annual General Meeting and was paid on 15 June 2012. As a result, ECSB does not have adequate share premium and retained profits on an aggregate basis to implement the Proposed Bonus Issue. On 10 August 2012, a subsidiary paid a single tier interim dividend of RM10.00 per share totalling RM5 million in respect of the financial year ending 31 December 2012 to ECSB. For the purpose of the presentation of the proforma movements of share capital and reserves, the interim dividend received from the subsidiary has been recognised as part of ECSB's retained profits as at 31 December 2011 and 30 June 2012 respectively as if the dividend was paid as at 31 December 2011 and 30 June 2012.

Our work has been undertaken to enable us to form a conclusion, as required by the Listing Requirements, as to the adequacy of the proforma reserves as at 31 December 2011 and 30 June 2012 for capitalisation in respect of the Proposed Bonus Issue based on the audited financial statements of ECSB for the financial year ended 31 December 2011 and the unaudited interim financial statements for the 6-month period ended 30 June 2012 respectively and to report that conclusion to you.

We would like to draw the attention that our work performed is of a limited assurance. Limited assurance is less than absolute assurance and reasonable assurance. Evidence-gathering procedures for a limited assurance engagement are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement.

#### **Work performed**

Our procedures include the following:

- 1 Read the unaudited interim financial statements for the 6-month period ended 30 June 2012 of the Company;
- 2 Inquire of certain officials of the Company, who have responsibility for the financial and accounting matters about:
  - i) the basis for their determination of the proforma adjustments;
  - ii) whether the unaudited management accounts of adequacy of reserves have been properly compiled on the bases stated; and



*ECS ICT Berhad*  
*Adequacy of reserves for the proposed bonus issue*  
 10 September 2012

- iii) whether, within the context of the assumed date of the Proposed Bonus issue:
- Such bases are consistent with the accounting policies of the Company as disclosed in the audited financial statements for the year ended 31 December 2011 and the unaudited interim financial statements for 6-month financial period ended as at 30 June 2012; and
  - The adjustments set out are appropriate for the purpose of the statement of adequacy of reserves.
- 3 Prove the mathematical accuracy of the application of the proforma adjustments to the historical amounts as at 31 December 2011 and 30 June 2012;
- 4 Perform a review of the interim financial statements for the 6-month ended 30 June 2012 in accordance with ISRE 2410: *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*; and
- 5 Consider whether the reserves of the Company after the proforma adjustments are adequate for the purpose of the Proposed Bonus Issue.

### Conclusion

Based on our procedures performed, nothing has come to our attention that:

- (a) the proforma movements of share capital and reserves as at 31 December 2011 and 30 June 2012 have not been properly compiled on the basis of assumptions as set out in the accompanying notes, and
- (b) after accounting for the effect of the adjustments arising thereon, the proforma movements of share capital and reserves are not adequate for the purposes of capitalisation for the Proposed Bonus Issue.

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

### Other matters

This letter has been prepared for the purpose as stated in the first paragraph of this report and is exclusively for your use for inclusion in the circular to shareholders in relation to the Proposed Bonus Issue and should not be relied on for any other purpose. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Proposed Bonus Issue.

Yours faithfully,

KPMG  
 Firm Number: AF 0758  
 Chartered Accountants

## LETTER FROM MESSRS KPMG (Cont'd)

ECS ICT Berhad  
(Company No. 351038-H)

## ECS ICT Berhad

**Proforma Movements of Share Capital and Reserves  
as at 31 December 2011 and 30 June 2012**

The proforma movements of share capital and reserves of ECSB as at 31 December 2011 and 30 June 2012 as set out below are provided for illustrative purposes only and incorporate the transactions referred to in the notes as if they were effected on 31 December 2011 and 30 June 2012.

**Proforma Movements of Share Capital and Reserves as at 31 December 2011**

The Company	Note	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Retained profits RM'000	Total RM'000
Audited as at 31 December 2011	3	60,000	25,903	22,961	9,801	118,665
Dividend paid by the Company	5	-	-	-	(9,600)	(9,600)
Dividend received from a subsidiary	6	-	-	-	5,000	5,000
<hr/>						
Amount available for capitalisation of the Proposed Bonus Issue		60,000	25,903	22,961	5,201	114,065
Amount capitalised for the Proposed Bonus Issue		30,000	(25,903)	-	(4,097)	-
Estimated expenses	7	-	-	-	(150)	(150)
<hr/>						
Proforma balances after the Proposed Bonus Issue		90,000	-	22,961	954	113,915

**Proforma Movements of Share Capital and Reserves as at 30 June 2012**

The Company	Note	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Retained profits RM'000	Total RM'000
Unaudited as at 30 June 2012	3	60,000	25,903	22,961	569	109,433
Dividend received from a subsidiary	6	-	-	-	5,000	5,000
<hr/>						
Amount available for capitalisation of the Proposed Bonus Issue		60,000	25,903	22,961	5,569	114,433
Amount capitalised for the Proposed Bonus Issue		30,000	(25,903)	-	(4,097)	-
Estimated expenses	7	-	-	-	(150)	(150)
<hr/>						
Proforma balances after the Proposed Bonus Issue		90,000	-	22,961	1,322	114,283





**ECS ICT Berhad**  
(Company No. 351038-H)

**ECS ICT Berhad**

**Notes to the Proforma Movements of Share Capital and Reserves  
as at 31 December 2011 and 30 June 2012**

1. The Company is proposing to implement a bonus issue of 60,000,000 Bonus Shares on the basis of one (1) Bonus Share for every two (2) existing ECSB Shares.
2. The proforma movements of share capital and reserves of the Company as at 31 December 2011 and 30 June 2012 have been prepared based on accounting policies which are consistent with those adopted in the preparation of the audited financial statements of ECSB for the financial year ended 31 December 2011 and for illustrative purposes only, for which the Directors are solely responsible. The Directors are also responsible to ensure that the reserve required for capitalisation for the Bonus Shares in relation to the Proposed Bonus Issue based on the audited financial statements for the financial year ended 31 December 2011 as well as the unaudited interim financial statements for the 6-month period ended 30 June 2012 are sufficient and unimpaired by losses up to the completion date of the Proposed Bonus Issue.  
  
The Directors are of the opinion that there is no significant impact from the adoption of the new or revised applicable accounting standards issued by the Malaysian Accounting Standards Board which are effective for the financial year beginning on 1 January 2011 by the Company. Accordingly, the adoption of the new or revised applicable accounting standards will not result in the aggregate of the share premium and retained profits to be less than approximately RM0.954 million as at 31 December 2011 and 30 June 2012.
3. The share premium and retained profits of the Company as at 31 December 2011 amounting to approximately RM25.903 million and RM9.801 million respectively have been extracted from the audited financial statements for the year ended 31 December 2011, whilst the share premium and retained profits of the Company as at 30 June 2012 amounting to approximately RM25.903 million and RM0.569 million respectively have been extracted from the unaudited interim financial statements for the 6-month period ended 30 June 2012.
4. The proforma movements of share capital and reserves of the Company as at 31 December 2011 and 30 June 2012 respectively have been prepared on the assumption that at the date of the capitalisation of the share premium and retained profits for the Proposed Bonus Issue, nothing has occurred or will occur which will cause the aggregate of the share premium and retained profits to be less than approximately RM0.954 million on both dates.
5. The final dividend of approximately RM9.6 million of the Company for the year ended 31 December 2011 has been approved by the shareholders at the Annual General Meeting and was paid on 15 June 2012.
6. On 10 August 2012, a subsidiary paid a single tier interim dividend of RM10.00 per share totalling RM5 million in respect of the financial year ending 31 December 2012 to ECSB. The proforma movements of share capital and reserves of the Company as at 31 December 2011 and 30 June 2012 have recognised the dividend received from the subsidiary as part of ECSB's retained profits as at 31 December 2011 and 30 June 2012 as if the dividend was paid as at 31 December 2011 and 30 June 2012.
7. The Directors estimate that expenses to be incurred for the Proposed Bonus Issue will be approximately RM150,000.



**ADDITIONAL INFORMATION**

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**1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board, and all the Directors of ECSB individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

**2. CONSENT**

Maybank IB, the Principal Adviser for the Proposed Bonus Issue has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

Messrs KPMG, being the Reporting Accountants of the Company in relation to the Proposed Bonus Issue has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name in the form and context in which it appears in this Circular and the letter as set out in **Appendix I** of this Circular.

**3. CONFLICT OF INTEREST****3.1 Maybank IB**

As at 10 September 2012, ECSB Group has credit facilities with Maybank IB and its related and associated companies ("**Maybank Group**"). Maybank IB is the Principal Adviser for the Proposed Bonus Issue.

Notwithstanding this, the potential conflict of interest is mitigated by the following:

- (i) The Maybank Group is a diversified financial group and is engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and fund management and credit transaction services businesses. Any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction with any member of the ECSB Group in the ordinary course of business. Nonetheless, the conduct of Maybank Group is regulated strictly by the Banking and Financial Institutions Act 1989 and accordingly, the Maybank Group is required to comply with applicable laws and regulations, which require amongst others, segregation between dealing and advisory activities and Chinese wall between different business divisions.
- (ii) Based on the Maybank Group's latest audited financial statements for the FYE 31 December 2011, the credit facilities represents less than 1% of the Maybank Group's total loans, advances and financing of RM274.43 billion. Further, granting of the credit facilities is also in the ordinary course of business of the Maybank Group.
- (iii) The Board is fully informed of and is aware of the roles of Maybank IB as the Principal Adviser for the Proposed Bonus Issue.

Save as disclosed above, Maybank IB also confirms that it is not aware of any circumstance that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as Principal Adviser to the Company for the Proposed Bonus Issue.

**ADDITIONAL INFORMATION (Cont'd)**


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**3.2 Messrs KPMG**

Messrs KPMG has given their written confirmation that as at the date of this Circular, there is no conflict of interests that exist or is likely to exist in relation to its role as the Reporting Accountants to the Company in relation to the Proposed Bonus Issue.

**4. MATERIAL LITIGATION**

As at the date of this Circular, neither ECSB nor any of its subsidiaries is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware of any proceedings pending or threatened against ECSB and/or its subsidiaries, or of any facts likely to give rise to any proceedings, which may materially or adversely affect the position or business of ECSB and/or its subsidiaries.

**5. MATERIAL COMMITMENT AND CONTINGENT LIABILITES**
**5.1 Capital Commitments**

As at 10 September 2012, save for an amount totalling RM210,200, the Board is not aware of any material commitments incurred or known to be incurred by the Group which may, upon being enforceable, have a material adverse impact on the net profits and/or NA of the Group.

**5.2 Contingent liabilities**

As at 10 September 2012 and save as disclosed below, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Group, which upon becoming enforceable, may substantially affect the Group's ability to meet its obligations:

<b>Contingent Liabilities</b>	<b>RM'000</b>
Corporate guarantees given to licensed bank for banking facilities granted to subsidiaries	103,300
Corporate guarantees given to vendors for credit facilities granted to subsidiaries	90,608
<b>Total</b>	<b>193,908</b>

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection at the Registered Office of the Company at Level 8, Uptown 1, 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, during normal business hours on any working day from the date of this Circular up to and including the date of the EGM:

- (i) Memorandum and Articles of Association of ECSB;
- (ii) Letter from Messrs KPMG referred to in **Appendix I** of this Circular;
- (iii) Letters of consent as referred to in Section 2 above; and
- (iv) The audited consolidated financial statements of ECSB for the past two (2) FYE 31 December 2010 and 31 December 2011, and the latest unaudited consolidated results of ECSB for the six (6) month FPE 30 June 2012.



**ECS ICT BERHAD**

(Company No: 351038-H)

(Incorporated in Malaysia under the Companies Act, 1965)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (“EGM”) of ECS ICT Berhad (“ECSB” or “the Company”) will be held at Training Room, Ground Floor, Lot 3, Jalan Teknologi 3/5, Taman Sains Selangor, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 10 October 2012 at 2.00 p.m., for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:

**ORDINARY RESOLUTION**

**PROPOSED BONUS ISSUE OF 60,000,000 NEW ORDINARY SHARES OF RM0.50 EACH IN ECSB (“ECSB SHARES”) (“BONUS SHARES”) TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY TWO (2) EXISTING ECSB SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED BONUS ISSUE”)**

“**THAT**, subject to the approvals being obtained from all relevant authorities and the approval-in-principle of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for 60,000,000 Bonus Shares to be issued by the Company pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities, the Directors of the Company be and are hereby authorised:

- (a) to capitalise the aggregate amount of RM30,000,000 from the Company’s share premium account and retained profits account, by way of a bonus issue and that the same be applied in making payment in full at par for 60,000,000 Bonus Shares in the share capital of the Company, for such Bonus Shares to be issued and credited as fully paid-up on the basis of one (1) Bonus Share for every two (2) existing ECSB Shares held in the Company to all shareholders of the Company whose names appear on the Record of Depositors as at the close of business on an entitlement date to be determined and announced later by the Directors of the Company; and
- (b) to give full effect to the Proposed Bonus Issue with full powers to make and/or assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities and to take all steps as they may consider necessary in order to implement, finalise and give full effect to the Proposed Bonus Issue;

**THAT** fractional entitlements, if any, arising from the Proposed Bonus Issue shall be dealt with in such manner as the Board of Directors of the Company shall in its absolute discretion deems fit, expedient and in the best interest of the Company;

**AND THAT** such Bonus Shares shall, upon allotment and issuance, rank equally in all respects with the then existing ECSB Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid where the entitlement date precedes the date of allotment of the Bonus Shares.”

**By Order of the Board**

**TAY LEE KONG (MAICSA 772833)**

Company Secretary

Petaling Jaya  
Selangor Darul Ehsan  
20 September 2012

**Notes:**

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend the meeting and vote on his behalf. A proxy need not be a member of the Company.
2. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. The proxy form must be signed by the appointer or his attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its attorney or officer duly authorised in writing. The power of attorney or a notarially certified copy thereof must be deposited at the Company's Registered Office within the period stated below. In the case of joint members, the signature of any one joint member is sufficient.
4. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. The proxy form must be deposited at the Registered Office of the Company at Level 8, Uptown 1, 1, Jalan SS 21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
6. In respect of deposited securities, only members whose names appear in the Record of Depositors on 3 October 2012 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the meeting.

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**ECS ICT BERHAD**

(Company No: 351038-H)

(Incorporated in Malaysia under the Companies Act, 1965)

# PROXY FORM

I/We \_\_\_\_\_  
(name of shareholder as per NRIC, in capital letters)

NRIC No. /ID No. /Company No. \_\_\_\_\_ (New) \_\_\_\_\_ (Old)  
of \_\_\_\_\_  
(full address)

being a Member/Members of ECS ICT Berhad, hereby appoint \_\_\_\_\_  
(name of proxy as per NRIC, in capital letters)

NRIC No. \_\_\_\_\_ (New) \_\_\_\_\_ (Old) of \_\_\_\_\_  
\_\_\_\_\_  
(full address)

and/or failing him/her \_\_\_\_\_  
(name of proxy as per NRIC, in capital letters)

NRIC No. \_\_\_\_\_ (New) \_\_\_\_\_ (Old) of \_\_\_\_\_  
\_\_\_\_\_  
(full address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote on my/our behalf at the Extraordinary General Meeting of the Company to be held at Training Room, Ground Floor, Lot 3, Jalan Teknologi 3/5, Taman Sains Selangor, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 10 October 2012 at 2.00 p.m. and at any adjournment thereof.

I/We direct my/our proxy to vote (see Note 5) for or against the resolution to be proposed at the meeting as hereunder indicated.

Ordinary Resolution	For	Against
Proposed Bonus Issue		

Dated this \_\_\_\_\_ day \_\_\_\_\_ 2012.

\_\_\_\_\_  
Signature/Common Seal

CDS ACCOUNT NO.  
\_\_\_\_\_

NO. OF SHARES HELD  
\_\_\_\_\_

**Notes:**

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend the meeting and vote on his behalf. A proxy need not be a member of the Company.
2. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. The proxy form must be signed by the appointer or his attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its attorney or officer duly authorised in writing. The power of attorney or a notarially certified copy thereof must be deposited at the Company's Registered Office within the period stated below. In the case of joint members, the signature of any one joint member is sufficient.
4. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. Please indicate with an "X" in the appropriate box against the resolution how you wish your proxy to vote. If this proxy form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
6. The proxy form must be deposited at the Registered Office of the Company at Level 8, Uptown 1, 1, Jalan SS 21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
7. In respect of deposited securities, only members whose names appear in the Record of Depositors on 3 October 2012 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the meeting.



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AFFIX  
STAMP

The Company Secretary

**ECS ICT BERHAD (351038-H)**

Level 8, Uptown 1  
1, Jalan SS21/58  
Damansara Uptown  
47400 Petaling Jaya  
Selangor Darul Ehsan

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