1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Occupation	Nationality
Lee Kah Kheng *(Managing Director)*	Block 3B-12-01, N-Park Jalan Sungai Dua 11700 Penang	Director	Malaysian
Dennis Chuah *(Business Development Director)*	501G-9-1 Diamond Villa 11200 Tanjung Bungah Penang	Director	Malaysian
Mansor Bin Padzin *(Executive Director)*	No. 60 Taman Baru Jln Hussein Onn, Sbg Jaya 13700 Prai Penang	Director	Malaysian
Khor Yee Kwang *(Technical Director)*	27 Jelutong Avenue Jelutong 11600 Georgetown Penang	Director	Malaysian
Iskander Bin Ismail Mohamed Ali *(Non-Executive Director)*	16 Jalan 14 Taman Tun Abdul Razak 68000 Ampang Jaya Selangor Darul Ehsan	Executive Director	Malaysian
Ahmad Bin Darus *(Non-Executive Director)*	11-2 Desa Angkasa 12 Jalan Taman U-Thant 55000 Kuala Lumpur	Director	Malaysian
Nordin Bin Mohamad Desa *(Independent Non-Executive Director)*	12 Jalan AU 5 Lembah Keramat 54200 Kuala Lumpur	Director	Malaysian
Baqir Hussain Bin Hatim Ali *(Independent Non-Executive Director)*	2901-G Taman Golf 05250 Alor Setar Kedah Darul Aman	Chartered Accountant	Malaysian
Shaik Taufik Bin Shaik Yusoff *(Alternate Director to Iskander Bin Ismail Mohamed Ali)*	63 Jalan BK4/2 Bandar Kinrara 47100 Puchong Selangor Darul Ehsan	General Manager	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Nordin Bin Mohamad Desa	Chairman	Independent Non-Executive Director
Baqir Hussain Bin Hatim Ali	Member	Independent Non-Executive Director
Dennis Chuah	Member	Business Development Director

1. CORPORATE DIRECTORY *(Cont'd)*

COMPANY SECRETARY	:	How Wee Ling (MAICSA 7033850) Block 4-11-01, Solok Gangsa 11600 Penang
REGISTERED OFFICE	:	57-2, Persiaran Bayan Indah Bayan Bay, Sungai Nibong 11900 Penang Tel No.: (604) 6429887 Fax No.: (604) 6456698 E-mail address: corp@hickswoodepg.com
HEAD OFFICE	:	17th Floor, Suite E Gurney Tower 18 Persiaran Gurney 10250 Penang Tel No.: (604) 2287328 Fax No.: (604) 2283329 E-mail address: info@etitech.com.my Website: www.etitech.com.my
R&D OFFICE	:	Lab 8A, Ground Floor Block A, KHTP Techno Centre Kulim High Tech Park 09000 Kulim Kedah Darul Aman Tel No.: (604) 4031828 Fax No.: (604) 4036828
AUDITORS AND REPORTING ACCOUNTANTS	:	Deloitte KassimChan (AF 0080) Chartered Accountants 4th Floor, Wisma Wang 251-A, Jalan Burma 10350 Penang Tel No.: (604) 2288255
SOLICITORS FOR THE LISTING EXERCISE	:	Zaid Ibrahim & Co 51-22-B&C, Menara BHL Jalan Sultan Ahmad Shah 10050 Penang Tel No.: (604) 2270888
SHARE REGISTRAR	:	PFA Registration Services Sdn Bhd (19234-W) Level 13, Uptown 1 No. 1 Jalan SS21/58 Damansara Uptown 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: (603) 7725 4888/7725 8046
PRINCIPAL BANKER	:	Malayan Banking Berhad (3813-K) Ground Floor Plaza MWE No. 8, Lebuh Farquar 10200 Penang Tel No.: (604) 2636650

1. CORPORATE DIRECTORY *(Cont'd)*

INDEPENDENT MARKET RESEARCHER	:	Infocredit D&B (Malaysia) Sdn Bhd (527570-M) Level 9-3A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur Tel No. : (603) 27181000
ADVISER, SPONSOR UNDERWRITER AND PLACEMENT AGENT	:	Alliance Merchant Bank Berhad (21605-D) 3rd Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No. : (603) 26927788
ISSUING HOUSE	:	MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H) 12th Floor, Bangunan MIDF 195A, Jalan Tun Razak 50400 Kuala Lumpur Tel No.: (603) 21602739
LISTING SOUGHT	:	MESDAQ Market of the Securities Exchange

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2. INFORMATION SUMMARY

THE FOLLOWING IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE ETICB GROUP AND THE PUBLIC ISSUE. INVESTORS SHOULD READ AND UNDERSTAND THE PROSPECTUS IN ITS ENTIRETY PRIOR TO DECIDING WHETHER TO INVEST IN ETICB.

2.1 HISTORY AND BUSINESS

ETICB was incorporated in Malaysia on 30 September 2004 under the Act as a public limited company. As at the date of this Prospectus, the authorised share capital of ETICB is RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each of which 81,690,000 ETICB Shares are issued and fully paid-up. The principal activities of ETICB are investment holding and provision of management services. ETICB commenced business on 4 November 2004.

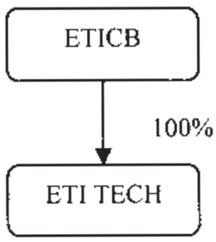
ETICB was established to be the investment holding company of the ETICB Group in conjunction with the listing of the Group on the MESDAQ Market.

Presently, ETICB has one (1) subsidiary company, ETI TECH, which is wholly-owned. ETI TECH was incorporated in Malaysia on 30 July 2002 under the Act as a private limited company under the name ETI Tech (M) Sdn Bhd. The present authorised share capital of ETI TECH is RM5,000,000 comprising 5,000,000 ETI TECH Shares of which 1,376,627 ETI TECH Shares are issued and fully paid-up.

The principal activities of ETI TECH are the R&D, design and marketing of BMS for rechargeable energy storage solutions. As at the date of this Prospectus, ETI TECH has no subsidiary or associated companies. ETI TECH's principal activities are in line with the Government's initiatives of promoting local R&D and the export of local technology.

Further information on ETI TECH is set out in Section 6.6 of this Prospectus.

The Group's corporate structure is as follows:



ETI TECH is the brainchild of four (4) Directors; Lee Kah Kheng, the Managing Director, Dennis Chuah, the Business Development Director, Mansor Bin Padzin, the Executive Director and Khor Yee Kwang, the Technical Director.

The Group's vision is to be an energy solution provider, a company that is innovative in applying the Smart Battery in product applications. The Group's Smart Battery is a light weight, high powered rechargeable energy solution, able to mobilise conventional electronic products which is immobile due to the conventional method of energy supply which uses bulky batteries (such as lead acid, NiCd, etc.) or power cables to supply the energy.

ETI TECH was awarded its MSC status by the MDC on 25 June 2003 on the basis of R&D activities on circuitry and firmware design for the BMS to be applied on multiple PLi cells which when combined in series/parallel forms, results in a Smart Battery suitable for electronic product applications that require higher voltage/current consumption.

The Group had successfully made its product debut in the RC industry in Japan in 2003, a significant milestone in creating market awareness of the Group's capabilities in the international arena. The Group's success in the RC industry in Japan has led the Group to intensify its R&D efforts on innovative control system designs, namely the BMS, to take advantage of the unique features of the PLi battery market and apply it to the mobile and rechargeable battery market. The Group has, to date, successfully applied its products to the RC, mobile computing and military walkie-talkie industries.

The ETICB Group's history and key milestones can be summarised as follows:

Period	Description
May 2003	Completed the design and prototyping of Series 1 protection circuit
June 2003	Completed the design and prototyping of Series 2 charger for the RC industry
June 2003	Completed the design and prototyping of Series 3 charger for the RC industry
July 2003	Completed the design and prototyping of Series 4 protection circuit
July 2003	Obtained MSC status
July 2003	Commercialised Series 2 Battery Pack to RC industry, Japan
September 2003	Commercialised Series 4 Battery Pack to notebook computer industry and Series 1 Battery Pack Bluetooth industry
October 2003	Commercialised Series 2 Battery Pack to walkie-talkie (military grade) industry
December 2003	ETI TECH's Series 2 and Series 3 Battery Packs featured in December 2003 issue of RC Airworld, a magazine published in Japan
June 2004	Commercialised Series 1 Battery Pack to the PDA industry
November 2004	ETI TECH awarded the Rising Star - SMI Recognition Award Series 2004 by SMI Association of Malaysia
March 2005	Commercialised Series 4 Portable Power Pack for the notebook computer industry

Please refer to Section 6 for further information on the ETICB Group.

2.2 TECHNOLOGY AND INTELLECTUAL PROPERTY RIGHTS

2.2.1 Technology Used

Each PLi cell has characteristics which varies in terms of voltage (3V to 4.2V), temperature (-20°C to 60°C), its energy density and impedance (depending on the size of cells). With the understanding of the behaviour of PLi cells, the shortcomings of the existing technology and the need of today's mobile products, the Group has developed a BMS which:

- controls and manages the wide variance in voltage, temperature, energy density and impedance of each cell. This helps reduce the rate of cell wear-out and monitors performance in different thermal environments as well as the risk of temperature build-up;
- allows the cells to be applied for high current discharge application, i.e., from existing 2 C-rate discharge rate to higher discharge rate ranging from 5 C-rate to 10 C-rate. This will extend the application markets from the existing computer and communication industries to RC, solar cell applications as well as automotive industries; and
- optimises the performance of the cells and enables the communication with the host devices to optimise the usage of the energy as well as prolong cell life.

The Group's technology edge lies in energy solutions where the R&D on the design of the BMS uses high rate PLi cells as energy storage media. The R&D is effected by synergistically combining firmware and hardware design of the BMS applied to multiple PLi cells combined in series/parallel forms to optimise their individual and combined properties.

The Group's BMS encompasses the latest technology in precision monitoring of the charging process of PLi cells, by incorporating a tight tolerance circuit design, precision circuit simulation, excellent thermal management and careful selection of high precision and reliable components to achieve precision voltage monitoring of better than the industrial norm of 0.04V/cell accuracy.

The Group's charger module, also included in the BMS design, incorporates high-frequency switching topology. This advanced technology enables the BMS to be compact in size, running cooler than the conventional linear charger, and able to provide higher current rating when required.

Further details of the Group's technology are disclosed in Section 6.5.3 of this Prospectus.

2.2.2 Intellectual Property Rights

As the technology currently used by the Group is developed through ongoing R&D programmes, the ETICB Group's commercial success will depend to a degree on its ability to protect its intellectual property rights in these products and has taken the necessary steps to protect the rights to its intellectual property.

Application for the registration of a patent for the invention of the Portable Power Pack has been filed on 10 December 2004 and is still pending as at the date of this Prospectus. In addition, applications for the registration trademarks have been filed by the Group on 24 September 2004 and 24 November 2004 in Malaysia, under Class 9 (as classified under the International Classification of Goods and Services, for the purpose of registration of trademarks, issued by the Intellectual Property Office of Malaysia) and are still pending as at the date of this Prospectus. The Group currently does not depend, use or own any other patents, trademarks or intellectual property which are material to its business.

Further details of the Group's intellectual property rights are disclosed in Section 6.5.5 of this Prospectus.

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2.3 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

The direct and indirect interests of the Promoters, substantial shareholders, Directors, key management and key technical personnel of ETICB in its issued and paid-up share capital before and after the Public Issue are as follows:

2.3.1 Promoters

			Before Public Issue				After Public Issue*				After Public Issue and full exercise of ESOS Options^			
			Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	Designation	Place of Incorporation/ Nationality	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held
Lee Kah Kheng	Managing Director	Malaysian	26,673,687	32.65	356,045[1]	0.43	27,173,687	23.95	656,045[1]	0.58	30,173,687	20.46	1,656,045[1]	1.12
Dennis Chuah	Business Development Director	Malaysian	26,673,687	32.65	-	-	27,173,687	23.95	-	-	30,173,687	20.46	-	-
PNS	Shareholder	Malaysia	11,555,556	14.15	-	-	11,555,556	10.18	-	-	11,555,556	7.83	-	-
Mansor Bin Padzin	Executive Director	Malaysian	593,408	0.73	8,666,667[2]	10.61	893,408	0.79	8,666,667[2]	7.64	2,893,408	1.96	8,666,667[2]	5.88
Khor Yee Kwang	Technical Director	Malaysian	890,112	1.09	-	-	1,190,112	1.05	-	-	3,190,112	2.16	-	-
Chan Kam Woo	Technical Consultant	Malaysian	890,112	1.09	-	-	1,190,112	1.05	-	-	2,690,112	1.82	-	-

Notes:

* *Assuming that the Pink Form Shares allocated are fully taken up (details of the Pink Form Shares allocation are set out in Section 9 of this Prospectus).*

^ *Inclusive of their indicative number of ESOS Options allocation and assuming they exercise their indicative allocation of ESOS Options into new ETICB Shares (details of the ESOS Options allocation are set out in Section 9 of this Prospectus).*

1 *Deemed interest under Section 122A of the Act by virtue of his spouse's shareholding in ETICB.*

2 *Deemed interest under Section 6A of the Act by virtue of a put and call option agreement between Mansor Bin Padzin and PNS (details of which are set out in Section 17.1(e) of this Prospectus).*

2. INFORMATION SUMMARY *(Cont'd)*

2.3.2 Substantial Shareholders

			Before Public Issue				After Public Issue*				After Public Issue and full exercise of ESOS Options^			
			Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	Designation	Place of Incorporation/ Nationality	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held
Lee Kah Kheng	Managing Director	Malaysian	26,673,687	32.65	356,045[1]	0.43	27,173,687	23.95	656,045[1]	0.58	30,173,687	20.46	1,656,045[1]	1.12
Dennis Chuah	Business Development Director	Malaysian	26,673,687	32.65	-	-	27,173,687	23.95	-	-	30,173,687	20.46	-	-
PNS	Shareholder	Malaysia	11,555,556	14.15	-	-	11,555,556	10.18	-	-	11,555,556	7.83	-	-
Amanah Ventures	Shareholder	Malaysia	10,793,651	13.21	-	-	10,793,651	9.51	-	-	10,793,651	7.32	-	-
Amanah Assets Holdings Sdn Bhd	Shareholder	Malaysia	-	-	10,793,651[2]	13.21	-	-	10,793,651[2]	9.51	-	-	10,793,651[2]	7.32
Amanah Capital Partners Berhad	Shareholder	Malaysia	-	-	10,793,651[2]	13.21	-	-	10,793,651[2]	9.51	-	-	10,793,651[2]	7.32
Malaysian Industrial Development Finance Berhad	Shareholder	Malaysia	-	-	10,793,651[2]	13.21	-	-	10,793,651[2]	9.51	-	-	10,793,651[2]	7.32

2. INFORMATION SUMMARY *(Cont'd)*

			Before Public Issue				After Public Issue*				After Public Issue and full exercise of ESOS Options^			
			Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	Designation	Place of Incorporation/ Nationality	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held
Mansor Bin Padzin	Executive Director	Malaysian	593,408	0.73	8,666,667[3]	10.61	893,408	0.79	8,666,667[3]	7.64	2,893,408	1.96	8,666,667[3]	5.88
Yeoh Li Hua	Purchasing Manager	Malaysian	356,045	0.43	26,673,687[1]	32.65	656,045	0.58	27,173,687[1]	23.95	1,656,045	1.12	30,173,687[1]	20.46

Notes:

* *Assuming that the Pink Form Shares allocated are fully taken up (details of the Pink Form Shares allocation are set out in Section 9 of this Prospectus).*

^ *Inclusive of their indicative number of ESOS Options allocation and assuming they exercise their indicative allocation of ESOS Options into new ETICB Shares (details of the ESOS Options allocation are set out in Section 9 of this Prospectus).*

1 *Deemed interest under Section 122A of the Act by virtue of his/her spouse's shareholding in ETICB.*

2 *Deemed interest under Section 6A of the Act by virtue of Amanah Ventures' shareholding in ETICB.*

3 *Deemed interest under Section 6A of the Act by virtue of a put and call option agreement between Mansor Bin Padzin and PNS (details of which are set out in Section 17.1(e) of this Prospectus).*

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2. INFORMATION SUMMARY *(Cont'd)*

2.3.3 Directors

Name	Designation	Nationality	Before Public Issue				After Public Issue*				After Public Issue and full exercise of ESOS Options^			
			Direct		Indirect		Direct		Indirect		Direct		Indirect	
			No. of ETICB Shares held	% held	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held
Lee Kah Kheng	Managing Director	Malaysian	26,673,687	32.65	356,045[1]	0.43	27,173,687	23.95	656,045[1]	0.58	30,173,687	20.46	1,656,045[1]	1.12
Dennis Chuah	Business Development Director	Malaysian	26,673,687	32.65	-	-	27,173,687	23.95	-	-	30,173,687	20.46	-	-
Mansor Bin Padzin	Executive Director	Malaysian	593,408	0.73	8,666,667[2]	10.61	893,408	0.79	8,666,667[2]	7.64	2,893,408	1.96	8,666,667[2]	5. 88
Khor Yee Kwang	Technical Director	Malaysian	890,112	1.09	-	-	1,190,112	1.05	-	-	3,190,112	2.16	-	-
Iskander Bin Ismail Mohamed Ali	Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Ahmad Bin Darus	Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Nordin Bin Mohamad Desa	Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Baqir Hussain Bin Hatim Ali	Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Shaik Taufik Bin Shaik Yusoff	Alternate Director to Iskander Bin Ismail Mohamed Ali	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-

2. INFORMATION SUMMARY *(Cont'd)*

Notes:

* *Assuming that the Pink Form Shares allocated are fully taken up (details of the Pink Form Shares allocation are set out in Section 9 of this Prospectus).*

^ *Inclusive of their indicative number of ESOS Options allocation and assuming they exercise their indicative allocation of ESOS Options into new ETICB Shares (details of the ESOS Options allocation are set out in Section 9 of this Prospectus).*

1 *Deemed interested under Section 122A of the Act by virtue of his spouse's shareholding in ETICB.*

2 *Deemed interested under Section 6A of the Act by virtue of a put and call option agreement between Mansor Bin Padzin and PNS (details of which are set out in Section 17.1(e) of this Prospectus).*

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2. INFORMATION SUMMARY *(Cont'd)*

2.3.4 Key Management and Key Technical Personnel

Name	Designation	Nationality	Before Public Issue				After Public Issue*				After Public Issue and full exercise of ESOS Options^			
			Direct		Indirect		Direct		Indirect		Direct		Indirect	
			No. of ETICB Shares held	% held	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held	No. of ETICB Shares held	% held
Chan Kam Woo	Technical Consultant	Malaysian	890,112	1.09	-	-	1,190,112	1.05	-	-	2,690,112	1.82	-	-
Cheah Thim Kit	R&D Manager	Malaysian	237,363	0.29	-	-	537,363	0.47	-	-	2,037,363	1.38	-	-
Tay Kok Leong	Financial Controller	Malaysian	-	-	-	-	300,000	0.26	-	-	1,800,000	1.22	-	-
Leow Kok Hooi	Project Manager	Malaysian	-	-	-	-	300,000	0.26	-	-	1,800,000	1.22	-	-
Zaidi Bin Shamsuddin	Business Development Manager	Malaysia	-	-	-	-	300,000	0.26	-	-	1,800,000	1.22	-	-
Shamsudin Bin Zahidin	Application Engineer	Malaysian	415,386	0.51	-	-	715,386	0.63	-	-	1,715,386	1.16	-	-
Roslan Bin Ahmad	Mechanical Engineer	Malaysian	-	-	-	-	100,000	0.09	-	-	800,000	0.54	-	-
Tan Huat Tim	Technician	Malaysian	178,022	0.22	-	-	278,022	0.25	-	-	928,022	0.63	-	-
Shazlee Akmar Bin Zainudin	Technician	Malaysian	178,022	0.22	-	-	278,022	0.25	-	-	928,022	0.63	-	-
Ch'ng Poh Kheng	Circuit Designer	Malaysian	-	-	-	-	100,000	0.09	-	-	800,000	0.54	-	-
Yeoh Li Hua	Purchasing Manager	Malaysian	356,045	0.43	26,673,687[1]	32.65	656,045	0.58	27,173,687[1]	23.95	1,656,045	1.12	30,173,687[1]	20.46

2. INFORMATION SUMMARY *(Cont'd)*

Notes:

* *Assuming that the Pink Form Shares allocated are fully taken up (details of the Pink Form Shares allocation are set out in Section 9 of this Prospectus).*

^ *Inclusive of their indicative number of ESOS Options allocation and assuming they exercise their indicative allocation of ESOS Options into new ETICB Shares (details of the ESOS Options allocation are set out in Section 9 of this Prospectus).*

! *Deemed interest under Section 122A of the Act by virtue of her spouse's shareholding in ETICB.*

Further information on the Promoters, substantial shareholders, Directors, key management and key technical personnel of ETICB are set out in Section 9 of this Prospectus.

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2.4 FINANCIAL HIGHLIGHTS

2.4.1 Proforma Consolidated Income Statements

The table below sets out a summary of the proforma consolidated income statements of ETICB Group for the financial period from 30 July 2002 (date of incorporation) to 31 August 2003 and the past two (2) financial years ended from 31 August 2004 to 31 August 2005 for illustration purposes only after making such adjustments that are necessary and on the assumption that the current ETICB Group structure had been in existence throughout the period/years under review (where applicable):

	< ------------------ Proforma Group	------------------ >	
	Financial period from 30 July 2002 to 31 August 2003 RM'000	**Financial year ended 31 August 2004 RM'000**	**Financial year ended 31 August 2005 RM'000**
Revenue	110	5,258	18,385
Results of operating activities before interest, R&D expenses, depreciation, taxation and amortisation	18	1,352	5,307
R&D expenses	-	(87)	(14)
Profit before interest, depreciation, taxation and amortisation	18	1,265	5,293
Interest expenses	-	-	(31)
Depreciation	-	(83)	(264)
Amortisation of deferred development costs	(7)	(25)	(66)
PBT	11	1,157	4,932
Tax (expense)/income	(2)	2	-
PAT before MI	9	1,159	4,932
MI	-	-	-
PAT after MI	9	1,159	4,932
No. of ETICB Shares assumed in issue ('000)	81,690*	81,690*	81,690*
Gross EPS (sen)	0.01^	1.42^	6.04^
Net EPS (sen)	0.01^	1.42^	6.04^

Notes:

* *Based on the number of ETICB Shares in issue after the ETI TECH Acquisition but before the Public Issue.*

^ *The gross and net EPS are calculated based on 81,690,000 ETICB Shares assumed in issue after the ETI TECH Acquisition but before the Public Issue.*

There were no exceptional or extraordinary items in the financial period/years under review. In addition, there were no material impact of foreign exchange, interest rates or commodity prices and taxation on operating profits of the Group in the relevant financial period/years under review. There were no audit qualifications for the financial period/years under review.

Further information on the Group's proforma consolidated income statements is set out in Section 5.1 of this Prospectus.

2.4.2 Proforma Consolidated Balance Sheets

The following table shows a summary of the proforma consolidated balance sheets of ETICB as at 31 August 2005, prepared for illustration purposes only, assuming the following had been effected on that date:

Proforma I After the Public Issue and utilisation of proceeds
Proforma II After Proforma I and full exercise of the ESOS Options

	As of 31 August 2005 RM'000	Proforma I RM'000	Proforma II RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	3,976	5,047	5,047
Development costs	1,355	6,480	6,480
CURRENT ASSETS			
Inventories	1,247	1,247	1,247
Trade receivables	7,446	7,446	7,446
Other receivables and prepaid expenses	711	711	711
Short-term deposits with a licensed bank	690	690	690
Cash and bank balances	2,629	7,342	22,659
Total Current Assets	12,723	17,436	32,753
CURRENT LIABILITIES			
Trade payables	1,840	1,840	1,840
Other payables and accrued expenses	1,564	635	635
Amount owing to directors	10	10	10
Bank borrowings	1,366	1,366	1,366
Hire-purchase payable	40	40	40
Dividends payable to former shareholders of subsidiary company	843	843	843
Total Current Liabilities	5,663	4,734	4,734
NET CURRENT ASSETS	7,060	12,702	28,019
	12,391	24,229	39,546
SHARE CAPITAL	8,169	11,346	14,750
SHARE PREMIUM	-	9,620	21,533
RETAINED PROFIT	4,089	3,130	3,130
	12,258	24,096	39,413
LONG-TERM LIABILITY			
Hire-purchase payable	133	133	133
	12,391	24,229	39,546
Par value per ordinary share (RM)	0.10	0.10	0.10
Number of ordinary shares ('000)	81,690	113,462	147,500
NTA/Proforma NTA (RM'000)	10,903	17,616	32,933
NTA/Proforma NTA per ordinary share (RM)	0.13	0.16	0.22

Further details on the Group's proforma consolidated balance sheets are set out in Section 14 of this Prospectus.

2.5 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE

(a) Share Capital

	RM
Authorised share capital	
250,000,000 ordinary shares of RM0.10 each	25,000,000
Issued and fully paid-up share capital as at the date of this Prospectus	
81,690,000 ordinary shares of RM0.10 each	8,169,000
To be issued and credited pursuant to the Public Issue	
31,772,000 new ordinary shares of RM0.10 each	3,177,200
Enlarged issued and paid-up share capital upon Listing	
113,462,000 ordinary shares of RM0.10 each	11,346,200
Assuming all ESOS Options are granted and exercised*	
34,038,000 new ordinary shares of RM0.10 each	3,403,800
Enlarged issued and paid-up share capital after full exercise of ESOS Options	
147,500,000 ordinary shares of RM0.10 each	14,750,000

Note:

* *The ESOS of up to 30% of the issued and paid-up capital of the Company will be established in conjunction with the Listing. An initial grant of ESOS Options for up to 11,346,000 ETICB Shares will be offered to the eligible Directors and employees of the Group in conjunction with the Listing and will only be exercisable after one (1) year from the Listing date.*

(b) Issue Price per Public Issue Share — RM0.45

The factors taken into consideration in determining the price of the Public Issue Shares are set out in Section 3.8 of this Prospectus.

The issue price of RM0.45 for each Public Issue Share is payable in full upon application.

(c) Market capitalisation of ETICB upon Listing (before exercise of any ESOS Options) based on the issue price of RM0.45 per Public Issue Share — RM51,057,900

(d) Class of shares, ranking and rights

There is only one (1) class of shares in the Company, being ordinary shares of RM0.10 each. The Public Issue Shares shall rank *pari passu* in all respects with the existing issued and fully paid-up ordinary shares of ETICB including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of allotment of the Public Issue Shares.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the shareholders of ETICB shall, in proportion to the amount paid-up on the ordinary shares held by them, be entitled to share in the whole of the profits paid out by ETICB as dividends and other distributions and the whole of any surplus in the event of liquidation of the Company in accordance with the Articles.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney and on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one (1) vote, and on a poll, every shareholder who is present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each ETICB Share held. A proxy may but need not be a member of the Company. If the proxy is not a member, he/she need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The provisions of Section 149(1)(b) of the Act shall not apply to the Company.

(e) Proforma consolidated NTA of the ETICB Group as at 31 August 2005

Proforma consolidated NTA (after the Public Issue and utilisation of proceeds)	RM17,616,377
Proforma consolidated NTA per ETICB Share (based on the enlarged issued and paid-up share capital of 113,462,000 ETICB Shares after the Public Issue)	RM0.16

Further details on the Public Issue are set out in Section 3 of this Prospectus.

2.6 UTILISATION OF PROCEEDS

Gross proceeds of approximately RM14.297 million will be raised from the Public Issue. The proceeds shall accrue to the Company and the Company shall bear all expenses relating to the Listing.

The proceeds are expected to be fully utilised by the Group as follows:

	RM'000	Estimated timeframe for utilisation
R&D expenditure	5,125	Within 2 years from date of Listing
Part settlement of consideration for lease of land and construction of building	2,000	Within 1 year from date of Listing
Marketing expenditure	959	Within 2 years from date of Listing
Working capital	4,713	Within 2 years from date of Listing
Estimated Listing expenses	1,500	Within 1 year from date of Listing
Total	14,297	

Further details on the utilisation of proceeds are set out in Section 3.9 of this Prospectus.

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2.7 MATERIAL LITIGATION, WORKING CAPITAL, BORROWINGS, MATERIAL CAPITAL COMMITMENTS, AND CONTINGENT LIABILITIES

(a) Material Litigation

As at the Latest Practicable Date, neither the Company nor its subsidiary company are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which may have a material effect on the financial position of the Company and/or its subsidiary company upon becoming enforceable, and the Board does not have any knowledge of any proceedings pending or threatened against the Company and/or its subsidiary company or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Company and/or its subsidiary company.

(b) Working Capital

The Board is of the opinion that, after taking into account the cashflow forecast, banking facilities available and the total gross proceeds to be raised from the Public Issue, the Group will have adequate working capital for its present and foreseeable requirements for a period of twelve (12) months from the date of this Prospectus.

(c) Borrowings

As at the Latest Practicable Date, the total outstanding interest-bearing borrowings of the Group (all of which are local) are as follows:

		< - Amount Outstanding as at the Latest Practicable Date - >		
	Notes	Payable within twelve (12) months RM'000	Payable after twelve (12) months RM'000	Total RM'000
Term loan	(i)	-	-	-
Trade facilities	(ii)	1,516	-	1,516

Notes:

(i) The purpose of the term loan is to part-finance the purchase of one piece of industrial land and the construction of a factory and office block. The term loan has a first and second legal charge of RM2,156,462.10 over a 60-year lease on part of a piece of industrial land and approved development thereon held under H.S.(D) 1708, P.T. No. 1950, Mukim Padang China, Daerah Kulim, Kedah Darul Aman situated at Lot No. 12, Industrial Zone Phase II, Kulim High Tech Park, Kedah Darul Aman, together with a joint and several guarantee for RM2,156,462.10 by Dennis Chuah, Lee Kah Kheng, Mansor Bin Padzin and Khor Yee Kwang.

(ii) Trade facilities include:

- *RM4.4 million trade facilities comprising letters of credit, trust receipts, bankers' acceptance and bank guarantee secured with a charge for RM4.4 million over a 60-year lease on part of the piece of industrial land and approved development thereon held under H.S.(D) 1708, P.T. No. 1950, Mukim Padang China, Daerah Kulim, Kedah Darul Aman, situated at Lot No. 12, Industrial Zone Phase II, Kulim High Tech Park, Kedah Darul Aman, fresh debenture incorporating fixed and floating charge over the Company's current and future assets for RM4.4 million together with a joint and several guarantee for RM4.4 million by Dennis Chuah, Lee Kah Kheng, Mansor Bin Padzin and Khor Yee Kwang.*

- *RM1.9 million trade facilities comprising bank overdraft facilities, letters of credit, trust receipts, bankers' acceptance, onshore foreign currency loan and foreign exchange contract secured with joint and several guarantee of RM1.9 million by Dennis Chuah, Lee Kah Kheng, Mansor Bin Padzin and Khor Yee Kwang, pledge of fixed deposit receipt of RM0.6 million and a guarantee from Credit Guarantee Corporation Malaysia Berhad under flexi guarantee scheme to cover 80% of the clean amount of RM1.3 million.*

As at the Latest Practicable Date, the Group does not have any non-interest bearing borrowings or foreign borrowings.

There has been no default by the ETICB Group on payments of either interest and/or principal sums in respect of its borrowings throughout the financial year ended 31 August 2005 and the subsequent period up to the date of this Prospectus.

(d) Material Capital Commitments

As at the date of this Prospectus, save as disclosed below, there are no other material commitment contracted or known to be contracted by the Group which, upon becoming enforceable, may have a material impact on the financial position of the Group:

	Group RM'000	Company RM'000
Contracted but not provided for		
- Construction of building	3,600	3,600

(e) Contingent Liabilities

As at the Latest Practicable Date, the Board declares that there are no contingent liabilities which, upon becoming enforceable, may have a material impact on the financial position of the Group.

2.8 EXCLUSION OF PROFIT FORECAST AND PROJECTIONS

The Group's revenue and operating results are dependent on the development and delivery schedule of its Smart Batteries which is subject to many factors, some of which are highlighted in Section 4 of this Prospectus. ETICB's profit forecast and projections are subject to the vagaries and uncertainty of the business environment in which the Group operates and hence are not disclosed in this Prospectus.

2.9 RISK FACTORS

Investors should rely on their own evaluation and carefully consider the following risk factors (which may not be exhaustive) that may have a significant impact on the future performance of the Group, in addition to the other information contained elsewhere in this Prospectus, before applying for any of the Public Issue Shares, which are the subject of this Prospectus. The order in which the risk factors are presented should not be construed as a ranking of the risk factors.

(1) No prior market for ETICB Shares;
(2) Business risk;
(3) Operating risk;
(4) Competition;
(5) Market acceptance of products and risk of overexpansion;
(6) Technological changes;
(7) Dependence on key products;
(8) R&D related risks;
(9) Protection of the Group's intellectual property rights;
(10) Dependence on Directors, key management and key technical personnel;
(11) Lack of long term contracts;
(12) Dependence on certain customers;
(13) Dependence on certain suppliers;
(14) Control by the substantial shareholders;
(15) Future capital injections;
(16) Limited operating history;
(17) Disruption in operations;
(18) Political, economic and regulatory factors;
(19) Foreign currency exchange risk;

(20) Material commitments, indebtedness and borrowing risks;
(21) Loss of MSC and pioneer status;
(22) Uncertainty of the five (5)-year business development plan;
(23) Failure/delay in the Listing;
(24) Negative market perception;
(25) Product liability; and
(26) Disclosure regarding forward-looking statements.

Further details of the risk factors are set out in Section 4 of this Prospectus.

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3. PARTICULARS OF THE PUBLIC ISSUE

3.1 INTRODUCTION

This Prospectus is dated 28 February 2006.

A copy of this Prospectus has been registered with the SC who assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. A copy of this Prospectus, together with the Application Form, has also been lodged with the Registrar of Companies. Neither the SC nor the Registrar of Companies takes any responsibility for its contents.

The approvals of the SC and the FIC (through the SC) for the Public Issue were granted on 8 July 2005 and 21 December 2005. Approval-in-principle has also been obtained from the Securities Exchange on 6 April 2005 for the admission to the Official List of the MESDAQ Market and for permission to deal in and for quotation of the entire issued and paid-up share capital of ETICB including the Public Issue Shares which are the subject of this Prospectus.

The entire issued and paid-up share capital of ETICB comprising 113,462,000 ETICB Shares will be admitted to the Official List of the MESDAQ Market and official quotation will commence after receipt of confirmation from Bursa Depository that all the CDS Account of successful applicants have been duly credited and notices of allotment have been despatched to all the successful applicants. Admission to the MESDAQ Market is not to be taken as an indication of the merits of the Company and its subsidiary company or of its shares.

Pursuant to Section 14(1) of the Central Depositories Act, the Securities Exchange has prescribed the ETICB Shares as a prescribed security. In consequence thereof, the Public Issue Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these shares will be carried out in accordance with the aforesaid act and the Rules.

Applicants of the Public Issue Shares must have a CDS Account. In the case of an application by way of Application Form, an applicant should state his/her CDS Account number in the space provided in the Application Form. In the case of an application by way of ESA, the applicant shall furnish his/her CDS Account number to the participating financial institution in the ESA by keying in his/her CDS Account number if the instructions on the ATM screen at which he/she enters his/her requires him/her to do so. A corporation or institution cannot apply for the Public Issue Shares by way of ESA.

Pursuant to the MMLR, at least 25% but not more than 49% of the issued and paid-up share capital must be in the hands of public shareholders with a minimum number of 200 public shareholders at the point of Listing. In the event that the above requirement is not met pursuant to the Public Issue, the Company may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all applications will be returned in full without interest.

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue and if given or made, such information or representation must not be relied upon as having been authorised by ETICB. Neither the delivery of this Prospectus nor any issue made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Group since the date hereof.

The distribution of this Prospectus and the sale of the Public Issue Shares are subject to Malaysian Laws and the Company and Alliance take no responsibility for the distribution of this Prospectus and the sale of the Public Issue Shares outside Malaysia, which may be restricted by law in other jurisdictions. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the Public Issue Shares in any jurisdiction in which such invitation is not authorised or lawful, or to any person to whom it is unlawful to make such an invitation.

Investors should rely on their own evaluation to assess the merits and risks of the investment. In considering the investment, investors who are in any doubt as to the action to be taken should, consult their stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

3. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

3.2 OPENING AND CLOSING OF APPLICATIONS

Applications will be accepted from 10.00 a.m. on 28 February 2006 until 5.00 p.m. on 16 March 2006 or such other later time and date or dates as the Board and the Underwriter may in their absolute discretion mutually decide. Late applications will not be accepted.

3.3 INDICATIVE TIMETABLE

Events	Indicative date/time
Opening of applications	10.00 a.m. on 28 February 2006
Closing of applications	5.00 p.m. on 16 March 2006
Balloting	20 March 2006
Allotment	27 March 2006
Listing	28 March 2006

The Board and the Underwriter may mutually decide, at their absolute discretion, to extend the date and time for the closing of applications to any later date or dates. If the date of the closing of applications is extended, the dates of the balloting, allotment and Listing would be extended accordingly. Any extension of the closing of application will be advertised in a widely circulated English and Bahasa Malaysia newspaper not less than one (1) Market Day before the original date of the closing of applications.

3.4 PURPOSES OF THE PUBLIC ISSUE

The purposes of the Public Issue are as follows:

(a) To obtain the listing of and quotation for the entire enlarged issued and paid-up share capital of ETICB on the MESDAQ Market, which is expected to enhance the business, profile and future prospects of the Company;

(b) To enable the Company to have access to the capital market to raise funds for future expansion and the continuing growth of the ETICB Group;

(c) To enhance the stature of the Group in the marketing of its products and services, and to retain and attract new skilled employees; and

(d) To increase the ETICB Group's profile in Malaysia and in the international markets that it is serving and intends to serve in the future.

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3.5 SHARE CAPITAL AND RIGHTS ATTACHING TO THE PUBLIC ISSUE SHARES

	RM
Authorised share capital	
250,000,000 ordinary shares of RM0.10 each	25,000,000
Issued and fully paid-up share capital as at the date of this Prospectus	
81,690,000 ordinary shares of RM0.10 each	8,169,000
To be issued and credited pursuant to the Public Issue	
31,772,000 new ordinary shares of RM0.10 each	3,177,200
Enlarged issued and paid-up share capital upon Listing	
113,462,000 ordinary shares of RM0.10 each	11,346,200
Assuming all ESOS Options are granted and exercised*	
34,038,000 new ordinary shares of RM0.10 each	3,403,800
Enlarged issued and paid-up share capital after full exercise of ESOS Options	
147,500,000 ordinary shares of RM0.10 each	14,750,000

Note:

* *The ESOS of up to 30% of the issued and paid-up capital of the Company will be established in conjunction with the Listing. An initial grant of ESOS Options for up to 11,346,000 ETICB Shares will be offered to the eligible Directors and employees of the Group in conjunction with the Listing and will only be exercisable after one (1) year from the Listing date.*

Issue Price per Public Issue Share **RM0.45**

The factors taken into consideration in determining the price of the Public Issue Shares are set out in Section 3.8 of this Prospectus.

The issue price of RM0.45 for each Public Issue Share is payable in full upon application.

Class of shares, ranking and rights

There is only one (1) class of shares in the Company, being ordinary shares of RM0.10 each. The Public Issue Shares shall rank *pari passu* in all respects with the existing issued and fully paid-up ordinary shares of ETICB including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of allotment of the Public Issue Shares.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the shareholders of ETICB shall, in proportion to the amount paid-up on the ordinary shares held by them, be entitled to share in the whole of the profits paid out by ETICB as dividends and other distributions and the whole of any surplus in the event of liquidation of the Company in accordance with the Articles.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney and on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one (1) vote, and, on a poll, every shareholder who is present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each ETICB Share held. A proxy may but need not be a member of the Company. If the proxy is not a member, he/she need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The provisions of Section 149(1)(b) of the Act shall not apply to the Company.

3.6 DETAILS OF THE PUBLIC ISSUE

The Public Issue Shares totalling 31,772,000 new ETICB Shares at an issue price of RM0.45 per ETICB Share will be allocated in the following manner:

(a) Eligible Directors, employees and business associates

9,650,000 Public Issue Shares are reserved for application by the eligible Directors, employees and business associates that have contributed to the success of the ETICB Group.

(b) Private placement

20,622,000 Public Issue Shares will be placed with identified placees by the placement agent; and

(c) Malaysian Public

1,500,000 Public Issue Shares are reserved for application by Malaysian citizens, companies, societies, co-operatives and institutions.

Any Public Issue Shares under paragraph (a) above which are not subscribed by the eligible Directors, employees and business associates of the ETICB Group will be offered to other eligible Directors, employees and business associates. However, if the said unsubscribed shares are not fully subscribed under the subsequent offer ("Unsubscribed Pink Form Shares"), the Unsubscribed Pink Form Shares will be made available for application by members of the Malaysian public. The said Unsubscribed Pink Form Shares have been fully underwritten by the Underwriter.

The Public Issue Shares under paragraph (b) above are not underwritten as the Placement Agent has received written irrevocable undertakings from the identified placees to subscribe in full for the said Public Issue Shares.

The Public Issue Shares made available to the Malaysian public under paragraph (c) above have been fully underwritten by the Underwriter.

The terms and conditions of the underwriting are set out in the conditional Underwriting Agreement and Supplemental Agreement is referred to in Section 3.11 of this Prospectus.

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3.7 DETAILS OF PINK FORM SHARES ALLOCATION

The allocation of the Pink Form Shares in respect of Section 3.6 (a) above is based on the following criteria:

(a) Eligible Directors and employees

- Must be at least eighteen (18) years of age and confirmed in service on the date of allocation;
- Position and length of service in the Group; and/or
- Contribution to the success of the Group.

Based on the abovementioned criteria, 3,300,000 Public Issue Shares are reserved for application by sixteen (16) employees of the ETICB Group, whilst 1,600,000 Public Issue Shares are reserved for application by the following eligible Directors:

	Designation	Number of Pink Form Shares allocated
Lee Kah Kheng	Managing Director	500,000
Dennis Chuah	Business Development Director	500,000
Mansor Bin Padzin	Executive Director	300,000
Khor Yee Kwang	Technical Director	300,000
		1,600,000

(b) Business associates of the ETICB Group

- Length of relationship which must be at least three (3) months;
- The value of transactions; and/or
- Contribution to the success of the Group.

Based on the above mentioned criteria, 4,750,000 Public Issue Shares have been reserved for five (5) business associates of the ETICB Group who have contributed to the success of the ETICB Group.

3.8 PRICING OF THE PUBLIC ISSUE SHARES

The issue price of RM0.45 per Public Issue Share was determined and agreed upon by the Company and Alliance, as the Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

(i) The ETICB Group's financial and operating history and conditions as described in Sections 5 and 6 of this Prospectus, respectively;

(ii) The industry outlook in which it operates, future plans, strategies and outlook of the Group as described in Sections 7 and 8 of this Prospectus; and

(iii) The prevailing market conditions.

3. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

3.9 UTILISATION OF PROCEEDS

Gross proceeds of approximately RM14.297 million will be raised from the Public Issue. The proceeds shall accrue to the Company and the Company shall bear all expenses relating to the Listing.

The proceeds are expected to be utilised by the Group as follows:

	Note	RM'000	Estimated timeframe for utilisation
R&D expenditure	*(a)*	5,125	Within 2 years from the date of Listing
Part settlement of consideration for lease of land and construction of building	*(b)*	2,000	Within 1 year from the date of Listing
Marketing expenditure	*(c)*	959	Within 2 years from the date of Listing
Working capital	*(d)*	4,713	Within 2 years from the date of Listing
Estimated Listing expenses	*(e)*	1,500	Within 1 year from the date of Listing
Total		14,297	

Notes:

(a) R&D Expenditure

Approximately RM5.125 million from the proceeds raised will be allocated for R&D purposes. The breakdown of the expenditure is as follows:

Capital expenditure	*RM3.783 million*
Operational expenditure	*RM1.342 million*
	RM5.125 million

The amount is used to develop new series combinations for application to solar cells and electrical scooters.

(b) Part Settlement of Consideration for Lease of Land and Construction of Building

Approximately RM1.000 million of the proceeds raised will be allocated to settle part of the consideration of the lease of one (1) vacant piece of industrial land held under H.S.(D) 1708 P.T. No. 1950, Mukim Padang China, Daerah Kulim, Kedah Darul Aman situated at Lot No. 12, Industrial Zone Phase II, Kulim High Tech Park, Kedah Darul Aman, measuring approximately 9.872 acres for a lease consideration of approximately RM5,160,291, according to the lease agreement dated 26 December 2004 entered into between Kulim Technology Park Corporation Berhad and ETI TECH ("Agreement"). The lease period of the land is for a term of sixty (60)-years expiring on 25 December 2064 with an option to extend the lease term for another thirty-nine (39)-years. The rest of the consideration will be financed through internally generated funds and/or bank borrowings.

In respect of the consideration for the lease, it is divided into two (2) portions. The lease for the first (1st) portion is RM1,306,800 with last installment to be paid within twelve (12) months from the date of the Agreement. The second (2nd) portion is RM3,853,491 with first (1st) installment due twenty-four (24) months from the date of the Agreement and may be excluded from the lease arrangement should ETI TECH decide not to take up the second (2nd) portion.

Furthermore, the Group intends to construct its own Design and R&D Centre on the said land. Based on the letter of award dated 1 August 2005, the Group has contracted the construction of the Design & R&D Centre for a sum of RM3,600,000. The construction of the Design and R&D Centre is expected to be completed by April 2006. Approximately RM1.000 million of the proceeds raised will be allocated for the part settlement of its construction. This is where future in-house R&D work will be carried out as the Group seeks to achieve its aim of becoming the premier design and R&D house for Smart Batteries in Asia. The construction of the Design and R&D Centre commenced on 8 August 2005.

(c) ***Marketing Expenditure***

Approximately RM0.959 million of the proceeds raised will be allocated for the Group's marketing and promotion requirements. This amount will be used to promote the in-house brand of "Yeti" Portable Power Pack as well as to expand its international market exposure through:

i. participation in international trade fairs and exhibitions; and
ii. periodic advertisements in magazines and journals which are directly and indirectly related to the rechargeable battery industry.

(d) ***Working Capital***

Approximately RM4.713 million of the proceeds raised will be allocated for the Group's working capital requirements in line with the Group's operations and business expansion plans. The funds will be used to finance the day-to-day operations of the Group.

(e) ***Estimated Listing Expenses***

The estimated expenses, incidental to the Listing, to be borne by the Company, are as follows:

	RM'000
Professional fees	*700*
Fees to the authorities	*71*
Underwriting commission, placement fee and brokerage fee	*300*
Printing and advertising fee	*200*
Miscellaneous expenses	*90*
*Contingencies (including any service tax payable)**	*139*
Total estimated Listing expenses	*1,500*

* *Any unutilised amount will be used for working capital purposes.*

Any variations to the estimated Listing expenses will result in an adjustment via the amount allocated for utilisation as working capital.

The utilisation of proceeds as set out above is expected to enhance the future earnings of the Group as the Public Issue will raise funds that would otherwise have to be borrowed from financial institutions to enable the Group to carry out its business plans set out in Section 8 of this Prospectus.

There is no minimum level subscription for the Public Issue Shares.

3.10 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE

Brokerage

Brokerage relating to the Public Issue Shares will be paid by the Company at a rate of 1.0% of the Issue Price per Public Issue Share in respect of successful applications bearing the stamp of Alliance, a member company of the Securities Exchange, a member of the Association of Banks in Malaysia, a member of the Association of Merchant Banks in Malaysia or the Issuing House.

Underwriting commission

An underwriting agreement dated 30 September 2005 ("Underwriting Agreement") and a supplemental agreement dated 20 February 2006 ("Supplemental Agreement") was entered into between the Company and Alliance to underwrite:

(a) 1,500,000 Public Issue Shares reserved for application by Malaysian citizens, companies, societies, co-operatives and institutions; and

(b) Any Unsubscribed Pink Form Shares,

hereinafter collectively referred to as "Underwritten Share(s)".

Underwriting commission is payable by the Company at the rate of 2.5% of the Issue Price per Underwritten Share amounting to up to RM125,437.50.

Placement fee

A placement fee is payable by the Company to the Placement Agent for the placement of 20,622,000 Public Issue Shares at the rate of 2.5% of the Issue Price per Public Issue Share to placees identified and secured by the Placement Agent.

3.11 DETAILS OF THE UNDERWRITING AGREEMENT AND SUPPLEMENTAL AGREEMENT

The salient terms of the Underwriting Agreement and Supplemental Agreement are summarised as follows:

3.11.1 Conditions Precedent

(a) The obligations of the Underwriter under the Underwriting Agreement and Supplemental Agreement will further be conditional upon:

(i) the Underwriter being reasonably satisfied that the listing and quotation of the Public Issue Shares on the MESDAQ Market of Securities Exchange will be granted within two (2) clear Market Days after the submission to the Securities Exchange of the relevant documents including the receipt of confirmation from Bursa Depository confirming that all the respective central depository system accounts of the successful applicants have been duly credited and notices of allotment have been dispatched to all successful applicants;

(ii) the issuance of the Public Issue Shares have been approved by the Securities Exchange, the SC and any other relevant authority or authorities;

(iii) there not having been on or prior to the date of Listing, any adverse change or any development reasonably likely to involve a prospective adverse change in the financial condition of the Company, from that set out in the Prospectus which is material in the context of the offering in the Public Issue Shares nor the occurrence of any event rendering untrue or incorrect to an extent which is material any representations or warranties contained in clause 1 of the Underwriting Agreement as though they have been given or made on such date;

(iv) the registration with the SC and the lodgement with the Registrar of Companies of the Prospectus on or before their issue, circulation or distribution to the public;

(v) the Prospectus being issued on or before 28 February 2006 or such extended period as may be agreed by the Underwriter in writing at its sole and absolute discretion;

(b) If any of the conditions precedent above which is to be satisfied prior to the closing date for application of the Public Issue Shares is not satisfied, the Underwriter will thereupon be entitled to terminate the Underwriting Agreement by notice in writing to the Company. In such event, the Underwriting Agreement will automatically be terminated and the parties to the Underwriting Agreement will be released and discharged from their obligations.

(c) In the event of termination pursuant to above, (except for the liability of the Company for payments of costs inclusive of solicitors cost on solicitor and client basis and expenses incurred prior to or in connection with such termination) the parties will be released and discharged from their obligations.

3.11.2 Termination by the Underwriter if Adverse Changes and Consequence Thereof

(a) Notwithstanding anything contained in the Underwriting Agreement, the Underwriter may by notice in writing to the Company given at any time before the date of Listing, terminate, cancel and withdraw its commitment to underwrite the Public Issue Shares and pursuant thereto terminate the Underwriting Agreement if:

(i) there is any breach by the Company of any of the representations, warranties or undertakings contained in clause 1 of the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company; or

(ii) the Company withholds any information of a material nature from the Underwriter, which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Listing and issuance of Public Issue Shares, or the distribution or sale of the Public Issue Shares; or

(iii) there has occurred, happened or come into effect any material and adverse change to the business or financial condition of the Company or the Group; or

(iv) there has occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriter by reason of causes which are unpredictable and beyond the reasonable control of the parties (and for particularly defined in the Underwriting Agreement) which would have or can reasonably be expected to have, a material adverse effect on the business or the operations of the Company or the Group or the success of the Listing and/or the Public Issue Shares or which is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or

(v) any government, requisition or other occurrence of any nature whatsoever which would or is likely to have a material adverse effect on the financial and operational condition of the Company;

(vi) there is failure on the part of the Company to perform any of its obligations herein contained;

(vii) the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Securities Exchange;

(viii) the Company has committed a breach of any of the representations, warranties, undertakings, covenants or other provisions of the Underwriting Agreement, the breach of which is either incapable of remedy or if capable of remedy, the Company has failed to remedy such breach within a period of fourteen (14) days from the date of a notice in writing from the Underwriter notifying the Company of such breach and require the Company to remedy the same;

(ix) the Kuala Lumpur Composite Index has dropped to below 700 points and stayed below 700 points for at least three (3) consecutive Market Days; and

(x) the approval for the Listing is withdrawn, modified and/or subject to terms and conditions not acceptable to the Underwriter.

(b) Upon such notice(s) of termination being given under this clause, the Underwriter will be released and discharged of its obligations without prejudice to its rights.

(c) This Agreement will thereafter be of no further force or effect and no party will be under any liability to any others in respect of this Agreement, except that the Company will remain liable in respect of any of its obligations and liabilities under clause 1 of the Underwriting Agreement, for the payment of the costs and expenses already incurred up to the date on which such notice was given and for the payment of any taxes, duties or levies and the Company will refund to the Underwriter the subscription monies, if any, relating to the Public Issue Shares without any deduction.

(d) The Underwriter and the Company may however, confer with a view to deferring the issuance of the IPO Shares or amending its terms or the terms of the Underwriting Agreement or enter into a new underwriting agreement accordingly. However, neither the Company nor the Underwriter will be under any obligation to enter into a fresh underwriting agreement.

3.11.3 Underwriting of the Underwritten Shares

(a) In consideration of the underwriting commission of 2.5% of the Issue Price per Public Issue Share agreed to be paid by the Company ("Underwriting Commission"), the Underwriter relying upon each of the representations, warranties and undertakings set out in clause 1 of the Underwriting Agreement has agreed to underwrite collectively up to 1,500,000 Public Issue Shares to be offered to the Malaysian Public and any unsubscribed 9,650,000 Public Issue Shares to be offered to the eligible directors, employees and business associates of the Company and its subsidiary ("Underwritten Shares") at RM0.45 per Underwritten Share.

(b) Subject to any existing applicable laws and regulations, the Underwriter will be at liberty (but at their own cost and expense) to sub-underwrite their underwriting obligation under this Agreement upon such terms and conditions as it may deem fit and the Underwriter will pay any sub-underwriting commission payable in connection with such sub-underwriting.

3.11.4 Underwriting Commission

The Underwriting Commission shall be payable whether or not the Underwriter is called upon to apply or subscribe or procure the subscription for any of the Underwritten Shares.

3.11.5 Payment of Underwriting Commission

The Company will instruct the issuing house appointed for the Listing exercise to pay the Underwriting Commission to the Underwriter within one (1) Market Day of the listing of and quotation for the Underwritten Shares on the Securities Exchange if the Underwriter has not deducted the Underwriting Commission from its remittance to the Company. In the event of late payment of the Underwriting Commission, the Underwriter shall be entitled to charge interest at the rate of 7% per annum calculated on a daily basis on the Underwriting Commission or such part thereof due and outstanding from the due date until the date of actual receipt.

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4. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF THE GROUP AS OUTLINED IN THIS PROSPECTUS, APPLICANTS SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF THE ETICB GROUP, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS BEFORE APPLYING FOR THE PUBLIC ISSUE SHARES.

4.1 NO PRIOR MARKET FOR ETICB SHARES

Prior to this Public Issue, there has been no public market for ETICB Shares. There can be no assurance that an active public market for ETICB Shares will be developed or be sustained upon its Listing. The issue price of RM0.45 per Public Issue Share was determined after taking into consideration various factors including, but not limited to, the Group's financial and operating history and conditions, the industry outlook in which it operates, future plans, strategies and outlook of the Group and the prevailing market conditions prior to the issue of this Prospectus.

There can be no assurance that the market price of the ETICB Shares will not decline below the Issue Price. The Group believes that a number of factors could cause the price of the ETICB Shares to fluctuate, including sales of substantial amounts of ETICB Shares in the public market in the immediate future, announcements of developments relating to the Group's business, fluctuations in the Group's operating results and sales levels, general industry conditions or the world-wide economy, announcements of new products or product enhancements by the Group or its competitors, and developments in patent, copyright or other intellectual property affecting the rights of the ETICB Group.

In addition, in recent years, the stock market in general, and the market for the shares of many high technology companies in particular, has experienced extreme price fluctuations which have often been unrelated to the operating performance of such companies. Such fluctuations may adversely affect the market price of the ETICB Shares.

4.2 BUSINESS RISK

The ETICB Group is principally involved in the R&D, design and marketing of BMS for rechargeable energy storage solutions. The Group is therefore vulnerable to certain risks inherent in the industry in which it operates. These include, amongst others, changes in conditions such as deterioration in prevailing market conditions, constraints in skilled labour supply, changes in economic and business conditions, foreign currency exchange fluctuations, changes in government and international policies, the introduction of new and superior technology or products by competitors, changes in legal and environmental framework in the industry in which the Group operates and a drop in demand for its products.

The Group seeks to limit these risks through, inter-alia, expansion into both existing and new markets, developing and enhancing new and existing products, improving its technological competence through R&D and advanced technologies and maintaining good business relationship with its suppliers and customers.

4.3 OPERATING RISK

The Group's revenue and operating results are uncertain and could be adversely affected by unforeseen factors. These include, amongst others, debtors' collection problems, customer order deferrals, the availability of raw materials, changes in the Group's operating expenses, the ability of the Group to develop and market new products and other business risks. The Group will continuously employ prudent management practices, monitor the market acceptance of its products and focus on R&D to improve the competitiveness of its products. However, there can be no assurance that the Group will be profitable in future years or that the Group will achieve increasing or consistent levels of profitability.

4.4 COMPETITION

Competition in the rechargeable battery industry is intense and battery manufacturers are constantly under pressure to deliver the best performing battery at cheaper prices. In addition, the rechargeable batteries are increasingly becoming pervasive with the release of increasingly power-hungry electronic and electrical equipment such as cellular phones (which incidentally are the biggest market for PLi batteries, with mobile cellular subscription growth expected to continue its double-digit growth rate over the next few years) and mobile computers (consumption for Smart Batteries for mobile computers are expected to grow at a rate of 22% per annum).

The future success of the Group will depend to a large extent, on its ability to capitalise on this growth trend and to increase its market share in its target markets. The Group believes that its ability to compete with other energy solutions provider depends on many factors within and outside its control, such as (but not limited to) timing and market acceptance of its products, product differentiation, product enhancement, product functionality, performance and reliability, price differentiation, ability to recruit and retain skilled workers and R&D personnel, sales and marketing efforts, product distribution channels and customer service and support.

(Source: Infocredit D&B Report)

Despite being in a niche market position with no direct competitors in the local market place, the Group has taken the following steps to maintain its edge over its foreign competitors as well as new competitors in the local market place:

(i) Unique product positioning;
(ii) Specialised R&D and engineering skills;
(iii) Technological innovation; and
(iv) Commitment to R&D and experienced technical team.

For further details on the above steps taken, please refer to Section 7.7 of this Prospectus.

4.5 MARKET ACCEPTANCE OF PRODUCTS AND RISK OF OVEREXPANSION

The Group has a series of expansion plans, which are detailed in Section 8 of this Prospectus. These plans include the introduction of new products and new geographical markets and segments. The Group's future results will substantially depend on acceptance of its products in the domestic and international markets. The Group however, may not be able to successfully penetrate these new markets. Poor demand for the Group's products will have a material adverse effect on the Group's business and financial condition. The failure in the Group's business expansion may adversely affect the Group's long-term growth prospects.

To mitigate these risks, the Group intends to allocate RM0.959 million of the proceeds raised from the Public Issue to continuously create market awareness and acceptance for its products in the domestic and international markets. With that, along with enhancement and improvement of its features, the Group expects its products to be sufficiently well-received.

To mitigate the risk of overexpansion, the Group will carry out detailed and careful market analysis and evaluation prior to the launching its products in new markets or making decisions on future expansions. All possible aspects of the penetration strategy will be reviewed and tackled by the Board in accordance with the specific requirements of the respective target markets.

4.6 TECHNOLOGICAL CHANGES

The market for the Group's products is subject to technological developments, evolving industry standards, swift changes in customer requirements and frequent new product introductions and enhancements. The Group's products may become obsolete due to changes in technology used in developing its products. As such, the Group's future depends substantially upon its ability to address the increasingly sophisticated needs of its customers. There may be technological changes that may result in the ETICB Group losing customers and hence market share, thereby materially and adversely affecting the Group's business, operating results and financial condition. The Group may or may not be successful in developing new products or enhancements to its existing products to adequately address the changing needs of the marketplace.

To mitigate this risk, the Group constantly endeavours to develop and/or enhance its products expeditiously. In order to keep abreast with changes in the market, the Board endeavours to foster close relationships with the Group's customers, actively participating in industry-related events and keeping up with technology development in other regions in order to ensure that the Group is kept up to date with market demands. The ETICB Group also constantly endeavours to develop commercially viable Battery Packs and Portable Power Packs through ongoing R&D efforts for new product applications.

In the development of products that require technology from other parties, the Company will co-develop these products with its technology partners. In addition, the Group will also consider acquisitions of businesses that possess relevant new technologies.

4.7 DEPENDENCE ON KEY PRODUCTS

Presently, the Company depends on its key products to generate sufficient revenues for the continuous growth of the Group. For the financial year ended 31 August 2005, its key products segmented by product range, Series 4 Notebook Batteries and Portable Power Packs, accounted for approximately 55.47% of the Group's turnover.

However, no assurance can be given that the sales of these products will continue to be maintained or grow in the future. The failure of any one or more of the Group's products to generate sufficient sales will materially and adversely affect the business operating results and financial conditions of the Group.

Nevertheless, the Board believes that the demand for the Group's other products such as PLi Battery Series 1, 2 and 3 which are widely used for RC, smart phones and military walkie-talkies will increase in the future. In view of this, the Company seeks to limit dependence on key products by devoting a substantial portion of the proceeds to be raised from the Public Issue to R&D with the purpose of enhancing existing products as well as developing new products that are on the front edge of the market and meet the industry requirements and expectations.

4.8 R&D RELATED RISKS

The risks related to the R&D effort include, inter alia, extended lead times, uncertainty with regards to the outcome of the R&D effort, unscheduled delays in the development of potential products and uncertainty resulting from rapid technological changes. Delays in product development may, in turn, delay the launch of new products and consequently affect the Group's competitive position adversely. There can be no assurance that there will not be any delay in the completion of R&D efforts and that any delay in its R&D efforts will not have any material impact on the business operating results and financial condition of the Group.

Nevertheless, the Group believes that its current range of products are stable and have been accepted by its customers and, as such, the effects of material delays in the roll-out of new or enhanced products is mitigated by the ability of the Group's existing range of products to meet customers' requirements.

Furthermore, ETICB has allocated part of the proceeds to be raised from the Public Issue to be utilised for investment in R&D to ensure that it is able to innovate, develop and introduce new products in a timely manner so as to remain in a position to compete effectively and successfully in the market. Presently, the R&D department consists of six (6) staff headed by the Technical Director and intends to increase to twenty-one (21) by 2009. They are able to assist and support the Group in implementing its business plan to meet the demands and expectations of its customers.

4.9 PROTECTION OF THE GROUP'S INTELLECTUAL PROPERTY RIGHTS

The Group's commercial success is dependent to a degree on its ability to protect its intellectual property rights in those products. As at the date of this Prospectus, the Group has filed applications for the registration of its trademarks and patents locally to shield itself against third party copying. Furthermore, the Group plans to file applications for its trademarks and patents in the overseas market it operates. Nevertheless, existing copyrights, trademarks and patent laws accord only limited practical protection. There might be delay in the trademarks and patents applications process and there can be no assurance that such applications will be successful. Even if successfully registered, there can be no assurance that the Group will be able to effectively and expeditiously protect its intellectual property rights against unauthorised third party copying, use or exploitation, any of which could have a material adverse effect on the Group's business, operating results and financial condition.

On the other hand, the Group's products typically require a level of proprietary customisation and industry know-how input, and has a certain degree of uniqueness in the final product that is supplied to a customer per the customer's requirements, and thus the Group's products may be less affected by risks of widespread unauthorised use, copying and exploitation. In addition, the Board has and will employ modularised designs, which means that, during the R&D process, each of the R&D team will have access to certain parts of the BMS designs but not the complete blueprints so as to minimise the risk of misappropriation. Furthermore, the Group intends to continue with its current policy of requiring its employees to enter into confidentiality, non-disclosure agreements and to limit access to and distribution of its proprietary information and information of its customers to mitigate the risk of misappropriation.

Although the Board is not aware of any claims that its proprietary rights infringe the intellectual property rights of others, other parties may nevertheless bring an intellectual property infringement action or other such action against the ETICB Group on the basis that the Group has infringed or violated the intellectual property rights of others.

4.10 DEPENDENCE ON DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

The Board recognises and believes that the Group's success depends to a significant extent on the abilities and continuing efforts of its existing Directors as well as its key management and key technical personnel. The loss of the services of any of these individuals may have a material adverse effect on the performance of the Group.

The Board therefore recognises the need to retain its existing Directors, key management and key technical personnel and at the same time attract new skilled personnel to strengthen its existing personnel. The Group seeks to mitigate this risk by offering its employees competitive remuneration and benefits packages, and by implementing an ESOS. However, there can be no assurance that the measures taken or to be taken will be successful and that any change in the Group's existing Directors, key management and key technical personnel will not have any material effect on the Group's business and operations.

4.11 LACK OF LONG TERM CONTRACTS

Currently, the Group's sales are based on purchase orders whereby orders are usually secured prior to production. There are no long term contracts entered between the Group and its customers which is in line with the industry practice. Therefore, there is no assurance that the Group will be able to continue to receive orders from its existing or new customers. In the event the Group fails to secure orders from customers on a continuous basis, the future financial performance of the ETICB Group will be adversely affected.

Other than direct sales to customers, the Group's products are also distributed internationally by established distributors in their respective countries. The Group's ability to achieve significant revenue growth in the future will depend, to an extent, upon its ability to establish and maintain relationships with its distributors. The Group's ability to successfully market its products, including its enhanced products under development, will depend on its ability to adapt its sales channels to address the evolving markets for such products.

However, the Group's arrangements with its distributors are generally alliances that are not legally binding and may be terminated by either party at any time without cause. The Group's distributors are not within the control of the Group and are not obliged to purchase products from the Group. Therefore, there is no assurance that the ETICB Group's operations will not be adversely affected by inadequate and/or delays on the part of their distributors to customers in their respective territories. Nevertheless, the ETICB Group has and will endeavour to maintain good relationship with these distributors, providing good support and establishing new marketing networks in the future so as to minimise its dependence on them.

4.12 DEPENDENCE ON CERTAIN CUSTOMERS

The Group's top four (4) customers, details of which are set out in Section 6.7 of this Prospectus, account for more than 85% of its aggregate revenue for the financial year ended 31 August 2005. Therefore, the Group is dependent on certain customers. To mitigate this dependence, the Group has taken or will be undertaking the following measures:

(i) Expansion of its customer base

The Group's technology, if not its products, can be applied in various electronic products such as notebook computers. The Group intends to target these different manufacturers of electronic products in the medium term in order to expand its customer base.

(ii) Establishment of strategic partnerships

The Group plans to work closely with customers whose products require rechargeable energy sources and would benefit from the BMS technology. The Board believes that these partnerships will extend the reach of the Group's market.

(iii) Roll-out of new products and enhancement of existing product lines

The ETICB Group plans to continuously roll-out new products for new markets. The Group continuously undertakes R&D initiatives for the enhancement of its existing product lines and the development of new products. This is expected to expand the customer base of the Group and assist the Group to enter new markets.

4.13 DEPENDENCE ON CERTAIN SUPPLIERS

For the financial year ended 31 August 2005, the Group's top four (4) suppliers, details of which are set out in Section 6.8 of this Prospectus, supply more than 83% of the Group's raw materials, i.e. PLi cells. As such, the Group may be considered to be dependent on these suppliers. Notwithstanding, there remains a substantial number of PLi cell suppliers in the market and therefore, the Board believes that the Group will not face difficulty in sourcing raw materials from other suppliers. However, there can be no assurance that the Group's operations will not be affected if there is interruption with the supply from them.

4.14 CONTROL BY THE SUBSTANTIAL SHAREHOLDERS

The substantial shareholders, Lee Kah Kheng, Dennis Chuah, Mansor Bin Padzin, Yeoh Li Hua, PNS and Amanah Ventures will collectively hold approximately 68.96% of the Company's enlarged issued and fully paid-up share capital after the Public Issue. The aforesaid shareholders will be able to influence the outcome of certain matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law and/or by the relevant authorities.

The introduction of corporate governance that requires the formation of an Audit Committee, which includes the appointment of two (2) Independent Directors, would effectively help to promote greater transparency in all material transactions and the ETICB Group's accountability, thereby safeguarding the interests of the minority shareholders and the general public at large. The substantial shareholders would also be required to abstain from voting if there is any related-party transaction which may pose as a conflict of interest to the Company.

4.15 FUTURE CAPITAL INJECTIONS

It is the Board's opinion that the net proceeds of the Public Issue, together with cash flow from operations and other existing sources of funds will be sufficient to meet the Group's projected working capital and other cash requirements for the next twelve (12) months. There is no assurance that future events may not cause the Group to seek additional capital sooner. If additional capital is required, there can be no assurance that it will be available or, if available, that it will be on terms satisfactory to the Group. The sale of additional equity or other convertible securities to non-shareholders will result in dilution of the shareholdings of the existing shareholders of the Company.

The Group will endeavour to generate sufficient cashflows from its operations to meet its future funding requirements by maintaining the long-term commercial viability of its business.

4.16 LIMITED OPERATING HISTORY

The Company's core asset, ETI TECH, only commenced operations in 2002. As the Group has a limited operating history, its prospects must be assessed in the light of the risk and difficulties normally encountered by any new company with a limited operating history. Notwithstanding its short operating history, the Group has been run by an experienced senior management team, the profiles of whom are included in Section 9.4 of this Prospectus. Their experience will be critical to ensure the success of the Group.

4.17 DISRUPTION IN OPERATIONS

The Group's daily operations may be affected by events of emergency such as explosion, fire, flooding, energy crisis, health crisis, sabotage, theft, breach of security, civil commotion, war or natural disasters. The Group is aware of the adverse consequences of inadequate insurance coverage for damage that could cripple its business operations. In ensuring such risks are maintained to the minimum, the Group's assets such as R&D equipment, office equipment, peripherals and furniture and fittings are all sufficiently insured under fire and burglary insurance policies. In addition, the Group has a disaster recovery plan by keeping its BMS circuitry designs/blueprints at a different location other than the R&D site. However, there can be no assurance that the disaster recovery plan will be able to prevent the loss of any critical data or that the insurance coverage and/or the disaster recovery centre would be adequate for the replacement cost of the assets or any consequential loss arising therefrom.

4.18 POLITICAL, ECONOMIC AND REGULATORY FACTORS

The financial and business prospects of the Group and the industry in which it operates depend on the developments in the political, economic and regulatory factors in Malaysia and other countries with whom the ETICB Group has business links. Amongst the political, economic and regulatory factors are war, riots, global economic downturn and unfavourable change in the government's policy such as taxation, currency exchange controls, licensing regulations and government policies. Whilst ETICB will continue to adopt effective measures such as prudent financial management and efficient operating procedures, adverse political, economic and regulatory factors may materially affect the Group adversely.

Currently, save for general company and contract laws, the business activities of the Group in Malaysia are not subject to any specific legislation. However, there can be no assurance that future government policy changes will not affect the operations of the Group.

4.19 FOREIGN CURRENCY EXCHANGE RISK

The ETICB Group's revenue for the financial year ended 31 August 2005 was predominantly generated from the overseas market (which accounted for approximately 80% of revenue) and transacted in USD.

The Group's exposure to fluctuations against the USD was minimised under the fixed exchange rate of RM3.80 to USD1.00. However, on 21 July 2005, Bank Negara Malaysia ("BNM") announced the removal of the peg to USD. A managed float regime allows BNM to intervene in the currency market (buying and selling the RM) when it feels the value of the RM is not at a level consistent with Malaysia's fundamentals. Accordingly, prolonged and significant or sharp movements in the exchange rates may have an impact on the price and competitiveness of the Group's products and consequently the Group's financial performance.

Notwithstanding that the Group may minimise such exposure by hedging the relevant currencies involved in its major contracts through the use of short-term forward foreign exchange contracts, there is no assurance that the Group will be able to effectively and sufficiently minimise its foreign exchange rate exposures.

4.20 MATERIAL COMMITMENTS AND BORROWINGS RISKS

The banking facilities of the Group comprise a term loan, overdraft and trade facilities, all of which are local borrowings. The said facilities are charged against certain assets of the Group. The borrowings of the Group as at the Latest Practicable Date are set out in Section 5.5 of this Prospectus. All the bank borrowings of the Group are interest bearing. Given the interest charge on bank borrowings is dependent on the interest rates and the total outstanding loans, future fluctuations of the interest rates could have a material effect on the Group's operations and profitability.

As a matter of policy, the Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Save as disclosed below, there are no other covenants under the banking facility which may limit the Group's operating and financial liabilities:

Under the letter of offer dated 1 July 2005 signed between ETI TECH, as borrower and Malayan Banking Berhad, as Lender, ETI TECH shall observe the following covenants:

(i) ETI TECH shall operate an active and satisfactory account and observe the approved limit(s) at all times;

(ii) ETI TECH shall immediately inform the Lender in the event there is a change in the residential status, its directors, partners or office bearers as the case may be;

(iii) ETI TECH shall carry out its business with due diligence and efficiency and in accordance with sound financial and business standards and practices and will furnish the Lender all information which the Lender reasonably requests in connection with such business;

(iv) ETI TECH shall not allow any change in its majority shareholders of the majority shareholders' shareholdings without the Lender's prior written consent, wherein the Lender reserves the right to recall the facility(s) if there is any such change; and

(v) ETI TECH shall inform the Lender of any occurrence of an event of default or any other occurrence which might adversely affect ETI TECH's liability or any party providing security for the facility(s) to perform the obligations under the letter of offer dated 1 July 2005.

In addition, save as disclosed in Section 5.5 of this Prospectus, there are no foreseeable material capital commitments and indebtedness. Notwithstanding, the Group based on its prudent cash management and through internally generated funds, is expected to generate sufficient funds in the future to meet its repayment obligations. However, the Group may in the future enter into other credit facility agreements with banks or financiers to finance their operations and business activities. These agreements may contain, among others, covenants (such as those described in the above paragraphs) which limit the Group's operating and financial flexibility. Any act by the Group falling within the ambit or scope of such covenants may give rise to a right by the bank or financier to terminate the relevant credit facility and/or default on other facilities. There can be no assurance that the aforesaid enforcement of the right the banks or financiers will not have any impact on the Group's operations and financial position.

4.21 LOSS OF MSC AND PIONEER STATUS

ETI TECH was granted MSC status on 25 June 2003 by MDC. Presently, all MSC status companies are granted financial and non-financial incentives.

The financial incentives include:

(i) a five (5)-year exemption from Malaysian income tax (only on income derived from MSC-related activities) commencing from the date when the company starts generating income, renewable to ten (10) years - renewal will depend on the Group's performance in transferring technology or knowledge to Malaysia, or a 100% investment tax allowance on new investments made in MSC cybercities, commencing from the date on which the first qualifying capital expenditure is incurred;

(ii) duty-free importation of multimedia equipment, provided that the equipment is used by the company in the operation of its business, and not for direct sale and trading or use as components in manufactured items; and

(iii) R&D grants for MSC small and medium enterprises that are at least 51% Malaysian-owned.

Non-financial incentives include:

(i) unrestricted employment of foreign knowledge workers;

(ii) freedom of ownership; and

(iii) freedom to source capital for MSC infrastructure globally, and the right to borrow funds globally. All MSC-status companies will be given exemptions by the Controller of Foreign Exchange from exchange control requirements which will allow them to execute transactions in any currency in Malaysia or elsewhere, borrow any amount from financial institutions, associate companies or non-residents, hedge foreign exchange exposure, remit funds globally and open foreign currency accounts in Malaysia or abroad with no limits on balances.

The MDC is the body responsible for monitoring all MSC designated companies. MDC has the right to revoke any company's MSC status at any time should ETI TECH, amongst others, breach any of the conditions of approval for its MSC status. The loss of ETI TECH's MSC status would materially and adversely affect the Group's business, operating results and financial condition.

In addition, ETI TECH was granted pioneer status by MITI vide its certificate dated 9 January 2004 for a period commencing 15 July 2003 to 14 July 2008. Pursuant to this, ETI TECH enjoys certain financial incentives accorded to it under the Promotions and Investment Act, 1986.

4.22 UNCERTAINTY OF THE FIVE-(5) YEAR BUSINESS DEVELOPMENT PLAN

The success of the Group's five (5)-year business development plan will be determined by, amongst others, the following factors:

(i) the continuous acceptability of the Group's products;

(ii) its marketing strategies;

(iii) its R&D activities to create/maintain new and existing products to maintain its competitive edge; and

(iv) the ability to recruit and retain skilled technical, marketing, financial and other key personnel.

There can be no assurance that the Group will be able to successfully implement its five (5)-year business development plan or that unanticipated expenses or problems or technical difficulties will not occur which would result in material delays in its implementation or even deviation from its original plans. In addition, the actual results may deviate from the business plan due to rapid technological changes as well as competitive pressures.

4.23 FAILURE/DELAY IN THE LISTING

The Listing may fail or be delayed should any of the following events occur:

(a) Alliance exercise its right pursuant to the Underwriting Agreement and Supplemental Agreement discharging themselves from their obligation thereunder;

(b) the placees for the private placement fail to subscribe for the portion of the Public Issue Shares allocated to them; and

(c) ETICB is unable to meet the public spread requirement, that is, at least 25% but not more than 49% of the issued and paid-up share capital of ETICB must be held by a minimum of two hundred (200) public shareholders (including employees) upon completion of the Public Issue and at the time of its admission to the MESDAQ Market.

4.24 NEGATIVE MARKET PERCEPTION

Battery manufacturing uses and generates many potentially hazardous chemicals and materials and some, like mercury, lead and cadmium, present a serious threat to human health. In today's modern battery plants where all operations are automated and ventilated, major exposures occur in maintaining equipment, and weighing and loading raw materials. In older battery plants, manual operations pose a potential for environmental and occupational risk in every step.

If exposed, workers and the general public face the risk of severe health problems associated with many battery chemicals. For instance, mercury is associated with central nervous system disorders, genetic disorders, skin irritation and kidney damage. Cadmium is associated with liver and lung disease in humans and is toxic to other organisms in natural ecosystems. Lead, used in lead acid batteries, is highly toxic and if ingested or inhaled can create potential health problems as well.

The Group does not own any manufacturing facility; instead, it outsources the production of its Smart Batteries to its subcontractors, namely Unico Electronic (Pg) Sdn Bhd and ADT Technology Sdn Bhd. Even so, being in the rechargeable battery industry, the Group may also be subject to negative publicity from non-governmental organisations, the authorities and the general public concerned with effects of the related industrial waste products on the environment. There is a risk that their concerns may translate into actions, regulations and costs that affect the Group's business and future plans.

Nevertheless, the Board believes that the following mitigates such negative market perceptions:

(a) The Group primarily uses PLi cells for the manufacture of its Smart Batteries which are deemed safer (to manufacture and dispose) when compared to other cell chemistries, such as NiCd, etc.;

(b) The Group's BMS designs improve on the performance and longevity of rechargeable batteries, thus reducing/delaying their impact on the environment; and

(c) Rechargeable batteries are less susceptible to negative publicity as they are considered more environmentally friendly than non-rechargeable batteries.

However, there can be no assurance that the Group's efforts will have a positive impact on the environment or prevent any consequential loss arising from the public's environmental concerns.

4.25 PRODUCT LIABILITY

Although the Smart Batteries which are developed and marketed by the ETICB Group goes through stringent quality control and assurance processes and procedures, there remains a possibility that it may contain faults when released, which in turn may affect the performance of the end-products marketed by the Group's customers. This could result in, amongst others, lost revenues, adverse customer reaction towards the ETICB Group and its products, negative publicity, additional expenditures to remedy the problems and legal claims against the Group.

However, to date, the Group has not experienced any product liability claims against it in respect of its products. Furthermore, the ETICB Group maintains a product liability insurance policy to protect itself against any significant claim against the Group in Malaysia as a result of product defect in the future that may have a material adverse effect on the Group's results and prospects. However, there can be no assurance that the Group's efforts to limit itself against product liability claims will be successful.

4.26 DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements, which are statements other than statements of historical facts. Although the Group believes that, the expectations reflected in such forward-looking statements are reasonable at this time, there can be no assurance that such expectations will prove to be correct. Certain statements in this Prospectus are based on historical statistics which may not be reflective of the future results, and others are forward-looking in nature, which may or may not be achieved. Whether such statements ultimately prove to be accurate depends upon a variety of factors that may affect the business and operations of the ETICB Group and such forward-looking statements also involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievement of the ETICB Group or industry results, to be materially different from any future results, plans, performances and achievements, expressed or implied, by such prospective statements.