

1. CORPORATE INFORMATION**BOARD OF DIRECTORS**

Name	Designation	Nationality	Address	Occupation
Tan Sri Dato' Wan Sidek Bin Haji Wan Abd Rahman	Independent Non-Executive Chairman	Malaysian	No. 12, Lorong Jelutong Kiri Damansara Heights 50490 Kuala Lumpur	Director
Chia Kok Chin	CEO/CTO	Malaysian	29, Jalan Wangsa 1/9 Taman Wangsa Permai 52100 Kuala Lumpur	Director
Tan Chuek Hooi	Executive Director	Malaysian	46, Jalan BU 7/9 Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan	Director
Hoh Chee Kuan	Executive Director	Malaysian	75, Jalan CH1 Cheras Hartamas 43200 Cheras Selangor Darul Ehsan	Director
Leou Thiam Lai	Independent Non-Executive Director	Malaysian	No. 2, Jalan SS23/4C Taman SEA 47400 Petaling Jaya Selangor Darul Ehsan	Chartered Accountant

AUDIT COMMITTEE

Name	Designation	Directorship
Tan Sri Dato' Wan Sidek Bin Haji Wan Abd Rahman	Chairman	Independent Non-Executive Chairman
Tan Chuek Hooi	Member	Executive Director
Leou Thiam Lai	Member	Independent Non-Executive Director

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1. CORPORATE INFORMATION (Cont'd)

- COMPANY SECRETARY** : Chin Kim Fung
(LS:00234)
No.72, Jalan SS23/5
Taman SEA
47400 Petaling Jaya
Selangor Darul Ehsan
- REGISTERED OFFICE** : 149A, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur
- Tel: 03 7727 3873
Fax: 03 7728 5948
- HEAD OFFICE** : L4 – E – 11, Enterprise 4
Technology Park Malaysia
Bukit Jalil
57000 Kuala Lumpur
Malaysia
- Tel : 03-8996 8080
Fax : 03-8996 6880
- WEBSITE** : www.ipowerbiz.com.my
- PRINCIPAL BANKER** : Hong Leong Bank Berhad (97141-X)
26, Lorong Rahim Kajai 14
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel: 03-7729 3716
Fax: 03-7728 6312
- AUDITORS/REPORTING ACCOUNTANTS** : KC Chin & Co (AF 1237)
10th Floor, Bangunan Yee Seng
15, Jalan Raja Chulan
50200 Kuala Lumpur
- Tel: 03 2031 8223
Fax: 03 2031 4223
- SOLICITORS FOR THE LISTING** : Zul Rafique & Partners
Suite 17.01, 17th Floor
Menara PanGlobal
8 Lorong P.Ramlee
50250 Kuala Lumpur
- Tel : 03 2078 8228
Fax: 03 2034 1913/1917
- ISSUING HOUSE** : MIDF Consultancy And Corporate Services Sendirian Berhad
(11324-H)
Tingkat 12, Bangunan MIDF
195A, Jalan Tun Razak
50400 Kuala Lumpur
- Tel : 03 2161 3355
Fax : 03 2164 7995

1. CORPORATE INFORMATION (Cont'd)

- SHARE REGISTRAR** : Insurban Corporate Services Sdn Bhd
Company No.76260-W
149, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur

Tel: 03 7729 5529
Fax: 03 7728 6686
- INDEPENDENT INTELLECTUAL PROPERTY CONSULTANT** : Horwath Chin & Associates
Ground Floor Lot 7 Block F
Saguking Commercial Building
Jalan Patau-Patau
87000 Labuan FT Malaysia

Tel: 087 412031
Fax: 087 416128
- INDEPENDENT TECHNICAL FEASIBILITY CONSULTANT** : Dr Tan Chew Lim
Associate Professor, School of Computing
National University of Singapore
SOC1, Room 04-12
3 Science Drive 2
Singapore 117543

Tel: +65 6874 2900
Fax: +65 6779 4580
- ADVISER/SPONSOR/
MANAGING
UNDERWRITER/PLACEMENT
AGENT** : Aseambankers Malaysia Berhad (15938-H)
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: 03 2059 1888
Fax: 03 2078 4220
- UNDERWRITERS** : Aseambankers Malaysia Berhad (15938-H)
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: 03 2059 1888
Fax: 03 2078 4220

Mayban Securities Sendirian Berhad (165630-M)
8th Floor, MaybanLife Tower C
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel: 03 2297 8888
Fax: 03 2282 5136
- LISTING SOUGHT** : MESDAQ Market of Bursa Securities

2. SUMMARY INFORMATION

The following is a summary of the salient information about I-Power and the Public Issue and should be read in conjunction with the full text of the Prospectus. Investors should read and understand the whole Prospectus prior to deciding whether to invest in I-Power.

2.1 History and Business

I-Power was incorporated in Malaysia under the Act on 21 October 2002. I-Power was granted MSC status by the MDC on 16 December 2002 and is located at TPM. It was subsequently converted into a public limited company on 25 September 2003.

The Company is principally engaged in the provision of SI services, E-Solutions for various business transactions and software turnkey development services.

All I-Power's E-Solutions are built and designed based on open standards Java technologies, 100% Pure Java and J2EE compliant which support multiple platforms and provide seamless integration with rapid deployment speed and customization flexibility. I-Power's E-Solutions are all 100% Web-enabled both for the front-end and administration modules. It provides users with the flexibility to access the system anytime, anywhere. System support and maintenance is also enhanced and simplified due to its server centric concept. This helps enterprises to reduce its IT costs and improve its efficiency.

I-Power commenced operations on 2 January 2003. The Company intends to develop and enhance further the suite of E-Solutions which it has acquired. The Company also plans to build upon PowerSys' foundation and customer-base and expands the business more aggressively, leveraging the Company's status as a MSC company with all the relevant benefits and incentives available such as tax exemption, MSC grant, flexible movement of knowledge workers and MSC Internship programme.

The Company aims to expand and market its own brand of "I-Power" E-Solutions as its central and core business within the next five years. I-Power, a MSC status company, was granted a research grant of up to RM2.49 million from MDC to develop IBIMM, a data mining solution, with the participation of two professors and two Philosophy Doctorate lecturers from local universities.

As at the date of this Prospectus, I-Power does not have any subsidiary and associated companies.

Detailed information is set out in Section 5.1 of this Prospectus

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2. SUMMARY INFORMATION (Cont'd)

2.2 Technology, Products, Intellectual Property Rights and Technical Feasibility

Technology

As mentioned in Section 2.1, all I-Power E-Solutions are built and designed based on open standards Java Technologies, 100% Pure Java and J2EE compliant which support multiple platforms and provide seamless integration deployment speed and customisation flexibility. These E-Solutions are also 100% Web-enabled both for the front-end and administration modules. It provides users with the flexibility to access the system anytime, anywhere. System support and maintenance is also enhanced and simplified due to its server-centric concept. This helps enterprises to reduce its IT costs and improve its efficiency.

Detailed information on the technology used is set out in Section 5.7 of this Prospectus.

Products

The following are I-Power's core E-Solutions developed by I-Power under the "I-Power" brand name: -

E-Solutions	Brief Description
I-Power eCRM	An integrated eCustomer Relationship Management system.
I-Power eHR	A Web-based human resources ("HR"), appraisal and payroll system.
I-Power ePortal	An e-corporate knowledge/collaboration system.
I-Power eProcure	An electronic online procurement system.
I-Power eAuction	An electronic online auction system.
I-Power eStore	An e-storefront with MEPS payments capabilities.

Detailed information on I-Power's products is set out in Section 5.6 of this Prospectus.

Intellectual Property Rights

Prior to the execution of the IPR assignment agreement dated 3 September 2003, a valuation report on the IPR was obtained, whereby the IPR was valued at a fair value of between RM8.1 million and RM9.4 million ("First Valuation Report").

Subsequent to the First Valuation Report and pursuant to the proposed Listing of I-Power, the Company has also engaged another independent professional firm to report on the valuation of the IPR to the brand name "Power" ("Second Valuation Report"). The Second Valuation Report dated 9 January 2004 considered the fair value of the IPR to be within the range of RM11.3 million to RM11.9 million.

A summary of the Second Valuation Report is set out in Section 5.16 of this Prospectus.

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2. SUMMARY INFORMATION (Cont'd)

Technical Feasibility

I-Power has obtained a Technical Feasibility Report ("the Report") from an independent party, Dr. Tan Chew Lim, who is an Associate Professor at the Department of Computer Science, School of Computing, National University of Singapore. The Report examines the feasibility of the I-Power's Listing exercise. The items included in the Report, inter alia, are as follows: -

- (i) Appraisal of I-Power's technology;
- (ii) Appraisal of I-Power's products and services;
- (iii) Comments on capital expenditure plan;
- (iv) Comments on operation and performance to date;
- (v) Comments on industry and competitive environment; and
- (vi) Risk assessment.

The Report concluded that the Listing of I-Power is a strategic move to further strengthen the Company's position as an emerging and significant player in the IT market in Malaysia.

The Independent Technical Feasibility Report is set out in Section 5.17 of this Prospectus.

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2. SUMMARY INFORMATION (Cont'd)**2.3 Promoters, Substantial Shareholders, Directors and Key Management****Promoters**

The Promoters of I-Power and its shareholding in the Company before and after the Public Issue are as follows: -

Before Public Issue

Name	Nationality	Designation	< ---Direct--- >		< ---Indirect--- >	
			No. Of Shares ('000)	%	No. Of Shares ('000)	%
Jason Chia	Malaysian	CEO/CTO	32,737.5	72.75	6,750.0 ⁽¹⁾	15.00
Hoh Chee Kuan	Malaysian	Executive Director	2,250.0	5.00	-	-
Tan Chuek Hooi	Malaysian	Executive Director	1,800.0	4.00	-	-

Note: -

(1) Deemed interest by virtue of the shareholding of his spouse, Ha Mun Keet.

After Public Issue (assuming full subscription of the respective entitlements for Shares under pink form allocation)

Name	Nationality	Designation	< ---Direct--- >		< ---Indirect--- >	
			No. Of Shares ('000)	%	No. Of Shares ('000)	%
Jason Chia	Malaysian	CEO/CTO	33,237.5	52.76	6,750.0 ⁽¹⁾	10.71
Hoh Chee Kuan	Malaysian	Executive Director	2,750.0	4.37	-	-
Tan Chuek Hooi	Malaysian	Executive Director	2,100.0	3.33	-	-

Note: -

(1) Deemed interest by virtue of the shareholding of his spouse, Ha Mun Keet.

Detailed information on the Promoters is set out in Section 8.1 of this Prospectus.

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2. SUMMARY INFORMATION (Cont'd)**Substantial Shareholders**

The substantial shareholders of I-Power and their respective shareholdings in the Company before and after the Public Issue are as follows: -

Before Public Issue

Name	Nationality	Designation	< ----Direct---- >		< ----Indirect---- >	
			No. Of Shares ('000)	%	No. Of Shares ('000)	%
Jason Chia	Malaysian	CEO/CTO	32,737.5	72.75	6,750.0 ⁽¹⁾	15.0
Ha Mun Keet	Malaysian	-	6,750.0	15.00	32,737.5 ⁽¹⁾	72.75
Hoh Chee Kuan	Malaysian	Executive Director	2,250.0	5.00	-	-

Note: -

(1) Deemed interest by virtue of the shareholding of his/her spouse.

After Public Issue (assuming full subscription of the respective entitlements for Shares under pink form allocation)

Name	Nationality	Designation	< ----Direct---- >		< ----Indirect---- >	
			No. Of Shares ('000)	%	No. Of Shares ('000)	%
Jason Chia	Malaysian	CEO/CTO	33,237.5	52.76	6,750.0 ⁽¹⁾	10.71
Ha Mun Keet	Malaysian	-	6,750.0	10.71	33,237.5 ⁽¹⁾	52.76
Hoh Chee Kuan	Malaysian	Executive Director	2,750.0	4.37	-	-

Note: -

(1) Deemed interest by virtue of the shareholding of his/her spouse.

Detailed information on the Substantial Shareholders is set out in Section 8.3 of this Prospectus.

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2. SUMMARY INFORMATION (Cont'd)

Directors

The Directors of I-Power and their respective shareholdings in the Company before and after the Public Issue are as follows: -

Before Public Issue

Name	Nationality	Designation	< ---Direct--- >		< ---Indirect--- >	
			No. Of Shares ('000)	%	No. Of Shares ('000)	%
Tan Sri Dato' Wan Sidek Bin Haji Wan Abd Rahman	Malaysian	Independent Non-Executive Chairman	-	-	-	-
Jason Chia	Malaysian	CEO/CTO	32,737.5	72.75	6,750.0 ⁽¹⁾	15.0
Tan Chuek Hooi	Malaysian	Executive Director	1,800.0	4.00	-	-
Hoh Chee Kuan	Malaysian	Executive Director	2,250.0	5.00	-	-
Leou Thiam Lai	Malaysian	Independent Non-Executive Director	-	-	-	-

Note: -

(1) Deemed interest by virtue of the shareholding of his spouse, Ha Mun Keet.

After Public Issue (assuming full subscription of the respective entitlements for Shares under pink form allocation)

Name	Nationality	Designation	< ---Direct--- >		< ---Indirect--- >	
			No. Of Shares ('000)	%	No. Of Shares ('000)	%
Tan Sri Dato' Wan Sidek Bin Haji Wan Abd Rahman	Malaysian	Independent Non-Executive Chairman	300.0	0.48	-	-
Jason Chia	Malaysian	CEO/CTO	33,237.5	52.76	6,750 ⁽¹⁾	10.71
Tan Chuek Hooi	Malaysian	Executive Director	2,100.0	3.33	-	-
Hoh Chee Kuan	Malaysian	Executive Director	2,750.0	4.37	-	-
Leou Thiam Lai	Malaysian	Independent Non-Executive Director	300.0	0.48	-	-

Note: -

(1) Deemed interest by virtue of the shareholding of his spouse, Ha Mun Keet.

Detailed information on the Directors is set out in Section 8.2 of this Prospectus.

2. SUMMARY INFORMATION (Cont'd)

Key Management

The key management of I-Power and their shareholdings in the Company before and after the Public Issue are as follows: -

Before Public Issue

Name	Nationality	Designation	< ----Direct---- >		< ----Indirect---- >	
			No. Of Shares ('000)	%	No. Of Shares ('000)	%
Jason Chia	Malaysian	CEO/CTO	32,737.5	72.75	6,750.0 ⁽¹⁾	15.0
Tan Chuck Hooi	Malaysian	Executive Director	1,800.0	4.00	-	-
Hoh Chee Kuan	Malaysian	Executive Director	2,250.0	5.00	-	-
Low Tee Chow	Malaysian	Senior Project Manager	675.0	1.50	-	-
Choo Wei Choon	Malaysian	Senior R&D Manager	787.5	1.75	-	-

Note: -

(1) Deemed interest by virtue of the shareholding of his spouse, Ha Mun Keet.

After Public Issue (assuming full subscription of the respective entitlements for Shares under pink form allocation)

Name	Nationality	Designation	< ----Direct---- >		< ----Indirect---- >	
			No. Of Shares ('000)	%	No. Of Shares ('000)	%
Jason Chia	Malaysian	CEO/CTO	33,237.5	52.76	6,750.0 ⁽¹⁾	10.71
Tan Chuck Hooi	Malaysian	Executive Director	2,100.0	3.33	-	-
Hoh Chee Kuan	Malaysian	Executive Director	2,750.0	4.37	-	-
Low Tee Chow	Malaysian	Senior Project Manager	775.0	1.23	-	-
Choo Wei Choon	Malaysian	Senior R&D Manager	887.5	1.41	-	-

Note: -

(1) Deemed interest by virtue of the shareholding of his spouse, Ha Mun Keet.

Detailed information on the promoters, substantial shareholders, Directors and the key management of I-Power is set out in Section 8 of this Prospectus.

2. SUMMARY INFORMATION (Cont'd)**2.4 Historical Financial Highlights**

The following table sets out a summary of the audited results of I-Power for the financial period from 21 October 2002 (date of incorporation) to 30 June 2004. The results of the Company have been extracted from and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 12 of this Prospectus.

	Audited	
	Financial Period / Year	
	From 21 October 2002 to 30 June 2003 RM'000	From 1 July 2003 to 30 June 2004 RM'000
Revenue	2,278	8,924
EBIDTA	937	2,331
Interest Expense	-	-
Operating Profit	937	2,331
Depreciation/Amortisation	(128)	(247)
PBT	809	2,084
Taxation	-	-
PAT	809	2,084
Weighted average number of Shares in issue ('000)	514	4,048
Gross EPS (RM)	1.57	0.51
Net EPS (RM)	1.57	0.51

There were no extraordinary and exceptional items in the period under review. The Company was granted pioneer status by MDC under the provisions of the Promotion of Investments (Amendment) Act, 1997. By virtue of this pioneer status, the Company's income from the pioneer activities during the pioneer period from 16 December 2002 to 15 December 2007 are exempted from income tax. Further details on the results of the Company are set out in Sections 11.1, 11.2 and 12 of this Prospectus.

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

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2. SUMMARY INFORMATION (Cont'd)**2.5 Proforma Balance Sheet as at 30 June 2004**

The Proforma Balance Sheet as set out below is extracted from Section 11.5 of this Prospectus. The Proforma Balance Sheet is provided for illustrative purposes only to show the effects of the Share Split and the Public Issue on the audited balance sheet of I-Power as at 30 June 2004.

	Audited as at 30 June 2004	Proforma I After Share Split	Proforma II After Proforma I and the Public Issue	Proforma III After Proforma II and the utilisation of the proceeds from the Public Issue
	RM'000	RM'000	RM'000	RM'000
NON CURRENT ASSETS				
Plant and equipment	246	246	246	246
Intellectual property rights	3,700	3,700	3,700	3,700
Development expenditure	298	298	298	3,798
CURRENT ASSETS				
Trade receivables	2,265	2,265	2,265	2,265
Other receivables, deposits and prepayments	520	520	520	520
Cash at bank	970	970	8,710	3,710
	<u>3,755</u>	<u>3,755</u>	<u>11,495</u>	<u>6,495</u>
CURRENT LIABILITIES				
Trade payable	22	22	22	22
Other payables and accruals	584	584	584	584
	<u>606</u>	<u>606</u>	<u>606</u>	<u>606</u>
Net Current Assets	3,149	3,149	10,889	5,889
	<u>7,393</u>	<u>7,393</u>	<u>15,133</u>	<u>13,633</u>
CAPITAL AND RESERVES				
Share capital	4,500	4,500	6,300	6,300
Share premium	-	-	5,940	4,440
Retained profits	2,893	2,893	2,893	2,893
Shareholders' fund	<u>7,393</u>	<u>7,393</u>	<u>15,133</u>	<u>13,633</u>
No. of Shares in issue ('000)	4,500	45,000	63,000	63,000
NTA per share (sen)	75.0	8.0	18.0	10.0

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2. SUMMARY INFORMATION (Cont'd)

2.6 Proforma NTA

	Proforma NTA (RM'000)	Proforma NTA per Share (sen)
After the Public Issue ⁽¹⁾	6,135	10.0

Note: -

After deducting estimated listing expenses of RM1,500,000, set out in Section 3.10 of this Prospectus.

2.7 Future Financial Information

Future financial information has not been included in this Prospectus as it is difficult to forecast due to the uncertain nature and inherent risks of the business of the Company. Kindly refer to Section 4 of this Prospectus for further details.

2.8 Principal Statistics Relating to the Public Issue

2.8.1 Share Capital

	RM
<i>Authorised</i>	
100,000,000 ordinary shares of RM0.10 each	<u>10,000,000</u>
<i>Issued and fully paid-up</i>	
Existing 45,000,000 ordinary shares of RM0.10 each	4,500,000
<i>To be issued pursuant to the Public Issue</i>	
18,000,000 new ordinary shares of RM0.10 each	<u>1,800,000</u>
Enlarged share capital upon Listing	<u>6,300,000</u>
Public Issue Price per Share	0.43

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2. SUMMARY INFORMATION (Cont'd)

2.8.2 Class of Shares

There is only one class of shares in the Company, namely, ordinary shares of RM0.10 each, all of which rank pari passu with one another. The Public Issue Shares will rank pari passu in all respects with the existing issued and paid-up ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of the respective shares.

Details of the Public Issue are set out in Section 3.5 of this Prospectus.

2.9 Proposed Utilisation of Proceeds

The total gross proceeds of RM7,740,000 arising from the Public Issue shall accrue entirely to I-Power and will be utilised as follows: -

Details Of Utilisation	Amount Of Proceeds RM'000	Expected Time Frame For Utilisation
R&D	3,500	By the FYE 30 June 2008
Working Capital	2,740	By the FYE 30 June 2005
Estimated listing expenses	1,500	By the FYE 30 June 2005
Total	7,740	

The Company shall bear all expenses such as brokerage and placement fees, underwriting commission, and registration fees relating to the Public Issue together with all other expenses and fees incidental to the Listing which is estimated at RM1.5 million.

Details of the proposed utilisation of proceeds are set out in Section 3.7 of this Prospectus.

2.10 Summary of Material Risk Factors

Prospective investors, prior to making an investment in the Company, should carefully consider the risk factors inherent in and affecting the business of the Company. In addition, the discussion in this Prospectus contains forward-looking statements that involve risks and uncertainties. The Company's actual results when materialised could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to those discussed in the "Risk Factors" section, and also include those discussed throughout this Prospectus.

The risk factors that may affect the Company's future profitability include the following: -

- (i) Marketability of I-Power's shares and volatility of share price;
- (ii) Ownership and control by the substantial shareholder;
- (iii) Business risks;
- (iv) Limited operating history;
- (v) Financial risks;
- (vi) Product liability;
- (vii) Political and economic risks;
- (viii) Competition;
- (ix) Dependency on key personnel;
- (x) Risk relating to rapid changes in technology;
- (xi) Dependency on IPR;

2. SUMMARY INFORMATION (Cont'd)

- (xii) Product Performance;
- (xiii) Change or loss of MSC status;
- (xiv) Uncertainty of the five (5)-year business plan;
- (xv) Disclosure regarding forward-looking statements;
- (xvi) Potential Risk Of Exposure To PowerSys;
- (xvii) Operational Risk;
- (xviii) Failure or delay in Listing; and
- (xix) Management Succession Plan.

Details of the risk factors are set out in Section 4 "Risk Factors" of this Prospectus. The order of which risk factors are prescribed should not be construed as a ranking of the risk factors.

2.11 Working Capital, Borrowings, Contingent Liabilities, Material Commitment and Material Litigation

(i) Working Capital

The Directors of I-Power are of the opinion that after taking into account the cash proceeds from the Public Issue and the cash flow to be generated, the Company will have adequate working capital for a period of twelve (12) months from the date of issuance of this Prospectus.

(ii) Indebtedness

As at 14 December 2004, I-Power does not have any bank borrowings, hire purchase or commitments on guarantees.

(ii) Contingent Liabilities

As at 14 December 2004, the Directors of I-Power are not aware of any material contingent liabilities, which, upon becoming enforceable, may have a material impact on the profit or net asset value of the Company.

(iii) Material Capital Commitments

As at 14 December 2004, the Directors of I-Power are not aware of any material capital commitments, which, upon becoming enforceable, may have a material impact on the profit or net asset value of the Company.

(iii) Material Litigation/Arbitration

As at 14 December 2004, the Company is not engaged in any material litigation, claim and arbitration, as plaintiff or defendant, and the Board of Directors of I-Power have no knowledge of any proceedings pending or threatened against the Company or any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Company.

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3. DETAILS OF THE PUBLIC ISSUE

This Prospectus is dated **29 December 2004**. A copy of this Prospectus has been registered with the SC and lodged with the Registrar of Companies, both of whom take no responsibility for its contents.

Approval has been obtained from the SC in respect of the flotation of I-Power on 3 September 2004. Approval have also been obtained from Bursa Securities on 6 September 2004, in respect of the flotation and the admission of the Company 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 the Company, including the Public Issue Shares, which are the subject of this Prospectus. The approvals of Bursa Securities and the SC shall not be taken to indicate that Bursa Securities and the SC recommend the initial public offering and/or the flotation of I-Power on the MESDAQ Market. Investors should rely on their own evaluation to assess the merits and risks of any investment in the Company.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act 1991, Bursa Securities has prescribed I-Power shares as a prescribed security. In consequence thereof, all the ordinary shares including the shares issued 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 of Bursa Depository.

Pursuant to the Listing Requirements, at least 25% of the issued and paid-up share capital of the Company must be held by a minimum of 200 shareholders holding not less than 100 shares each, upon completion of the Public Issue at the point of Listing. However, in the event that the above requirement is not met pursuant to the Public Issue, the Company may not be allowed to proceed with its Listing plan. In the event thereof, monies paid in respect of all applications will be returned without interest if the said permission is not granted.

Only an applicant who has a CDS account can make an application by way of an application form. The applicant shall furnish his/her CDS account number in the space provided in the Application Form and he/she shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to MIDFCCS or the Company. Where an applicant does not presently have a CDS account, he/she should open a CDS account at an ADA prior to making an application for the Public Issue Shares. If a successful applicant fails to state his/her CDS account number, MIDFCCS under the instruction of the Company will reject the application.

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 I-Power. Neither the delivery of this Prospectus nor any offer 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 I-Power since the date thereof.

The distribution of this Prospectus and the issuance of the Public Issue Shares will not be registered under any securities legislation of any jurisdiction except Malaysia and the Company and its Advisers take no responsibility for the distribution of this Prospectus and the sale of the Public Issue Shares outside of Malaysia. This Prospectus does not constitute and may not be used for 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. Persons into whose possession this Prospectus may come to are required to inform themselves of and to observe such restrictions.

Bursa Securities assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. Admission to the Official List of the MESDAQ Market is not to be taken as an indication of the merits of I-Power or of its ordinary shares.

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

The SC assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus.

The Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursa.malaysia.com.

If you are in doubt about any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers.

3.1 Opening and Closing Dates of the Application

The Application Lists will open at 10.00 a.m. on 7 January 2005 and will remain open until 5.00 p.m. on the same day or for such further period or periods as the Directors of I-Power in their absolute discretion may decide.

3.2 Dates of Special Events

Date of prospectus	:	29 December 2004
Opening and closing of the application list for the Public Issue Shares	:	7 January 2005
Tentative allotment date	:	11 January 2005
Tentative date of despatch of notices of allotment to successful applicants	:	14 January 2005
Tentative listing date	:	25 January 2005

The timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures. The Directors may in their discretion mutually decide to extend the closing date of the application to a further date or dates. Should the closing date of the application be extended, the dates for the allotment of the New Public Shares and the Listing would be extended accordingly. I-Power will notify the public via an advertisement in a widely circulated English and Bahasa Malaysia newspaper in the event there is an extension of time on the closing date of the application.

3.3 Purposes of the Public Issue

The purposes of the Public Issue are as follows:

- (i) to grant I-Power access to the capital markets to source funds to finance the future expansion and continued growth of I-Power;
- (ii) to provide additional funds to meet the present and future working capital requirements of I-Power;
- (iii) to reward and retain existing quality staff to develop the Company's business expansion by offering direct participation in the shares of a listed company in view that employees are a key element to the development of the Company;

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

- (iv) to obtain listing of the entire enlarged issued and paid-up share capital of I-Power on the MESDAQ Market; and
- (v) to enhance the Company's image for the future expansion of the Company's operations especially in the global markets.

3.4 Number and Class of Securities to be Issued

	RM
<i>Authorised</i>	
100,000,000 ordinary shares of RM0.10 each	10,000,000
<i>Issued and fully paid-up</i>	
Existing 45,000,000 ordinary shares of RM0.10 each	4,500,000
<i>To be issued pursuant to the Public Issue</i>	
2,635,000 new ordinary shares of RM0.10 each to Directors and eligible employees of I-Power	263,500
15,365,000 new ordinary shares of RM0.10 each to Malaysian public by way of private placement	1,536,500
Enlarged share capital upon listing 63,000,000 ordinary shares of RM0.10 each	6,300,000
Public Issue Price per ordinary share	0.43

The Public Issue Price of RM0.43 per Share is payable in full upon application.

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

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

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy, and on a show of hands, every person present who is a shareholder or representative or proxy of a shareholder shall have one (1) vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each ordinary share held. A proxy may but need not be a member of the Company.

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

3.5 Details of the Public Issue

The Public Issue of 18,000,000 Shares at an issue price of RM0.43 per Share is subject to the terms and conditions of this Prospectus and will be allocated in the following manner: -

(i) **Directors and Eligible Employees of I-Power**

2,635,000 of the new ordinary shares of RM0.10 each will be made available for application by way of pink forms to Directors and eligible employees of I-Power and the details are set out under Section 3.5.1 of this Prospectus. The allocation of the pink form shares to Directors and eligible employees of I-Power was based on seniority of positions held and contribution that each individual have made towards the Company.

(ii) **Public Issue**

15,365,000 new ordinary shares of RM0.10 each is by invitation by I-Power to Malaysian public by way of private placement subject to the terms and conditions in this Prospectus, in the following manner: -

	Number of Shares
(a) Pool A* - Malaysian Retail Investors	1,232,000
(b) Pool B** - Malaysian Institutional / High net worth investors	14,133,000
Total	<u>15,365,000</u>

Notes: -

* *Investors who apply for 10,000 shares or less.*

** *Investors who apply for more than 10,000 shares.*

The Shares described in Section 3.5(ii)(a) have been fully underwritten. Additionally, 3,175,000 Shares out of the 14,133,000 Shares described in Section 3.5(ii)(b) which may be subscribed by investors who do not fall under Schedule 2 of the SCA, have been fully underwritten. Any Shares described in Section 3.5(i) which are not subscribed for by the Directors or eligible employees of I-Power will be made available for subscription to the Malaysian public by the Company.

Ascambankers as Placement Agent, has obtained irrevocable undertaking from investors who fall under Schedule 2 of the SCA to subscribe for a total of 10,958,000 new Shares. The balance of 3,175,000 new Shares have fully been underwritten.

Details on the underwriting commission and placement fees relating to the Public Issue are set out in Section 3.10 of this Prospectus

3.5.1 Details On The Pink Form Allocation

2,635,000 new ordinary shares of RM0.10 each, representing approximately 4.18% of the enlarged share capital of 63,000,000 Shares, have been reserved for Directors and eligible employees of I-Power. The allocation of the pink form Shares is based on seniority, position, length of service and contribution to the Company. Details of the allocation scheme to the eligible parties are as follows: -

3. DETAILS OF THE PUBLIC ISSUE (Cont'd)

Category	Number	No. Of I-Power Shares ('000)
Executive Directors including Managing Director	3	1,300,000
Independent Non-Executive Director/Chairman	2	600,000
Key Management	3	300,000
Senior Management	6	175,000
Assistant Manager and Executive	2	30,000
Technical Personnel	23	230,000
Total	39	2,635,000

The allocation to the Directors of I-Power is as follows: -

Name	Designation	Pink Form Allocation No. Of I-Power Shares ('000)
Tan Sri Dato' Wan Sidek	Independent Non-Executive	300,000
Bin Haji Wan Abd Rahman	Chairman	
Jason Chia	CEO/CTO	500,000
Hoh Chee Kuan	Executive Director	500,000
Tan Chuek Hooi	Executive Director	300,000
Leou Thiam Lai	Independent Director	300,000
	Total	1,900,000

3.6 Basis of Arriving at the Public Issue Price

The Public Issue Price of RM0.43 per Share was determined and agreed upon by the Company and Ascambankers as the Adviser, Managing Underwriter and Placement Agent based on various factors after taking into account the following: -

- The Company's financial and operating history and conditions as outlined in Sections 2.1 and 2.4 of this Prospectus;
- The industry overview, future plans and prospects of I-Power as outlined in Section 6 and 7 of this Prospectus; and
- The Company's proforma NTA per share of approximately RM0.10 as at 30 June 2004 after deducting the estimated listing expenses.

However, investors should note that the market price of I-Power Shares upon listing is subject to unexpected changes of market forces and other uncertainties, which may affect the price of I-Power Shares being traded. Investors should form their own views on the valuation of the Public Issue Shares before deciding to invest in the Public Issue Shares.

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3. DETAILS OF THE PUBLIC ISSUE (Cont'd)**3.7 Proposed Utilisation of Proceeds**

The total gross proceeds of RM7.74 million arising from the Public Issue shall accrue entirely to the Company and will be utilised as follows: -

Details Of Utilisation	Amount Of Proceeds RM'000	Expected Time Frame For Utilisation	Note
R&D	3,500	By the FYE 30 June 2008	(i)
Working Capital	2,740	By the FYE 30 June 2005	(ii)
Estimated listing expenses	1,500	By the FYE 30 June 2005	(iii)
Total	7,740		

Notes: -

- (i) For FYE 2004 and 2005, the IBIMM grant (see Section 14.5(ii) for details of the grant) will be the main source of R & D funds with the proceeds arising from the Public Issue contributing the remainder. The proceeds allocated for R&D from the Public Issue will mostly be utilised only from 2006 onwards, and is expected to be fully expensed off by the end of 30 June 2008.

The itemised allocation for R&D expenses is as follows:

	RM'000
IBIMM (FYE 2004 & 2005)	300
Hardware & Software Product (FYE 2004)	195
General R & D (FYE 2004 & 2005)	250
New Products Development (FYE 2006-2008)	1,200
Existing Product Enhancements (FYE 2006-2008)	1,300
Hardware & Software Products (FYE 2006-2008)	255
	<u>3,500</u>

- (ii) The breakdown of working capital expenditure is as follow: -

	RM'000
Salaries Costs	1,995
Operating Costs	659
Contingencies	86
	<u>2,740</u>

- (iii) Details of the estimated listing expenses are disclosed in Section 3.10 of this Prospectus.

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3. DETAILS OF THE PUBLIC ISSUE (Cont'd)

3.8 Brokerage, Placement Fees and Underwriting Commission

Brokerage is payable by the Company in respect of the Public Issue Shares at the rate of 1% of the Public Issue Price of RM0.43 per Share in respect of successful applications bearing the stamps of Aseambankers and ADAs which are member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIDFCCS.

The Managing Underwriter together with the other Underwriter stated below and mentioned earlier in this Prospectus have agreed to underwrite the 4,407,000 Shares as described under Section 3.5(ii) above. Underwriting Commission relating to the Public Issue Shares to be underwritten is payable by the Company at the rate of 2% of the Public Issue Price of RM0.43 per Share.

The Placement Agent will place the 15,365,000 Public Issue Shares to pre-identified investors. Placement fees shall be payable by the Company to the Placement Agent at the rate of up to 2% of the Public Issue Price.

3.9 Underwriters

The underwriters for the Public Issue are as follows: -

Managing Underwriter	:	Aseambankers
Underwriters	:	Aseambankers Mayban Securities Sendirian Berhad

The underwriting commission is 2% amounting to RM37,900.

For details on force majeure clauses, please refer to Section 3.11 below.

3.10 Details of the Estimated Listing Expenses

Details of the estimated expenses for the Listing are as follows: -

	RM
Professional advisory fees	900,000
MESDAQ listing fees	35,000
Perusal, registration and lodgement of prospectus fees	5,500
Issuing house and registrar fee and disbursements	20,000
Advertisement, promotions and printing of prospectuses	120,000
Underwriting @ 2%	37,900
Placement fee @ 1% (assumed)	66,070
Brokerage fee @ 1%	77,400
Contingencies	238,130
Total	1,500,000

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3. DETAILS OF THE PUBLIC ISSUE (Cont'd)

3.11 Force Majeure Clauses and Salient Points in the Underwriting Agreement

An Underwriting Agreement dated 14 December 2004 was entered into between the Company, Aseambankers as Managing Underwriter and Mayban Securities Sendirian Berhad (together with Aseambankers, as Underwriters) to underwrite up to 4,407,000 Public Issue Shares which consist of the Shares described in Section 3.5(ii) above ("Underwritten Shares"). The salient terms of the Underwriting Agreement are set out below:

- (a) In consideration of the underwriting commission to be paid to the Underwriters and relying upon each of the representations and warranties by the Company set out in the Underwriting Agreement, the Managing Underwriter agreed to act as the managing underwriter and the Underwriters agreed to severally but not jointly to underwrite the Underwritten Shares upon the terms and conditions contained in the Underwriting Agreement.
- (b) An underwriting commission of 2% of the Public Issue Price per Public Issue Share underwritten is payable by the Company to the Managing Underwriter and the Underwriters.
- (c) The agreement of the Underwriters to underwrite the Underwritten Shares is entered into on the basis of the representations, warranties and undertakings of the Company set out in the Underwriting Agreement. If there occurs any misrepresentation or breach of warranties or failure to perform the undertakings set out in the Underwriting Agreement, the Underwriters shall be entitled (but not bound) without prejudice to any other right or remedy which it may have, by notice to the Company to elect to treat such misrepresentation or breach or failure as releasing and discharging it from its obligations therein.
- (d) The obligations of the Underwriters under the Underwriting Agreement are conditional upon the conditions set out in Clause 4.1 of the Underwriting Agreement. In the event any of the conditions are not satisfied, the Managing Underwriter shall thereupon be entitled to terminate the Underwriting Agreement by notice in writing given to the Company on or prior to the Closing Date. If the Underwriting Agreement is terminated, except for the liability of the Company for payment of costs and expenses incurred prior to or in connection with such termination, the parties will be released and discharged from their obligations under the Underwriting Agreement.
- (e) Notwithstanding anything contained in the Underwriting Agreement, any of the Underwriters may by notice in writing given to the Company and to the other Underwriter on or prior to the Closing Date, terminate, cancel and withdraw its Underwriting Commitment if:
 - (i) there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 3.1 of the Underwriting Agreement;
 - (ii) the Company withhold any information from the Managing Underwriter, which, in the opinion of the Managing Underwriter may or is likely to have an adverse effect on the business, financial condition or prospect of the Company or the success of the Public Issue;

3. DETAILS OF THE PUBLIC ISSUE (Cont'd)

- (iii) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriters by reason of force majeure which would have or can reasonably be expected to have, an adverse effect on the business, operations, financial condition or prospect of the Company or the success of the Public Issue or which is likely to have the effect of making any material obligation under the Underwriting Agreement incapable of performance in accordance with its terms. "Force Majeure" means causes which are unpredictable and beyond the reasonable control of the party claiming force majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation including:-
- (1) war (whether war declared or not), acts of warfare, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, civil war, hijacking, terrorism;
 - (2) riot, uprising against constituted authority, civil commotion, disorder, rebellion, organized armed resistance to the government, insurrection, revolt, military or usurped power; or
 - (3) natural catastrophe including but not limited to earthquakes, floods, fire, storm, lightning tempest, accident or other Acts of God.
- (iv) any government requisition or other occurrence of any nature whatsoever which in the opinion of the Managing Underwriter may or is likely to have an adverse effect on the business, financial condition or prospect of the Company or the success of the Public Issue;
- (v) any change in national or international monetary, financial (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the opinion of the Managing Underwriter may or likely to have an adverse effect the business, financial condition or prospect of the Company taken as a whole or the success of the Public Issue or the distribution or sale of the Shares (whether in the primary market or in respect of dealings in the secondary market);
- (vi) trading of securities on Bursa Securities have been suspended; and
- (vii) any change in law, regulation, directive, policy or ruling in any jurisdiction which in the opinion of the Managing Underwriter may prejudice the success of the Public Issue or which may or likely to have the effect of making any obligation under the Underwriting Agreement incapable of performance in accordance with its terms.

"Closing Date" refers to the last day for the acceptance of and payment for the Shares under the Public Issue as stated in the Prospectus or any such date as may be extended from time to time in accordance with the Underwriting Agreement.

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

Upon a notice of termination being given pursuant to the above, the Underwriters will be released and discharged of their obligations without prejudice to their rights under the Underwriting Agreement and the Underwriting Agreement will thereafter be of no further force or effect and no party will be under any liability to any other in respect of the Underwriting Agreement, except that the Company will remain liable in respect of its obligations and liabilities under Clause 3 and for the payment of all costs and expenses already incurred by the Underwriters up to the date on which such notice was given and for the payment of any taxes, duties or levies and the Company shall refund to the Underwriters the subscription monies including interests accrued, if any, paid by the Underwriters pursuant to their subscription of the Underwritten Shares within 3 market days after the Company's receipt of the termination notice from the Underwriters.

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4. RISK FACTORS

4.1 Risk Factors

Prior to making an investment decision, potential investors should carefully consider the following Risk Factors in addition to all other relevant information contained elsewhere in this Prospectus, before making an application.

4.1.1 Marketability of I-Power's Shares and Volatility of Share Price

Prior to the Public Issue, there has been no public market for I-Power Shares and there can be no assurance regarding the future development of the market for the Shares. The Public Issue Price of RM0.43 per Share has been determined and agreed upon by the Company and Ascambankers as the Adviser and Managing Underwriter after taking into consideration a number of factors, including but not limited to the Company's financial and operating history and conditions, the future prospects of the Company and the industry in which the Company is involved and the prevailing market conditions at the time of application to Bursa Securities and SC for the Listing.

There is no assurance that the Public Issue Price will correspond to the price at which I-Power Shares will trade on the MESDAQ Market upon or subsequent to the Listing or that an active market for I-Power Shares will develop and continue upon or subsequent to the Listing.

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

4.1.2 Ownership and Control by the Substantial Shareholder

Upon Listing, approximately 63.47% of the equity interest in the Company will be held by Jason Chia and his wife, Ha Mun Keet. Collectively, being the largest shareholders of the Company, it is likely that they will be able to influence the outcome of certain matters requiring the vote of the Company's shareholders unless he is required to abstain from voting by law, covenants and by the relevant authorities.

Nonetheless, the Company has already appointed two (2) Independent Directors as a step towards good corporate governance to ensure that any future transactions involving related parties, if any, are entered into on arms-length terms.

4.1.3 Business Risks

The principal activities of I-Power are the provision of SI services, turnkey software developments and E-Solutions. The Company is therefore subjected to certain business risks inherent in the IT services related industry. These include but are not limited to risks of low revenues, business losses, tight cashflows, poor market acceptance of I-Power-branded E-Solutions, unsuccessful business plan execution and other business risks common to a going concern business entity. Apart from these inherent business risks, the revenues and operating results are difficult to forecast and could be adversely affected by many other factors beyond the Company's control.

4. RISK FACTORS (cont'd)

Nonetheless, the audited financial performance of the Company for the period ended 30 June 2004 of approximately RM2.1 million profit after tax is a positive reflection on the potential of the Company. The Directors of I-Power believe that the Company should be able to maintain or improve on its record of profitability as it seeks to expand its customer base aggressively over the next five years via direct, indirect or distribution sales and a strong brand-building campaign and marketing strategy. The Company's position within the industry should strengthen further with the successful completion of its listing on the MESDAQ Market. In addition, the Company shall continue to manage its business with prudent and strict fiscal and financial discipline to ensure that the financial position of the Company is enhanced. It will monitor its cash flow position closely by controlling capital and operating expenditure at levels sustainable by the Company.

However, there can be no assurance that I-Power will continue to be profitable in future years, or that it will achieve increasing or consistent levels of profitability.

4.1.4 Limited Operating History

I-Power was incorporated in Malaysia on 21 October 2002. As the Company has a limited operating history, its prospects must be assessed in the light of the risks and difficulties normally encountered by any new company with a limited operating history.

Notwithstanding the above, the Company has an experienced senior management team, the profiles of which are included in Sections 8.2 and 8.5 of this Prospectus. Under the stewardship of the current management team, the Group has achieved the following financial results as stated in Section 11.1 of this Prospectus.

	Financial period/ year ended	
	From 21 October 2002 to 30 June 2003	30 June 2004
	RM'000	RM'000
Revenue	2,278	8,924
PAT	809	2,084

However, there can be no assurance that I-Power will continue to be profitable in future years. The management team will, however, at all times exercise due diligence and act in the best interests of the Company in all their business endeavours and dealings.

4.1.5 Financial Risks

The proceeds from the Public Issue including expected internally generated fund would sufficiently cover the Company's expected operation and expansion requirement for the next five years. For R&D expenditure, the IBIMM grant together with proceeds from the Public Issue would ensure that the Company would be able to continuously improve its services and offer new and better solutions in the market. The Company is not expected to obtain any significant new borrowings in the near future.

In the long term however, there is no guarantee that the Company would not require additional capital injections or borrowings as it will depend upon future prevailing market conditions and economic environment.

4. RISK FACTORS (cont'd)

4.1.6 Product Liability

The only sales document signed between I-Power and its customers is a purchase order ("PO") and there are no provisions designed to limit the Company's exposure to potential product liability. When securing a business mandate, I-Power will furnish the potential client with a proposal which sets out the products and services that the Company can provide. I-Power will have several meetings with the client and once successful, a PO will be issued by the client to the Company.

Although the PO sets out the Company's deliverables as well as the expected performance of the products to be provided as previously agreed upon by the client and the Company, there can be no assurance that the products and/or services provided will meet the client's expectations and therefore, a suit alleging a defect or a breach of an expressed or implied warranty, if successful, could have an adverse effect on the Company's business, operating results and financial status.

4.1.7 Political and Economic Risks

Malaysia's economy is projected to sustain its strong performance following the sharp growth of 7.6% in the first quarter of 2004, driven by higher exports and stronger domestic demand, primarily from the private sector, as the government's fiscal and monetary policy start bearing fruit. The upturn for private sector investment is forecasted to be 9.9% in 2004.

In the Economic Report for the First Quarter of 2004 ("Economic Report") released by the Finance Ministry, the government has predicted a brighter outlook for the country for the rest of 2004 with all sectors of the economy expected to register higher growth. It said that the Malaysian economy is expected to sustain its strong performance, in tandem with the expected sustained global recovery and the expansion of the US economy.

According to the Economic Report, the world's economic growth for the second half has continued on a firmer note in the first quarter of 2004 and is expected to continue next year. The strengthening world economy is expected to be driven by positive developments in the economies of the United States, Japan and Europe.

(Source: Quarterly Update of the Malaysian Economy - 1st Quarter 2004 by Ministry of Finance, Putrajaya dated June 2004)

Such a favourable macro environment is expected to augur well for those companies involved in the implementation of integrated E-Solutions like I-Power, especially as indicated above, the growth in 2004 is driven by strong domestic demand primarily from the private sector – the target market of I-Power.

Notwithstanding the preceding, there can be no assurance that the buoyant Malaysian economic environment experienced currently will be maintained.

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4. RISK FACTORS *(cont'd)*

4.1.8 Competition

The risk of losing market share due to threat of new entrants and being decimated by the competition is ever-present in the commercial world. This is especially more relevant in the ICT industry where there exist several major players who offer almost similar E-Solutions to the market. Thus the Company's future success will largely depend on its ability to enhance its market share. I-Power also does not own any proprietary technologies that would serve as a potential barrier for new entrants.

To counter this, I-Power has adopted several strategies such as offering products using open source solutions, which is flexible and can be upgraded in the future. The Directors of I-Power believe that its solutions are competitively priced and have all the latest features that would be appealing to the market. Moreover, the Company continually focuses on R&D activities to develop new products and services to add to its existing product range in order to stay ahead of its competitors.

There is however no assurance that the Company would be able to sustainably compete against established or new competitors in this industry due to factors that are beyond the control of I-Power. Factors such as price war among competitors or entrants of new players with lower cost operation are among potential risk to the Company's future financial condition.

4.1.9 Dependency on Key Personnel

A core team of staff members who are also shareholders of the Company have been formed to ensure stability, continuity and perpetuity. This is to ensure that the Company will proceed as normal and not be dependent on any one individual and in anticipation of staff departure in view of the nature of the industry.

In the event that the main shareholder, Jason Chia, who is also the Company's CTO, decides to leave the Company, I-Power does not foresee any problems as the IPR for the technologies used are owned by I-Power. Additionally, I-Power is in the midst of developing new IPR in collaboration with certain professors in local universities.

Notwithstanding the preceding, the management of I-Power will continue to recruit new talent to the Company in tandem with the expected growth of the Company and also to ensure that the Company will always continue be backed by a pool of talented, knowledgeable and technology savvy personnel.

The Company also expects to introduce an Employee Share Option Scheme ("ESOS") to allow the employees of the Company to gain equity in the Company, and hence participate directly in the Company's success, prospects and future growth.

4.1.10 Rapid Changes in Technology

The ICT industry is normally associated with rapid technology revolution, where the threat of product obsolescence may occur in a matter of weeks/months. New applications produced by other industry players will invariably raise the standards and expectation of customers almost instantaneously once a new software or an e-solutions is made available to the market, making it very difficult for other competitors that still rely on software that use yesterday's technology.

4. RISK FACTORS (cont'd)

In order to grow and survive, I-Power realises that it must continue to emphasise on and invest in R&D to constantly develop and improve its product range, technology platforms and introduce new solutions, features and/or upgrades. The Company also ensures that the technologies used in its E-Solutions are flexible and scalable to cater to customer's specific and ever changing preferences. At the same time, the Company keeps abreast with the latest technologies available in the market place to ensure that the "I-Power" E-Solutions can be easily updated to accommodate new development and compatible with these developments and advancements.

Presently, the core technologies behind the Company's E-Solutions leverages on IBM's latest and powerful technologies and e-business framework. The Company is one of IBM's premier business partners in Malaysia, enjoying among others, free access to IBM's knowledge and expertise in technology applications.

Nevertheless, notwithstanding its close association with IBM, I-Power is also capable of adopting other technology platforms, development tools, databases, and application framework. If the need arises, the Company is versatile and can switch to other emerging and more advanced technologies at an instant. This is crucial as the Company does not want to be overly dependent on any single technology in the marketplace.

The Company is expected to invest heavily in its R&D in order to ensure that its brand of E-Solutions will at least be on par with new E-Solutions products that will be available in the future. The potential outcome of its R&D would also alleviate any dependency on third party core technologies, thus giving I-Power added leverage and flexibility when competing against other established players or even new entrants.

I-Power with its experienced and skilled personnel will constantly strive to develop new products and upgrade applications with the latest technologies to ensure that it delivers marketable E-Solutions that the market needs and demands. There is, nonetheless, no assurance that the Company will always keep up with the rapid and constant change in the technology revolution landscape, as it cannot guarantee that it will always be able to introduce new offerings to the market in a timely manner all the time and/or effectively adapting to new technologies for its E- Solutions without fail.

4.1.11 Dependency on IPR

Presently, the Company owns all the IPR to its E-Solutions, which protection is accorded by copyright law and common law, including the Copyright Act 1987. As the Company has a wide array of IPR available to it and the capacity to develop more, the risk associated with total dependency on one particular IPR has been properly mitigated. Developing a wide array of IPR would be considered the best defence available to the Company against obsolescence and plagiarism, which are unavoidable in the commercial world, and are occurrences that the Company must be vigilant to guard against.

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4. RISK FACTORS (cont'd)

On 28 August 2003, the Company has applied for registration of "I-Power Technologies" and "I-Power & Device" as its trademark under Class 9 in Malaysia and is unaware of any prior registration by other persons of such trademark in Malaysia. The Company expects that its trademark application will proceed to registration in due course, and that it will eventually be accorded with statutory protection available to registered proprietor of trademarks under the Trade Marks Act, 1976.

4.1.12 Product Performance

The Company's R&D efforts are subject to all of the risks inherent in the development of new products and technology such as unanticipated delays, expenses and difficulties. There can be no assurance that I-Power's products will satisfactorily perform the functions for which they are designed, that it will meet applicable price or performance objectives or that unanticipated technical or other problems will not occur which would result in increased costs or material delays in the development thereof.

Furthermore, I-Power's products may contain errors or failures when installed, updated or enhanced. There can be no assurance that, despite numerous testing by the R&D team, errors will not be found in new products after delivery to the clients.

4.1.13 Change in or Loss of MSC Status

I-Power was accorded MSC status on 16 December 2002 by MDC. MDC is the body for assessing and monitoring all MSC status companies. As a MSC-status company, I-Power enjoys certain financial and non-financial incentives which are guaranteed under the Malaysian Government's Bill of Guarantees, as follows: -

- (i) world-class physical and information infrastructure. In I-Power's case namely all the support at its headquarters in TPM.
- (ii) unrestricted employment of local and foreign knowledge workers.
- (iii) freedom of ownership by exempting companies with MSC status from local ownership requirements.
- (iv) freedom to source capital globally for MSC infrastructure, and the right to borrow funds globally.
- (v) competitive financial incentives, including Pioneer Status (100 percent tax exemption) for up to ten (10) years or an Investment Tax Allowance for up to five (5) years and no duties on the importation of multimedia equipment.
- (vi) strive to become regional leader in Intellectual Property Protection and Cyberlaws.
- (vii) no censorship of the internet.
- (viii) provide globally competitive telecommunications tariffs.
- (ix) to tender key MSC infrastructure contracts to leading companies willing to use MSC as their regional hub.
- (x) to provide a high powered implementation agency to act as an effective one-stop super shop.

Although I-Power believes that it would be able to maintain its MSC status at any time, there is no assurance that the status will not be revoked in the future and that the incentives mentioned above would continue to be available to the Company.

4. RISK FACTORS (cont'd)

4.1.14 Uncertainty of the Five (5)-Year Business Plan

The success of the Company's business plan will largely be dependent upon market acceptance of its "I-Power"-branded E-Solutions, successful penetration into targeted markets and further development and commercialisation of future E-Solutions.

In addition, the Company's proposed future plans and prospects will be dependent upon, amongst other things, the Company's ability to enter into strategic marketing and other business arrangements on a timely basis and on favourable terms; hire and retain skilled management as well as financial, technical, marketing and other personnel; successfully manage growth including monitoring operations, controlling cost and maintaining effective quality, inventory and service control; and obtain adequate financing as and when required.

Nevertheless, despite the experience and expertise of the existing management of I-Power for the appropriate exercise of discernment in the Company's future plans, there is no assurance that the implementation of the future plans of the Company will not be effected by external factors which are beyond the control of the Company.

4.1.15 Disclosure Regarding Forward-Looking Statements

This Prospectus contains forward-looking statements, i.e. those other than statements of historical facts. Although the Company believes that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such expectations will prove to be correct. Any differences in the expectations of the Company from its actual performance may result in the Company's financial and business performances and plans to be materially different from those anticipated.

4.1.16 Potential Risk Of Exposure To PowerSys

The IPR acquired by I-Power from Jason Chia was previously used by PowerSys to provide turnkey E-Solutions to customers of PowerSys. In the event of any defects in the solutions, the legal redress by the customers of PowerSys is against PowerSys. As PowerSys and I-Power are separate legal entities, and since the E-Solutions were provided by PowerSys, I-Power will not be liable for such defects in the E-Solutions. In addition, since the IPR was acquired from Jason Chia and not from PowerSys, there is no formal contract or agreement between I-Power and PowerSys. As such, I-Power does not have any legal obligations to PowerSys.

4.1.17 Operational Risk

In its aim to address the operational risk such as fire outbreak, disruptions in electricity supply and other emergency risks which could jeopardise the Company's operation, the Company is presently situated in TPM which has well planned management and contingency measures to address the breakout of fire, disruption of electricity supply and broadband availability.

However, there can be no assurance that there will not arise any incident or event which may not be covered or fully covered under such insurance policies obtained which may adversely affect the financial position/performance of the Company. In addition, no assurance can be given that even with the existing

4. RISK FACTORS (cont'd)

management practices/plans in place, the business operations and financial performance of the Company will not be affected in the event one or a combination of operational risk factors crystallise.

4.1.18 Failure or Delay in Listing

The Listing of I-Power on the MESDAQ Market is also exposed to the risk that it may fail or be delayed due to any of the following reasons, amongst others: -

- (i) the Underwriters exercising their rights pursuant to the Underwriting Agreement to discharge themselves from their obligations thereunder;
- (ii) I-Power is unable to meet the public shareholding spread requirements i.e. at least 25% of the issued and paid-up share capital of I-Power must be held by a minimum of 200 public shareholders at the time of the Company's admission to the Official List of the MESDAQ Market; or
- (iii) the placees fail to subscribe for the portion of Public Issue Shares placed to them.

In the event of the failure of the Listing of I-Power on the MESDAQ Market, investors shall be reimbursed their application money without interest.

4.1.19 Management Succession Plan

I-Power is currently at a growth stage where its success will depend to a certain extent upon the abilities and continued efforts of its Directors and key management personnel. To ensure smooth succession planning, efforts have been made by the Directors to promote long-term commitment among its key personnel through incentives and the opportunities for career development within the Company. The loss of any of the Company's executive directors or key members of the senior management may affect the Group's performance in the short term. The Group's future success will also depend upon its ability to attract and retain skilled personnel.

In addition to these executive directors, I-Power is also grooming up a pool of key personnel, who have many years of working experience in information technology, to take over the operations of the Group in the future. To attract new skilled workers to join and develop the Company's business expansion plan, the Company is considering to offer direct participation in I-Power through ESOS in the future as mentioned in Section 4.1.9.

Although with the succession plan in place, there is no assurance that any changes to the existing management team of I-Power have no material effect on the business operating results and financial conditions of the Company.

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