ECS ICT BERHAD
(Company No. 351038-H)
(Incorporated in Malaysia under the Companies Act, 1965)

MSC MALAYSIA Status Company

www.ecsm.com.my

Lot 3, Jalan Teknologi 3/5,
Taman Sains Selangor,
Kota Damansara,
47810 Petaling Jaya

Tel : 603 6286 8222

ECS ICT BERHAD (Company No. 351038-H)

PROSPECTUS

ECS ICT BERHAD
(Company No. 351038-H)
(Incorporated in Malaysia under the Companies Act, 1965)

MSC MALAYSIA Status Company

PUBLIC ISSUE OF 27,000,000 NEW ORDINARY SHARES OF RM0.50 EACH COMPRISING:

(I) 10,000,000 NEW ORDINARY SHARES OF RM0.50 EACH MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;

(II) 3,600,000 NEW ORDINARY SHARES OF RM0.50 EACH MADE AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES OF ECS ICT BERHAD AND ITS SUBSIDIARIES; AND

(III) 13,400,000 NEW ORDINARY SHARES OF RM0.50 EACH MADE AVAILABLE FOR APPLICATION VIA PRIVATE PLACEMENT

OFFER FOR SALE OF UP TO 20,000,000 ORDINARY SHARES OF RM0.50 EACH VIA PRIVATE PLACEMENT

AT AN ISSUE/OFFER PRICE OF RM1.46 PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION IN CONJUNCTION WITH THE LISTING OF ECS ICT BERHAD ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Adviser, Sole Underwriter & Co-Placement Agent

MIMB INVESTMENT BANK
A MEMBER OF EON BANK GROUP

MIMB INVESTMENT BANK BERHAD (10209-W)
A Participating Organisation of
Bursa Malaysia Securities Berhad

Co-Placement Agent

CIMB

CIMB Investment Bank Berhad (18417-M)
A Participating Organisation of
Bursa Malaysia Securities Berhad

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. PLEASE TURN TO SECTION 4 FOR "RISK FACTORS".

THIS PROSPECTUS IS DATED 19 MARCH 2010

PROSPECTUS

RESPONSIBILITY STATEMENTS

The Directors and Promoters of the Company and/or the Offerors have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained herein.

Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.

MIMB Investment Bank Berhad, being the adviser, Sole Underwriter and Co-Placement Agent, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts relating to the initial public offering ("**IPO**").

STATEMENTS OF DISCLAIMER

The Securities Commission ("**SC**") has approved our IPO and a copy of this Prospectus has been registered with the SC. The approval, and registration of this Prospectus, should not be taken to indicate that the SC recommends the offering or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment.

The SC is not liable for any non-disclosure on the part of the Company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.

INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS, OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

Approval has been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the securities being offered. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of the invitation, the company or its securities.

The acceptance of applications for the securities being offered will be conditional upon permission being granted by Bursa Securities to deal in and quotation for the entire enlarged issued and fully paid-up share capital on the Main Market of Bursa Securities. Accordingly, monies paid in respect of any application accepted will be returned in full, without interest if the said permission for listing is not granted within 6 weeks from the date of this prospectus (or such longer period as may be specified by the SC) provided that the Company is notified by or on behalf of Bursa Securities within the aforesaid time frame. If any such monies are not repaid within 14 days after the Company becomes liable to repay it, the provision of sub-section 243(2) of the Capital Markets And Services Act 2007 ("**CMSA**") shall apply accordingly.

A copy of this Prospectus, together with the application form, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Bursa Securities is not liable for any non-disclosure herein by us and takes no responsibility for the contents of this Prospectus. Bursa Securities makes no representation as to the accuracy or completeness of this Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

ADDITIONAL STATEMENTS

Investors are advised to note that recourse for false or misleading statements or acts made in connection with the Prospectus is directly available through sections 248, 249 and 357 of the CMSA.

Our securities are classified as Shariah-Compliant by the Shariah Advisory Council of the SC based on the audited consolidated financial statements of ECS Kush Sdn Bhd (our wholly owned subsidiary) for the financial ended 31 December 2008 and this classification remains valid from the date of this Prospectus until the next Shariah Compliance review, which will be undertaken by the Shariah Advisory Council of the SC, and the new status is released in the updated list of Shariah-Compliant securities, either on the last Friday of the month of May or November.

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any of the persons set out in section 236 of the CMSA, e.g. directors and advisers, are responsible.

This Prospectus can also be viewed and downloaded from the Bursa Securities' website at www.bursamalaysia.com.my. The contents of the electronic prospectus and the copy of this prospectus registered with the SC are the same.

Investors may also obtain a copy of the electronic prospectus from the website of Malayan Banking Berhad at http://www.maybank2u.com.my, the website of RHB Bank Berhad at http://www.rhbbank.com.my, the website of CIMB Investment Bank Berhad at http://www.eipocimb.com, the website of CIMB Bank Berhad at http://www.cimbclicks.com.my and the website of Affin Bank Berhad at http://www.affinOnline.com.

You are advised that the internet is not a fully secured medium, and that your internet share application may be subject to the risks of problems occurring during the data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the internet participating financial institutions. These risks cannot be borne by the internet participating financial institutions.

If you doubt the validity or integrity of an electronic Prospectus, you should immediately request from us, our financial adviser or the issuing house, a paper/printed copy of this Prospectus.

In the event of any discrepancies arising between the contents of the electronic and the contents of the paper/printed copy of this Prospectus for any reason whatsoever, the contents of the paper/printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**third party internet sites**"), whether by way of hyperlinks or by way of description of the third party internet sites, you acknowledge and agree that:

(i) We and our financial adviser do not endorse and are not affiliated in any way with the third party internet sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the third party internet sites. You shall bear all risks associated with the access to or use of the third party internet sites;

(ii) We and our financial adviser are not responsible for the quality of products or services in the third party internet sites, for fulfilling any of the terms of your agreements with the third party internet sites.

We and our financial adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the third party internet sites or the use of or reliance of any data, information , files or other material provided by such parties; and

(iii) Any data, information, files or other material downloaded from third party internet sites is done at your own discretion and risk. We and our financial adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

ADDITIONAL STATEMENTS *(Cont'd)*

Where an electronic Prospectus is hosted on the website of the internet participating financial institutions, you are advised that:

(i) The internet participating financial institutions are only liable in respect of the integrity of the contents of an electronic Prospectus, to the extent of the contents of the electronic Prospectus situated on the web server of the internet participating financial institutions and shall not be responsible in any way for the integrity of the contents of an electronic Prospectus which has been downloaded or otherwise obtained from the web server of the internet participating financial institutions and thereafter communicated or disseminated in any manner to you or other parties; and

(ii) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an electronic Prospectus, the accuracy and reliability of an electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The internet participating financial institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an electronic prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the internet participating financial institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

The distribution of this Prospectus, the Public Issue and Offer for Sale are subject to Malaysian Laws.

The Company, its Promoters, Offerors and the Adviser take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. No action has been taken to permit a Public Issue and Offer for Sale of ECSB Shares based on this Prospectus or the distribution of the Prospectus outside Malaysia.

This Prospectus may not be used for an offer to sell or an invitation to buy ECSB Shares in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or is unlawful.

This Prospectus shall also not be used to make an offer of or invitation to buy our Shares to any person to whom it is unlawful to do so. ECSB, its Promoters, Offerors and Adviser require the investors to inform themselves and to observe such restrictions.

This Prospectus is prepared and published solely for the Public Issue and Offer for Sale in Malaysia under the laws of Malaysia.

ECSB Shares are offered in Malaysia solely based on the contents of this Prospectus. ECSB, its Promoters, Offerors and Adviser have not authorised anyone to provide you with information which is not contained in this Prospectus.

INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for the entire enlarged issued and paid-up share capital of our Company on the Main Market of Bursa Securities is set out below:-

Events	Dates
Opening of Application for the IPO	19 March 2010
Closing of Application for the IPO	31 March 2010
Tentative Balloting Date for Applications for the IPO	5 April 2010
Tentative date of allotment of the IPO Shares to successful applicants	8 April 2010
Tentative date of listing and quotation for the IPO Shares on the Main Market of Bursa Securities	15 April 2010

Important Notes:

1. The above timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures.

2. The application period will remain open until 5.00 p.m. on 31 March 2010 or for such further period or periods as our Directors together with the Underwriter in their absolute discretion may mutually decide.

3. In the event that the closing date of our IPO is extended, the date for the balloting and allotment of our IPO Shares and the listing of and quotation for the entire enlarged issued and paid-up share capital of our Company on the Main Market of Bursa Securities will be extended accordingly.

4. Any extension of the above-mentioned dates will be announced via an advertisement in a widely circulated English and Bahasa Malaysia newspapers.

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DEFINITIONS

Unless the context otherwise requires, the following abbreviations shall apply throughout Prospectus and the Application Forms:

"Acquisition of Astar"	:	The acquisition of the entire issued and paid-up share capital of Astar comprising 500,000 ordinary shares of RM1.00 each from Kush for a cash consideration of RM100,000
"Acquisition of ECSB"	:	The acquisition of the entire issued and paid-up share capital of ECSB by ECS Holdings, TSP and Sengin from ECSB Vendors for a cash purchase consideration of RM39,075
"Acquisition of Ku"	:	The acquisition of the entire issued and paid-up share capital of Ku comprising 400,000 ordinary shares of RM1.00 each from Kush for a cash consideration of RM1,000,000
"Acquisition of Kush"	:	The acquisition of the entire issued and paid-up share capital of Kush by ECSB for a purchase consideration of RM68,462,121 to be satisfied by the issuance of 91,000,000 new Shares at an issue price of approximately RM0.75 per ECSB Share
"Acquisition of Pericomp"	:	The acquisition of 320,000 ordinary shares of RM1.00 each in Pericomp from Kush, representing 80% of the total issued and paid-up share capital of Pericomp for a cash consideration of RM560,000
"Act"	:	Companies Act, 1965
"ADA"	:	Authorised Depository Agent
"Astar"	:	ECS Astar Sdn Bhd, a wholly owned subsidiary company of ECSB
"ATM"	:	Automated teller machines
"Board"	:	Board of Directors of ECSB
"Bursa Depository" or "the Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"CDS"	:	Central Depository System
"CEO"	:	Chief Executive Officer
"CFO"	:	Chief Financial Officer
"China"	:	The People's Republic of China
"CMSA"	:	Capital Markets and Services Act, 2007
"Co-Placement Agent(s)"	:	MIMB Investment Bank Berhad and CIMB Investment Bank Berhad
"Dato' Teo"	:	Dato' Teo Chiang Quan
"EBIDTA"	:	Earnings before interest, depreciation, tax and amortisation
"ECS Holdings"	:	ECS Holdings Ltd
"ECSB" or "Company"	:	ECS ICT Berhad
"ECSB Group" or "Group"	:	ECSB and its subsidiary companies, namely Astar, Pericomp, Ku and Kush
"ECSB Share(s)" or "Share(s)"	:	Ordinary shares of RM0.50 each in ECSB

DEFINITIONS

"ECSB Vendors"	:	The vendors of ECSB pursuant to the Acquisition of ECSB, namely, Kush, Dato' Teo and Foo Sen Chin
"Eligible Parties"	:	Eligible Directors, employees and business associates of our Group who have contributed to the success of the Group
"EPS"	:	Earnings per share
"EPSB"	:	Enrich Platinum Sdn Bhd
"Equity Guidelines"	:	Equity Guidelines issued by the SC
"Eternal Asia SCM"	:	Eternal Asia Supply Chain Management Limited, an indirect substantial shareholder ECSB via VST
"FIC"	:	Foreign Investment Committee
"FPE"	:	Nine (9) months financial period ended
"FYE"	:	Financial year ended/ending 31 December
"GP"	:	Gross Profit
"HKD"	:	Hong Kong Dollar
"Hong Kong"	:	The Hong Kong Special Administrative Region of China
"HR"	:	Human Resource
"Internal Rationalisation"	:	The Acquisition of ECSB, Acquisition of Kush and the Transfers collectively
"IPO"	:	The initial public offering of the Public Issue Shares and Offer Shares, collectively
"IPO Price"	:	The issue price of the Public Issue Shares and Offer Shares at RM1.46 per Share
"IPO Shares"	:	Public Issue Shares and Offer Shares
"Ku"	:	ECS Ku Sdn Bhd, a wholly owned subsidiary company of ECSB
"Kush"	:	ECS Kush Sdn Bhd, a wholly owned subsidiary company of ECSB
"Kush Vendors"	:	The vendors of Kush pursuant to the Acquisition of Kush, namely, ECS Holdings, TSP and Sengin
"Lee Marn Fong"	:	Lee Marn Fong @ Wu Marn Fong
"Listing"	:	The admission of ECSB to the Official List and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM60,000,000 comprising 120,000,000 Shares on the Main Market of Bursa Securities
"Listing Requirements"	:	Listing Requirements of Bursa Malaysia Securities Berhad
"Listing Scheme"	:	The Internal Rationalisation, Proposed 20% Pericomp Acquisition, Public Issue, Offer for Sale and Listing, collectively
"LPD"	:	31 December 2009, being the latest practicable date prior to the registration of this Prospectus
"Malaysian Public"	:	Malaysian individuals, companies, co-operatives, societies and institutions

DEFINITIONS

"Maximum Scenario"	:	Representing the scenario where all 20,000,000 Offer Shares held by the Offerors are placed out to investors pursuant to the Offer for Sale
"MI"	:	Minority interest
"MIDFCCS"	:	MIDF Consultancy And Corporate Services Sdn Bhd
"Minimum Scenario"	:	Representing the scenario where only 2,600,000 Offer Shares held by ECS Holdings are placed out to investors pursuant to the Offer for Sale
"MIMB" or "Sole Underwriter" or "Underwriter" or "Co-Placement Agent"	:	MIMB Investment Bank Berhad
"MITI"	:	Ministry of International Trade and Industry
"MSC"	:	Multimedia Super Corridor
"NA"	:	Net assets
"Non-Compete Agreement"	:	The non-compete agreement to be entered into between our Company and VST, as further detailed in Section 5.5 of this Prospectus
"NTA"	:	Net tangible assets
"Offeror(s)"	:	The offerors of the Offer Shares are as follows:-

Offerors	No of Shares
ECS Holdings	Up to 7,200,000
TSP	Up to 6,400,000
Sengin	Up to 6,400,000
Total	**Up to 20,000,000**

"Offer for Sale"	:	The offer for sale by the Offerors of up to 20,000,000 Shares at the IPO Price via private placement
"Offer Share(s)"	:	Up to 20,000,000 Shares which are the subject of the Offer for Sale
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"PCB"	:	Paramount Corporation Berhad
"PE Multiple"	:	Price earnings multiple
"Pericomp"	:	ECS Pericomp Sdn Bhd, a 80% owned subsidiary company of ECSB
"Pink Form Share(s)"	:	The 3,600,000 new Shares made available for application by the Eligible Parties
"Promoter(s)"	:	The promoters of ECSB namely ECS Holdings, TSP, Sengin, Dato' Teo, Teo Chiang Lim, Teo Chiang Khai, Foo Sen Chin, Lee Marn Fong, VST, L&L Limited, Li Jialin and Liu Li, collectively
"Proposed 20% Pericomp Acquisition"	:	The proposed acquisition by ECSB of 80,000 ordinary shares of RM1.00 each, representing 20% of the total issued and paid up share capital of Pericomp from SiS Investment Holdings Ltd for a purchase consideration of RM6,900,000

DEFINITIONS

"Prospectus Guidelines"	:	The Prospectus Guidelines issued by the SC
"Public Issue"	:	The public issue of 27,000,000 new Shares at an issue price of RM1.46 per Share comprising:- (i) 10,000,000 new Shares to the Malaysian Public of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions to the extent possible; (ii) 3,600,000 new Shares made available for application by the Eligible Parties; and (iii) 13,400,000 new Shares made available for application through private placement
"Public Issue Shares"	:	The 27,000,000 new Shares to be issued, which are the subject of the Public Issue
"ROC"	:	Registrar of Companies
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"SC"	:	Securities Commission
"SEHK"	:	Stock Exchange of Hong Kong
"Sengin"	:	Sengin Sdn Bhd
"SGD"	:	Singapore Dollar
"Shenzhen Digital"	:	Shenzhen Digital Holdings Limited or equivalent to 深圳市聯合數碼控股有限公司 (Note: The company did not register its company name in English.
"SiS Investment"	:	SiS Investment Holdings Limited, the vendor of the 20% interest in Pericomp in relation to the Proposed 20% Pericomp Acquisition
"SSA"	:	Shares Sale Agreement
"Sq.ft."	:	Square feet
"TSP"	:	Teo Soo Pin Sdn Bhd
"Transfers"	:	Transfer of Astar, Ku and Pericomp to ECSB via the Acquisition of Astar, Acquisition of Ku, and Acquisition of Pericomp, respectively
"Underwriting Agreement"	:	The underwriting agreement entered into between our Company and the Underwriter on 25 January 2010, as set out in Section 3.12 of this Prospectus
"U.K"	:	United Kingdom
"U.S or U.S.A"	:	United States of America
"VST"	:	VST Holdings Limited

TECHNICAL & INDUSTRY RELATED DEFINITIONS

"Achieva"	:	Achieva Technology Sdn Bhd
"Adobe"	:	Adobe Systems Software Ireland Limited
"Apple"	:	Apple South Asia Pte Ltd
"AR"	:	Account Receivables
"B2B"	:	Business to business
"B2B System"	:	B2B e-commerce system
"Canon"	:	Canon Marketing (M) Sdn Bhd
"Cisco "	:	Cisco Systems International BV
"Cisco Inc"	:	Cisco Systems Inc
"CMs"	:	Contract manufacturers
"COM+"	:	An extension of Component Object Model
"CRM"	:	Customer relationship management
"Digital"	:	Digital Paper Sdn Bhd
"DNS"	:	Domain Name System
"E-commerce"	:	Electronic commerce
"EKP"	:	Enterprise Knowledge Portal supplied by TMS
"Enterprise Systems"	:	The distribution of value ICT products
"Epson"	:	Epson Trading (M) Sdn Bhd
"ERP"	:	Enterprise resource planning
"FPX"	:	Financial Process Exchange, developed by MEPS
"GPS"	:	Global Positioning System
"H3C Technologies"	:	H3C Technologies Co., Ltd
"HP"	:	Refers to the Hewlett-Packard Company, the HP brand and its products
"HPD"	:	Patimas-HPD Systems Sdn Bhd
"HP Malaysia"	:	Hewlett-Packard (M) Sdn Bhd
"HTTP"	:	Hypertext Transfer Protocol
"IBM"	:	IBM Singapore Pte Ltd
"ICT"	:	Information and Communications Technology
"ICT Distribution"	:	The distribution of volume ICT products
"ICT Services"	:	The provision of ICT services
"IM Malaysia"	:	Ingram Micro Malaysia Sdn Bhd, a subsidiary of Ingram Micro Inc
"Ingram Micro"	:	Ingram Micro Inc
"IT"	:	Information technology
"JOS"	:	Jardine OneSolution, a subsidiary of Jardine Matheson Holdings Limited
"JOS Malaysia"	:	Jardine OneSolution (2001) Sdn Bhd, a subsidiary of JOS
"Juniper"	:	Juniper Networks (HK) Ltd

TECHNICAL & INDUSTRY RELATED DEFINITIONS

"LCD"	:	Liquid-crystal display
"LDAP"	:	Lightweight Directory Access Protocol
"Lexmark"	:	Lexmark International (S) Pte Ltd
"MBA"	:	Master of Business Administration
"MDeC"	:	Multimedia Development Corporation Sdn Bhd
"MEPS"	:	Malaysian Electronic Payment System Sdn Bhd
"Microsoft"	:	Microsoft Regional Sales Corporation
"MNCs"	:	Multinational corporations
"ODMs"	:	Original design manufacturers
"Panduit"	:	Panduit Corp
"Pineapple"	:	Pineapple Computer Products (PG) Sdn Bhd
"Planet"	:	Planet Technology Sdn Bhd
"PC(s)"	:	Personal computers
"PIKOM"	:	Association of the Computer & Multimedia Industry of Malaysia
"PO"	:	Purchase order
"POP"	:	Post Office Protocol
"Printronix"	:	Printronix Inc
"R&D"	:	Research and development
"Red Hat"	:	Red Hat Inc
"Samsung"	:	Samsung Malaysia Electronics (SME) Sdn Bhd
"Servex"	:	Servex (M) Sdn Bhd
"SGX"	:	Singapore Exchange Ltd
"SiS Malaysia"	:	SiS Distribution (M) Sdn Bhd
"SMEs"	:	Small and Medium Sized Enterprises
"SMTP"	:	Simple Mail Transfer Protocol
"Sun"	:	Sun Microsystems Pte Ltd
"TAR College"	:	Tunku Abdul Rahman College
"TCP"	:	Trade Card Programme
"Think Products"	:	Think Products (M) Sdn Bhd
"TM"	:	Telekom Sales & Services Sdn Bhd
"TMS"	:	The Media Shoppe Berhad
"TPG"	:	Times Publishing Group

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

NON-EXECUTIVE CHAIRMAN

Dato' Teo Chiang Quan
No.7, Jalan Rosa, Idamansara,
Changkat Semantan,
50490 Bukit Damansara,
Kuala Lumpur

Nationality: Malaysian
Profession: Company Director

MANAGING DIRECTOR

Foo Sen Chin
No.17, Jalan PJU 3/17,
Damansara Indah,
47410 Petaling Jaya,
Selangor Darul Ehsan

Nationality: Malaysian
Profession: Company Director

EXECUTIVE DIRECTOR

Soong Jan Hsung
No.2A, Jalan Bukit Tiara 2,
Bukit Tiara,
55100 Cheras,
Kuala Lumpur

Nationality: Malaysian
Profession: Company Director

NON-EXECUTIVE DIRECTOR

Tay Eng Hoe
No.41, Siglap Plain,
Singapore 456030

Nationality: Singaporean
Profession: Company Director

NON-EXECUTIVE DIRECTOR

Eddie Foo Toon Ee
No.2, Lincoln Road, #13-02,
Singapore 308342

Nationality: Singaporean
Profession: Company Director

NON-EXECUTIVE DIRECTOR

Wong Heng Chong
No.48-K Elite Park Avenue,
Singapore 458870

Nationality: Malaysian
Profession: Company Director

INDEPENDENT NON-EXECUTIVE DIRECTOR

Quah Chek Tin
No.7, Jalan USJ 17/7B,
47630 Subang Jaya,
Selangor Darul Ehsan

Nationality: Malaysian
Profession: Company Director

INDEPENDENT NON-EXECUTIVE DIRECTOR

Ahmad Subri Bin Abdullah
No.262, Lorong Maarof,
59000 Bukit Bandaraya,
Kuala Lumpur

Nationality: Malaysian
Profession: Company Director

INDEPENDENT NON-EXECUTIVE DIRECTOR

Ho Chee Kit
No.82, Jalan Cenderai Satu,
59100 Taman Lucky,
Kuala Lumpur

Nationality: Malaysian
Profession: Advocate & Solicitor

AUDIT COMMITTEE

Name	Designation	Directorship
Ho Chee Kit	Chairperson	Independent Non-Executive Director
Quah Chek Tin	Member	Independent Non-Executive Director
Wong Heng Chong	Member	Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Ahmad Subri Bin Abdullah	Chairperson	Independent Non-Executive Director
Ho Chee Kit	Member	Independent Non-Executive Director
Eddie Foo Toon Ee	Member	Non-Executive Director
Foo Sen Chin	Member	Managing Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Quah Chek Tin	Chairperson	Independent Non-Executive Director
Ahmad Subri Bin Abdullah	Member	Independent Non-Executive Director
Ho Chee Kit	Member	Independent Non-Executive Director
Dato' Teo Chiang Quan	Member	Non-Executive Chairman
Tay Eng Hoe	Member	Non-Executive Director

1. CORPORATE DIRECTORY

COMPANY SECRETARY
Tay Lee Kong (MAICSA 772833)
Level 8, Uptown 1
1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-77123333

REGISTERED OFFICE
Level 8, Uptown 1
1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-77123333

HEAD OFFICE
Lot 3, Jalan Teknologi 3/5
Taman Sains Selangor
Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Email: enquiry@ecsm.com.my
Website : www.ecsm.com.my
Tel : 03-62868222

SHARE REGISTRAR
Tricor Investor Services Sdn Bhd
(formerly known as Tenaga Koperat Sdn Bhd)
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-2264 3883

AUDITORS
KPMG
Level 10, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-77213388

REPORTING ACCOUNTANTS
Crowe Horwath
(formerly known as Horwath)
Level 16 Tower C Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 03-21660000

SOLICITORS
Cheang & Ariff
39 Court @ Loke Mansion
273A, Jalan Medan Tuanku
50300 Kuala Lumpur
Tel : 03-26910803

INDEPENDENT MARKET RESEARCHER
Dun & Bradstreet
(D&B) Malaysia Sdn Bhd
Block C-17-02, 3 Two Square,
No. 2 Jalan 19/1,
46350 Petaling Jaya,
Selangor Darul Ehsan
Tel : 03-79666866

ISSUING HOUSE
MIDF Consultancy and Corporate
Services Sdn Bhd (11324-H)
Level 8, Menara MIDF
82, Jalan Raja Chulan
50200 Kuala Lumpur
Tel : 03-21738888

PRINCIPAL BANKERS

CIMB Bank Berhad
UL Wisma Amanah Raya Berhad
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Tel : 03-20848888

Citibank Berhad
Menara Citibank
165, Jalan Ampang
50450 Kuala Lumpur
Tel : 03-23838585

EON Bank Berhad
12th Floor, Menara EON Bank
No. 288, Jalan Raja Laut
50350 Kuala Lumpur
Tel : 09-26941188

Malayan Banking Berhad
Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel : 03-20708833

OCBC Bank (Malaysia) Berhad
Menara OCBC
18, Jalan Tun Perak
50050 Kuala Lumpur
Tel : 03-20345034

United Overseas Bank
(Malaysia) Bhd
Level 11, Menara UOB
Jalan Raja Laut
50738 Kuala Lumpur
Tel : 03-26927722

ADVISER, SOLE UNDERWRITER & CO-PLACEMENT AGENT
MIMB Investment Bank Berhad
12th Floor, Menara EON Bank,
288, Jalan Raja Laut,
50350 Kuala Lumpur
Tel : 03-26910200

CO-PLACEMENT AGENT
CIMB Investment Bank Berhad
5th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Tel: 03-2084 8888

LISTING SOUGHT
Main Market of Bursa Malaysia
Securities Berhad

SHARIAH STATUS
Approved by the Shariah Advisory
Council of the SC

2. INFORMATION SUMMARY

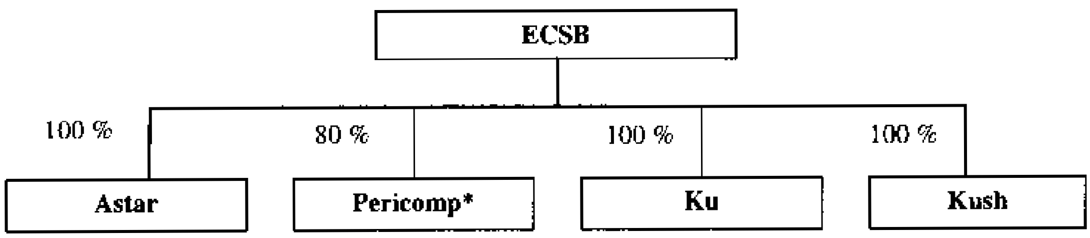
THIS INFORMATION SUMMARY CONTAINS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR GROUP. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN THE IPO SHARES.

2.1 History & Business

We were incorporated in Malaysia under the Act on 14 July 1995 as a private limited company under the name Antara IT Sdn Bhd and had changed our name to ECS ICT Sdn Bhd on 30 December 2002. On 26 May 2009, we were converted to a public limited company and assumed our current name. As at LPD, our authorised share capital stood at RM500,000,000 comprising 1,000,000,000 ordinary shares of RM0.50 each of which 92,000,000 ordinary shares of RM0.50 each have been issued and fully paid-up.

We are a company with MSC Status and are principally involved in investment holding. We are also involved in the provision of e-commerce systems and solutions. The principal activities of our subsidiary companies are as follows:-

Name of Company	Effective Equity Interest %	Principal Activity
Astar	100	Distribution of ICT Products
Pericomp*	80	Distribution of ICT Products
Ku	100	Provision of ICT Systems and Services
Kush	100	Provision of Management, Financial, Accounting, Warehousing and Logistic Services



Note:

* *Pericomp shall become a wholly-owned subsidiary of ECSB upon the completion of the Proposed 20% Pericomp Acquisition, which is expected to be completed after the issuance of this Prospectus.*

Further information of our Group is set out in Section 5 of this Prospectus.

2.2 Competitive Advantages

Our Group's competitive advantages are set out below and further detailed in Section 6.21 of this Prospectus:-

- Partnership with World Leading ICT Principals
- Broad Range of Products
- Extensive Network of Resellers and End Customers
- Recognised Corporate Identity
- Innovative Business Infrastructure
- Competent ICT Services Division
- Synergies from Regional Association
- Established Track Record
- Sound Financial Management
- Efficient Operations
- Experienced Management Team

2. INFORMATION SUMMARY

2.3 Substantial Shareholders, Promoters, Directors & Key Management

Our substantial shareholders, promoters, Directors and key management are as follows and further detailed in Section 8 of this Prospectus:-

Substantial Shareholders	Nationality / Place of Incorporation
ECS Holdings	Singapore
TSP	Malaysia
Sengin	Malaysia
*Dato' Teo	Malaysian
*Foo Sen Chin	Malaysian
*Lee Marn Fong	Malaysian
*Teo Chiang Lim	Malaysian
*Teo Chiang Khai	Malaysian
*VST	Cayman Islands
*L&L Limited	British Virgin Islands
*Li Jialin	Chinese
*Liu Li	Chinese
*Potent Growth Limited	China
*Zhang Qing	Chinese

*Note: * Indirect*

Promoters	Nationality / Place of Incorporation
ECS Holdings	Singapore
TSP	Malaysia
Sengin	Malaysia
Dato' Teo	Malaysian
Teo Chiang Lim	Malaysian
Teo Chiang Khai	Malaysian
Foo Sen Chin	Malaysian
Lee Marn Fong	Malaysian
VST	Cayman Islands
L&L Limited	British Virgin Islands
Li Jialin	Chinese
Liu Li	Chinese

Directors	Designation	Nationality
Dato' Teo	Non-Executive Chairman	Malaysian
Foo Sen Chin	Managing Director	Malaysian
Soong Jan Hsung	Executive Director	Malaysian
Tay Eng Hoe	Non-Executive Director	Singaporean
Eddie Foo Toon Ee	Non-Executive Director	Singaporean
Wong Heng Chong	Non-Executive Director	Malaysian
Quah Chek Tin	Independent Non-Executive Director	Malaysian
Ahmad Subri Bin Abdullah	Independent Non-Executive Director	Malaysian
Ho Chee Kit	Independent Non-Executive Director	Malaysian

Key Management	Designation	Nationality
Foo Sen Chin	Managing Director	Malaysian
Soong Jan Hsung	Executive Director	Malaysian
Tee Ang Kuan	General Manager	Malaysian
Tan Say Meng	General Manager	Malaysian
Chang Yew Hwa	General Manager	Malaysian
Foo Keah Tung	General Manager	Malaysian
Chan Puay Chai	Financial Controller	Malaysian
Wee Ailin	Inventory Control Manager	Malaysian
Chin Sai Leong	Senior Logistic Manager	Malaysian
Chia Chin Pooi	Assistant General Manager	Malaysian
Cheam Heng Siong	ICT Manager	Malaysian
Ng Poh San	HR Manager	Malaysian

2. INFORMATION SUMMARY

2.4 Financial Highlights

2.4.1 Proforma Consolidated Income Statements

The table below sets out a summary of the proforma audited consolidated results of our Group for the past three financial years up to FYE 2008 and FPE 30 September 2008 and FPE 30 September 2009, prepared for illustrative purposes only, based on the assumption that our current Group has been in existence throughout the years/period under review.

	<------FYE------>			<--FPE 30 September-->	
	2006 RM'000	**2007 RM'000**	**2008 RM'000**	**2008* RM'000**	**2009 RM'000**
Revenue	765,995	976,990	1,159,534	877,052	940,365
GP	32,654	47,691	58,622	45,405	49,358
EBITDA	14,294	23,248	31,969	24,687	26,475
PBT	10,570	18,946	27,106	21,027	23,451
PAT	7,547	13,733	19,800	15,245	17,466
Number of Shares in issue of RM0.50 each [1]	93,000	93,000	93,000	93,000	93,000
Gross EPS (sen) [2]	11.4	20.4	29.1	22.6	25.2
Net EPS (sen) [2]	8.1	14.8	21.3	16.4	18.8

Notes:-

* *Unaudited and included for the purpose of comparison only.*

1. *Assumed number of ordinary shares in issue after the Internal Rationalisation, Proposed 20% Pericomp Acquisition but before the Public Issue.*

2. *The Gross EPS and Net EPS were computed by dividing the PBT and PAT respectively by the assumed number of shares in issue during the relevant financial years.*

There were no exceptional or ordinary items during the financial years under review.

Detailed information of our proforma consolidated results of our Group is set out in Section 12.1 of this Prospectus.

2.4.2 Proforma Consolidated Cash Flow Statement

The summary of our proforma consolidated cash flow statement for FPE 30 September 2009 as set out below is provided for illustrative purpose only and on the assumption that we have been in existence during the financial period under review.

	FPE 30 September 2009 RM'000
Net cash from operating activities	16,567
Net cash from investing activities	1,839
Net cash for financing activities	(12,514)
Net increase in cash and bank balances	5,892
Cash and bank balances at the beginning of the financial period*	16,941
Cash and bank balances at the end of financial period	22,833

Note:-
The proceeds from disposal of ECSB pursuant to the listing scheme, amounted to RM39,075 was adjusted to the cash and bank balances at the beginning of the financial period.

The proforma consolidated cash flow statements of ECSB Group has been prepared after the Proposed 20% Pericomp Acquisition before taking into account the proceeds from the Public Issue and proposed utilisation of proceeds.

Detailed information of our proforma consolidated cash flow statement is set out in Section 12.3 of this Prospectus.

2. INFORMATION SUMMARY

2.4.3 Proforma Consolidated Balance Sheet

The proforma consolidated balance sheets set out below are provided for illustrative purposes only to show the effects of the Acquisitions and the Public Issue assuming that they have been effected on 30 September 2009. The proforma consolidated balance sheets below should be read in conjunction with the accompanying notes included in the proforma consolidated balance sheets set out in Section 12.2 of this Prospectus.

	As at 30 September 2009 RM'000	I After Internal Rationalisation RM'000	II After I and Proposed 20% Pericomp Acquisition RM'000	III After II and Public Issue RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	192	3,955	3,955	3,955
Investment in club membership	-	62	62	62
Deferred tax assets	-	986	986	986
Total non-current assets	192	5,003	5,003	5,003
CURRENT ASSETS				
Inventories	-	105,169	105,169	105,169
Trade receivables	-	134,473	134,473	134,473
Other receivables, deposits and prepayments	3	10,930	10,930	10,273
Amount due from related companies	9	-	-	-
Amount due from related parties	-	394	394	394
Cash and bank balances	72	22,833	22,833	54,470
Tax recoverable	-	54	54	54
Total current assets	84	273,853	273,853	304,833
TOTAL ASSETS	276	278,856	278,856	309,836
EQUITY AND LIABILITIES				
EQUITY				
Share capital	500	46,000	46,500	60,000
Share premium	-	-	960	25,435
Reserves	(470)	30,071	29,115	27,500
SHAREHOLDERS' EQUITY	30	76,071	76,575	112,995
MINORITY INTEREST	-	5,944	-	-
TOTAL EQUITY	30	82,015	76,575	112,995
NON-CURRENT LIABILITIES				
Other payables	-	29	29	29
Deferred tax liabilities	-	324	324	324
Total non-current liabilities	-	353	353	353
CURRENT LIABILITIES				
Trade payables	-	93,868	93,868	93,868
Other payables and accruals	20	38,206	43,646	38,206
Amount due to related companies	226	-	-	-
Short-term borrowings	-	52,200	52,200	52,200
Provision for taxation	-	2,614	2,614	2,614
Proposed dividend	-	9,600	9,600	9,600
Total current liabilities	246	196,488	201,928	196,488
TOTAL LIABILITIES	246	196,841	202,281	196,841
TOTAL EQUITY AND LIABILITIES	276	278,856	278,856	309,836
Number of ordinary shares in issue ('000)	1,000	92,000	93,000	120,000
NA (RM'000)	30	76,071	76,575	112,995
NA per ordinary share (RM)	0.03	0.83	0.82	0.94

Detailed information on our proforma consolidated balance sheet is set out in Section 12.2 of this Prospectus.

2. INFORMATION SUMMARY

2.5 Salient Information on our IPO

2.5.1 Allocation

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, the IPO Shares are expected to be allocated in the manner described below:-

Allocation	IPO Shares	
	Public Issue Shares	Offer Shares
Identified Investors via Private Placement	13,400,000	Up to 20,000,000
Eligible Parties	3,600,000	
To be made available for application by the Malaysian Public via balloting*	10,000,000	
Total	**27,000,000**	**Up to 20,000,000**

Note:

* *At least 30% of the balloting portion shall be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions, to the extent possible.*

2.5.2 Share Capital

	Nominal value RM
Authorised	
1,000,000,000 ordinary shares of RM0.50 each	500,000,000
Issued and fully paid-up as at the date of this Prospectus	
92,000,000 ordinary shares of RM0.50 each	46,000,000
To be issued pursuant to the Proposed 20% Pericomp Acquisition	
1,000,000 ordinary shares of RM0.50 each	500,000
To be issued pursuant to the Public Issue	
27,000,000 ordinary shares of RM0.50 each	13,500,000
Enlarged Share Capital	60,000,000
Offer Shares to be offered pursuant to the Offer for Sale	
Up to 20,000,000 ordinary shares of RM0.50 each	10,000,000

We have only one class of shares, namely ordinary shares of RM0.50 each, all of which rank *pari passu* with each other. The Public Issue Shares shall rank *pari passu* in all respects with the other 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 Public Issue Shares. Detailed information on our share capital is set out in Section 3.4.4 of this Prospectus.

2.5.3 IPO Price — RM 1.46

The factors taken into consideration in the pricing of the IPO Shares are set out in Section 3.5 of this Prospectus.

2.5.4 Total Market Capitalisation

The total market capitalisation of our Group upon listing, based on the IPO Price will be **RM175,200,000**. Detailed information on our total market capitalisation upon listing is set out in Section 3.7 of this Prospectus.

2.5.5 Dividend Policy

The declaration of interim dividends and the recommendation of final dividend are subject to the discretion of our Directors and any final dividend for the year/period is subject to shareholders' approval. Such payments will depend upon a number of factors, including our Group's earnings, capital requirements, general financial condition, our Company's distributable reserves and other factors considered relevant by our Board.

Going forward, our Company intend to pay out approximately 30% of our Group's consolidated PAT as dividends to our shareholders, subject to confirmation by our Board of Directors and to any contractual obligation and provided that such distribution would not be detrimental to our working capital requirements or to any plans approved by our Board. Investors should note that the said dividend payout ratio only represents our Company's current intention and is not legally binding in respect of the Company's future dividends which are subject to our Board's discretion.

Further information on our dividend policy is set out in Section 13.8 of this Prospectus.

2.6 Planned Utilisation of Proceeds

The total gross proceeds arising from the Public Issue of RM39.42 million will accrue entirely to our Company and shall be utilised in the following manner:

Proposed utilisation	Time Frame for utilisation from date of listing	RM
Working capital	12 months	24,320,000
To fund the Proposed 20% Pericomp Acquisition	< 7 days	5,440,000
Business expansion	12 months	5,000,000
Estimated listing expenses	6 months	3,000,000
To fund the Transfers	< 7 days	1,660,000
Total gross proceeds		**39,420,000**

The Offer for Sale will raise gross proceeds amounting up to RM29.2 million which will accrue entirely to the Offerors. Further details of the utilisation of proceeds are set out in Section 3.9 of this Prospectus.

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2. INFORMATION SUMMARY

2.7 Summary of Risk Factors

An investment in the IPO Shares listed on Bursa Securities involves a certain degree of risks. Before applying for the IPO Shares, applicants should rely on their own evaluation and are advised to carefully consider the following summary of risk factors (which may not be exhaustive). These risks are more clearly outlined in Section 4 of this Prospectus.

General Business Risks	• Political, Economic and Regulatory Considerations • Industry Risks • Slowing Growth and Potential Decline in the Adoption of ICT • Competition and the Risk of New Entrants
Operational and Market Risks	• Dependency on ICT principals for our Continued Appointment as Distributor • Supply of Products • Dependency on Major Customers • Failure to Meet Customer Expectations • Product Liability • Market Acceptance of Products • Reliance on External Logistic and Warehousing Services • Dependence on Key Management and Skilled Employees • Insurance Coverage on Our Assets
Financial Risks	• Operating Profit Margin • Risk of Breaching Debt Covenants • Price Reductions and Obsolescence of Inventory • Collection of Trade Receivables • Foreign Currency Fluctuation Risks
Technological Risks	• Risk of Product Obsolescence • Usage of ICT for Internal Operations and Administration
Risks Relating to Our IPO	• Influence by our Substantial Shareholders • No Prior Market for Our Shares • Volatility in the Market Price of Our Shares • Failure/Delay In The Listing Exercise • Forward-Looking Statements

3. PARTICULARS OF OUR IPO

3.1 Preliminary

This Prospectus is dated 19 March 2010.

A copy of this Prospectus has been registered and lodged with the SC and the ROC respectively, and neither the SC nor the ROC takes any responsibility for its contents.

The approval obtained from the SC via its letter dated 29 September 2009 for the Listing shall not be taken to indicate that the SC recommends our IPO. You are advised to make your own independent assessment of our Group and should rely on your own evaluation to assess the merits and risks of our IPO and an investment in us.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed our Shares as a prescribed security. In consequence thereof, the IPO 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 Acts and Rules of Bursa Depository. We will not issue any physical share certificates to successful applicants.

We have received the approval from Bursa Securities for our admission to the Official List of Bursa Securities and for the listing of and quotation for our entire issued and fully paid-up shares on the Main Market of Bursa Securities. Official quotation will commence after the receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of applications for the IPO Shares will be conditional upon permission being granted by Bursa Securities to deal in and quotation for our entire enlarged issued and fully paid-up share capital on the Main Market of Bursa Securities. Accordingly, monies paid in respect of any application accepted will be returned without interest if the said permission for listing is not granted within 6 weeks from the date of this Prospectus (or such longer period as may be specified by the SC) provided that we are notified by or on behalf of Bursa Securities within the aforesaid time frame. If any such monies are not repaid within 14 days after we have become liable to repay it, the provision of sub-Section 243(2) of the Capital Markets and Services Act 2007 shall apply accordingly.

In compliance with the Listing Requirements, we must have at least 25% of our total number of Shares for which listing is sought, in the hands of a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of listing. If we do not meet the public shareholdings requirement, we may not be allowed to proceed with the Listing. In such an event, we will return in full, without interest, monies paid in respect of all applications.

You must have a CDS account when applying for the IPO Shares. If you do not presently have a CDS account, you must open a CDS account at an ADA before making application for the IPO Shares. In the case of an application by way of Application Form, you must state your CDS account number in the space provided in the Application Form. In the case of an application by way of Electronic Share Application or Internet Share Application, only an applicant who is an individual and has CDS account can make an Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or Internet Share Application. Please refer to Section 17 of this Prospectus for further details on the process of application.

You should rely on the information contained in this Prospectus only. We and our advisers have not authorised anyone else to provide you with any information that is different and not contained in this Prospectus. Neither the delivery of this Prospectus nor any issue/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 our affairs since the date of this Prospectus. Nonetheless, should we become aware of any material change or development affecting a matter disclosed in this Prospectus from the date of registration of this Prospectus with the SC up to the date of the Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provision of Section 238 of the CMSA.

3. PARTICULARS OF OUR IPO

The distribution of this Prospectus and the sale of the IPO Shares in certain other jurisdictions may be restricted by law. 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 offer to sell or an invitation to buy any IPO Share in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

This Prospectus can also be viewed and downloaded from the Bursa Securities' website at www.bursamalaysia.com.my.

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions or report expressed in this Prospectus. Admission to the Official List of the Main Market of the Bursa Securities shall not be taken as an indication of our merit of our Company or the merit of the IPO Shares.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR IPO AND AN INVESTMENT IN US. IF YOU ARE UNSURE OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

3.2 Opening & Closing of Application

The application period will begin from 10.00 a.m. on 19 March 2010 and will end at 5.00 p.m. on 31 March 2010 or for such further period or periods as our Directors and the Underwriter may in their absolute discretion mutually decide.

3.3 Indicative Timetable

Opening of application for the IPO Shares	19 March 2010
Closing of application for the IPO Shares	31 March 2010
Tentative balloting date for applications for the IPO Shares	5 April 2010
Tentative allotment date of the IPO Shares to successful applicants	8 April 2010
Tentative listing date	15 April 2010

These dates are tentative and are subject to changes which may be necessary to facilitate the implementation procedures. Our Directors and the Underwriter may, in their absolute 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 balloting, despatch of notices of allotment, and the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities would be extended accordingly. Any change to the closing date of the application will be advertised in widely circulated English and Bahasa Malaysia newspapers in Malaysia.

3. PARTICULARS OF OUR IPO

3.4 Details of Our IPO

The IPO is subject to the terms and condition of this Prospectus and upon acceptance, the IPO Shares shall be allocated in the following manner:-

3.4.1 Public Issue & Offer for Sale

Allocation	IPO Shares	
	Public Issue Shares	**Offer Shares**
Identified Investors via Private Placement ("**Placement Portion**")	13,400,000	Up to 20,000,000
Eligible Parties ("**Pink Form Shares**")	3,600,000	-
To be made available for application by the Malaysian Public via balloting ("**Balloting Portion**") *	10,000,000	-
Total	**27,000,000**	**Up to 20,000,000**

Note:

* *At least 30% of the Balloting Portion shall be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions, to the extent possible.*

If any of the Pink Form Shares are not taken up by the Eligible Parties, such number of unsubscribed Pink Form Shares will first be re-allocated to those Eligible Parties who apply for excess Pink Form Shares on top of their pre-determined allocation on a proportionate basis (subject to rounding of odd lots).

If there are still Pink Form Shares not taken up after the above re-allocation, such Pink Form Shares will be made available to identified investors by way of private placement. Any further unsubscribed Public Issue Shares thereafter, including any unsubscribed Pink Form Shares, shall be taken up by the Underwriter in accordance with the terms and conditions of the Underwriting Agreement.

Subject to the agreement between our Company and the Underwriter, the allocation of the Pink Form Shares and IPO Shares under the Placement Portion and Balloting Portion may be adjusted to cater for the event of an under-subscription and/or over-subscription, provided always that the aggregate Public Issue Shares to be issued is maintained at 27,000,000 Shares and that the shares made available to the Malaysian Public via balloting will not be less than 10,000,000 Shares.

The Pink Form Shares and the public issue shares under the Balloting Portion are fully underwritten by the Underwriter. The IPO Shares under the Placement Portion are not underwritten as irrevocable undertakings have been obtained from identified investors to take up the said Shares.

Based on the above, there is no minimum subscription amount to be raised from our IPO. The IPO Shares will either be underwritten by the Underwriter or subscribed by the investors pursuant to their respective written irrevocable undertakings. Whilst the number of Offer Shares to be placed out pursuant to the Offer for Sale is subject to the Minimum Scenario and Maximum Scenario, the enlarged issued and paid up share capital of ECSB and the proceeds to be received by our Company pursuant to the Public Issue will not be affected.

Please refer to Section 3.12 of this Prospectus on the salient terms of the Underwriting Agreement.

3. PARTICULARS OF OUR IPO

3.4.2 Allocation of the Pink Form Shares to Eligible Parties

The Eligible Parties have been allocated a total of 3,600,000 new Shares.

The total number of persons & corporates eligible for the allocation is as follows:-

Eligibility	No. of persons	Aggregate of number of new Shares allocated
Directors [1]	4	600,000
Employees [1]	281	1,576,000
Business associates [2]	137	1,424,000
Total	**422**	3,600,000

Notes:-

(1) The criteria of allocation for the above mentioned new Shares to our Directors and employees of our Group (as approved by our Board) are based on, inter-alia, the following factors:-

(a) The employee must be a full time employee and on the payroll of our Group; and

(b) The number of shares allocated to the eligible employees is based on the seniority, position, their length of service, their past performance and respective contribution made to our Group as well as other factors deemed relevant to our Board.

(2) The new Shares to be allocated to the business associates shall be based on their contribution to our Group as approved by our Board. The business associates of our Group comprise suppliers, customers and others.

The allocation of our pink form shares to our eligible Directors is as follows:-

Director	Designation	Pink Form Shares Allocation (No. of Shares)	%
Soong Jan Hsung	Executive Director	150,000	0.125
Tay Eng Hoe	Non-Executive Director	150,000	0.125
Wong Heng Chong	Non-Executive Director	150,000	0.125
Eddie Foo Toon Ee	Non-Executive Director	150,000	0.125
Total		**600,000**	**0.500**

3. PARTICULARS OF OUR IPO

3.4.3 Details of the Offerors

The details of the Offerors are as follows:-

Offerors	Registered Office	Country of Incorporation
ECS Holdings	No. 19, Kallang Avenue, #07-153, Singapore 339410	Singapore
TSP	Mezzanine Floor, Plaza Damansara Utama No. 2, Jalan SS 21/60, 47400 Petaling Jaya Selangor Darul Ehsan	Malaysia
Sengin	No. 25-2, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan	Malaysia

The Offerors have been the substantial shareholders of ECSB Group for the past three (3) years. Further information on ECS Holdings, TSP and Sengin is set out in Sections 8.1.2(a), (b) and (c) of this Prospectus respectively.

In conjunction with our IPO, the Offerors shall offer for sale via private placement of up to 20,000,000 ECSB Shares, representing up to 16.67% of the enlarged issued and paid-up share capital of ECSB, at the IPO Price to identified investors.

The number of shares being offered by the Offerors and their respective shareholdings in our Company, before and after the Offer for Sale (both Minimum Scenario and Maximum Scenario) is as follows:-

Promoters	No. of Shares offered	Before the Offer for Sale		After the Offer for Sale (Minimum Scenario)		After the Offer for Sale (Maximum Scenario)	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
ECS Holdings	Up to 7,200,000	55,200,000	[1] 60.0	52,600,000	[2] 43.8	48,000,000	[2] 40.0
TSP	Up to 6,400,000	18,400,000	[1] 20.0	18,400,000	[2] 15.3	12,000,000	[2] 10.0
Sengin	Up to 6,400,000	18,400,000	[1] 20.0	18,400,000	[2] 15.3	12,000,000	[2] 10.0

Notes:-

(1) Based on 92,000,000 Shares, after the Acquisitions but before the Proposed 20% Pericomp Acquisition and Public Issue.

(2) Based on 120,000,000 Shares, after our IPO.

None of the Offerors have indirect shareholdings in ECSB.

3. PARTICULARS OF OUR IPO

3.4.4 Share Capital

	Nominal Value RM
Authorised	
1,000,000,000 ordinary shares of RM0.50 each	500,000,000
Issued and fully paid-up as at the date of this Prospectus	
92,000,000 ordinary shares of RM0.50 each	46,000,000
To be issued pursuant to the Proposed 20% Pericomp Acquisition	
1,000,000 ordinary shares of RM0.50 each	500,000
To be issued pursuant to the Public Issue	
27,000,000 ordinary shares of RM0.50 each	13,500,000
Enlarged Share Capital	60,000,000
Offer Shares to be offered pursuant to the Offer for Sale	
Up to 20,000,000 ordinary shares of RM0.50 each	Up to 10,000,000

We have only one class of shares, namely ordinary shares of RM0.50 each, all of which rank *pari passu* with each other. The Public Issue Shares shall rank *pari passu* in all respects with the other 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 Public Issue Shares.

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

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

3.4.5 Purpose of our IPO

The purposes of our IPO are as follows:

(a) The listing of our Shares on the Main Market of Bursa Securities is expected to further enhance the Group's corporate reputation and assist the Group's business expansion;

(b) To provide an opportunity for Malaysian public, directors, employees and business associates of our Group to participate in the continuing growth of the Group by way of equity participation;

(c) To enable our Group to gain access to the capital market for funds for its future expansion and growth; and

(d) To obtain the listing of and quotation for the entire enlarged issued and paid-up share capital of ECSB on the Main Market of Bursa Securities.

3.5 Basis of Arriving at the IPO Price

The issue price of the IPO Shares of RM1.46 per IPO Share had been determined and agreed upon by the Company, the Offerors and MIMB, as the Adviser, Sole Underwriter and Co-Placement Agent, based on various factors, including but not limited to the following:-

(a) the implied net PE multiple of 7.5 times based on the annualised net EPS of our Group of 14.5 sen in FPE 30 September 2009 and the enlarged share capital of ECSB of 120.0 million Shares upon Listing;

(b) the proforma consolidated NA per Share of our Group as at 30 September 2009 of RM0.94 based on the issued and paid-up share capital after Listing;

(c) Our consolidated financial performance and operating history as described in Sections 12 and 13 of this Prospectus;

(d) Our position as a leading ICT Distributor in Malaysia in terms of revenue, as well as other competitive advantages outlined in Section 6.21.1 of this Prospectus; and

(e) Our future plans and prospects as outlined in Section 6.22 and 6.23 of the Prospectus.

Investors should also note that the future market price of the IPO Shares upon the listing of our Company on the Main Market of Bursa Securities is subject to the vagaries of the market forces and other uncertainties, which may affect the price of our Shares being traded. Investors should form their own views on the valuation of the IPO Shares before deciding to invest in the IPO Shares.

3.6 Minimum Number of Public Shareholders

Pursuant to the Section 3.06 of the Main Market Listing Requirements of Bursa Securities, ECSB is required to have, upon its listing, a minimum number of 1,000 public shareholders (excluding Directors, substantial shareholders and persons connected to or associates of such Directors and substantial shareholders of ECSB) holding not less than 100 Shares each.

3.7 Total Market Capitalisation

Based on the issue/offer price of RM1.46 per Public Issue Share/Offer Share and the enlarged 120,000,000 number of Shares upon listing, the total market capitalisation of our Group is estimated to be RM175,200,000.

3. PARTICULARS OF OUR IPO

3.8 Dilution

Dilution is the amount by which the IPO Price to be paid pursuant to the Public Issue and the Offer for Sale exceeds the NA per Share immediately after IPO. Our proforma consolidated NA per Share as at 30 September 2009 before adjusting for the Proposed 20% Pericomp Acquisition and the gross proceeds to be raised from the Public Issue and based on the issued and fully paid-up share capital as at the date of this Prospectus of 92,000,000 Shares was RM0.83.

Pursuant to the Public Issue, our proforma consolidated NA per Share as at 30 September 2009 after adjusting for Proposed 20% Pericomp Acquisition and the utilisation of gross proceeds to be raised from the Public Issue and based on the enlarged issued and paid-up share capital upon Listing of 120,000,000 Shares would have been RM0.94.

This represents an immediate increase in the proforma consolidated NA per Share to our existing shareholders of RM0.11, and an immediate dilution in the proforma consolidated NA per Share of RM0.52 to our new public investors. The following table illustrates such dilution on a per Share basis:-

	RM
IPO Price	1.46
Our proforma consolidated NA per Share as at 30 September 2009 before the Public Issue and Proposed 20% Pericomp Acquisition	0.83
Increase in the proforma consolidated NA per Share attributable to existing shareholders	0.11
Our proforma consolidated NA per Share as at 31 September 2009 after the Proposed 20% Pericomp Acquisition and Public Issue	0.94
Dilution in the proforma consolidated NA per Share to our new public investors	0.52
Dilution in the proforma consolidated NA per Share as a percentage of IPO Price	35.6%

The following table sets out the average effective cost per Share paid by our existing shareholders for Shares acquired by them for the past three (3) years prior to the date of this Prospectus as well as new investors who subscribe for Shares in our Company pursuant to the IPO:-

Shareholders	**Number of Shares**	**Total Consideration RM**	**Average Effective Cost per Share RM**
ECS Holdings	[a] 55,200,000	41,100,772	0.74
TSP	[b] 18,400,000	13,700,212	0.74
Sengin	[b] 18,400,000	13,700,212	0.74
New Investors:			
- SiS Investment	[c] 1,000,000	1,460,000	1.46
- Public Issue	27,000,000	39,420,000	1.46
- Offer for Sale	Up to 20,000,000	Up to 29,200,000	1.46

Notes:-

(a) *Comprising 600,000 Shares and 54,600,000 Shares issued to ECS Holdings pursuant to the Acquisition of ECSB and Acquisition of Kush under the Internal Rationalisation.*

(b) *Comprising 200,000 Shares and 18,200,000 Shares issued to TSP and Sengin each pursuant to the Acquisition of ECSB and Acquisition of Kush under the Internal Rationalisation.*

(c) *To be issued pursuant to the Proposed 20% Pericomp Acquisition.*

3. PARTICULARS OF OUR IPO

3.9 Utilisation of Proceeds & Estimated Listing Expenses

The gross proceeds of RM39.42 million arising from the Public Issue is expected to be utilised within the next 12 months after the date of listing of ECSB on Bursa Securities for the following purposes: -

Proposed utilisation	Notes	RM	Time Frame for utilisation from date of listing
Working capital	(a)	24,320,000	12 months
To fund the Proposed 20% Pericomp Acquisition	(b)	5,440,000	< 7 days
Business expansion	(c)	5,000,000	12 months
Estimated listing expenses	(d)	3,000,000	6 months
To fund the Transfers	(e)	1,660,000	< 7 days
Total gross proceed		**39,420,000**	

Notes:-

(a) Working capital of our Group – RM24.32 million

Our day-to-day working capital requirements include payment to creditors, salaries, purchase of inventory, maintenance of warehouse and office premises and other operating expenses. Any shortfall shall be financed via bank facilities such as bankers acceptances and revolving credit. For the FPE 30 September 2009, our Group have incurred approximately RM1.9 million in interest expense.

By reserving the proceeds of the Public Issue of RM24.32 million as general working capital, our Group will be able to reduce our reliance on bank borrowings which would ultimately result in interest savings. Alternatively, by having additional working capital, our Group will be able to increase our inventory purchases or finance our resellers, when necessary.

(b) To fund the Proposed 20% Pericomp Acquisition – RM5.44 million

RM5.44 million of the gross proceeds pursuant to the Public Issue shall be utilised to fund the cash portion of the purchase consideration of RM6.9 million pursuant to the 20% Pericomp Acquisition. The said amount shall be utilised within seven (7) days from the admission of ECSB into the Official List of the Main Market of Bursa Securities. Information on Pericomp and the Proposed 20% Pericomp Acquisition are set out in Sections 5.3.4 and 5.4.3 of this Prospectus respectively.

(c) Business Expansion – RM5.0 million

RM5.0 million of the gross proceeds will be reserved for our Group's business expansion within the next 12 months after our listing, as set out below:-

Business Expansion	(RM'mil)
1. ERP system enhancement	2.5
2. Customer services enhancement	1.0
3. Geographical expansion	1.0
4. Enterprise systems expansion	0.5
Total	**5.0**

Further details of our business expansion, which forms part of our future plans, are set out in Section 6.22 of this Prospectus.

In the event the total funds required for business expansion is higher than RM5.0 million, we shall finance the excess using internally generated funds or borrowings.

3. PARTICULARS OF OUR IPO

(d) Estimated listing expenses – RM3.0 million

Our Company shall bear all expenses such as brokerage, underwriting commission and registration fee relating to the Public Issue together with all other expenses and fees incidental to the listing of and quotation for the entire enlarged issued and paid-up share capital of ECSB, which is estimated at approximately RM3.0 million. The estimated listing expenses are tabulated below:

Estimated listing expenses	RM
Professional advisory	1,450,000
Fees to the authorities	115,500
Underwriting commission and placement fees	1,000,000
Printing, advertising and miscellaneous	434,500
Total	**3,000,000**

The said amount of RM3.0 million is expected to be utilised within six (6) months from the date of listing of our Shares on the Main Market of Bursa Securities.

Any actual utilisation made which is lower than the amount proposed above shall be adjusted accordingly by increasing by the same amount in the allocation of funds for working capital of our Group.

(e) To fund the Transfers – RM1.66 million

RM1.66 million of the gross proceeds pursuant to the Public Issue shall be utilised to fund the Transfers, which involves the Acquisition of Astar, Acquisition of Ku and Acquisition of Pericomp. The said amount shall be utilised within 7 days from the admission of ECSB into the Official List of the Main Market of Bursa Securities. Information on the Transfers is set out in Section 5.4.1 (c) of this Prospectus.

The Offer for Sale will raise gross proceeds amounting up to RM29.2 million which will accrue entirely to the Offerors.

The impact of the estimated listing expenses of RM3.0 million has been reflected in the proforma consolidated balance sheet in Section 12.2 of this Prospectus.

Financial Impact of the Utilisation of Proceeds

RM5.0 million of the total proceeds to be raised from the Public Issue has been proposed to be allocated to finance the expansion of our Group's business. Accordingly, the Public Issue is expected to enhance the future earnings of our Group. The additional working capital funds of RM24.32 million arising from the Public Issue is also expected to strengthen the liquidity and cash flow position of the Group in the future.

Upon the completion of the Proposed 20% Pericomp Acquisition, we would be able to consolidate the full financial results of Pericomp, which is expected to enhance the future earnings of our Group. Going forward, ECSB shall wholly-own all of its existing subsidiary companies.

Pending the utilisation of proceeds from the Public Issue for the above-mentioned purposes, the proceeds would be placed as deposits with banks or licensed financial institutions or short term money market instruments.

3.10 Brokerage & Underwriting Commission

Brokerage relating to the Public Issue Shares and Offer Shares will be borne by the Company and the Offerors respectively at the rate of one percent (1%) of the issue price of RM1.46 per IPO Share in respect of successful applications bearing the stamp of either MIMB, a participating organisation of Bursa Securities, a member of the Association of Banks in Malaysia, a member of the Malaysian Investment Banking Association or the Issuing House.

An underwriting agreement has been entered into between our Company and Underwriter on 25 January 2010 to underwrite the:-

(i) 10.0 million Public Issue Shares under the Balloting Portion for an underwriting commission of 2.00% of the IPO Price ; and

(ii) 3.6 million Pink Form Shares for an underwriting commission of 0.50% of the IPO Price

amounting to approximately RM318,280 in underwriting commission.

3.11 Placement Fees

The Co-Placement Agents have been appointed to place out up to 20,000,000 Offer Shares and 13,400,000 Public Issue Shares to identified investors at the placement fee of up to 2.00% of the IPO Price of RM1.46 per IPO Share.

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3. PARTICULARS OF OUR IPO

3.12 Salient Terms of the Underwriting Agreement

The salient terms and conditions of the Underwriting Agreement provided hereinafter is a direct extraction. Accordingly, all references and definitions are provided in the Underwriting Agreement.

"3 CONDITIONS PRECEDENT

3.1 Unless waived by the Underwriter (in which case any condition precedent or any part thereof so waived will be deemed to have been satisfied), the obligations of the Underwriter under this Agreement are conditional upon:-

3.1.1 this Agreement having been duly executed by all parties and stamped;

3.1.2 the delivery to the SC of the Prospectus for registration in accordance with the requirement under section 232 of the CMSA together with copies of all documents required for submission under section 233 of the CMSA;

3.1.3 the registration with the SC of the Prospectus in accordance with Section 234 of the CMSA before the date of issue of the Prospectus;

*3.1.4 Bursa Securities having agreed in principle on or prior to the Closing Date or such other date as may be agreed between the Underwriter and the Company, and in any event not later than six (6) weeks from the date of the Prospectus ("**Pending Approval Period**"), to the listing of and quotation for the Paid-up Shares on the Main Market of Bursa Securities on terms satisfactory to the Underwriter;*

3.1.5 there not being in the opinion of the Underwriter (which opinion is final and binding), on or prior to the Closing Date, any adverse and material change or development reasonably and likely to involve a prospective adverse and material change in the condition (financial or otherwise) of the Company or any of its subsidiaries from that set out in the Prospectus which is material in the context of the Proposal or any occurrence of any event rendering untrue or incorrect or not complied with to an extent which is material, any of the warranties and representations in Clause 9 below, any facts and circumstances then subsisting and the occurrence of any breach of the undertakings in Clause 10 as though given or made on such date . The Underwriter will be entitled to receive a written confirmation to the effect from the Company in such form and substance satisfactory to the Underwriter;

3.1.6 no material variation in the Draft Prospectus will be made without the consent of the Underwriter (which consent must not be unreasonably withheld) with regard to the matters following, namely:

(a) the constitution of the Board and the key management of the Company;

(b) the authorised and issued share capital of the Company;

(c) the number of Issue Shares comprised in the Proposed Public Issue and the price thereof;

(d) the statement as to any litigation, arbitration or other legal proceedings of a material nature in which the Company or its subsidiaries is presently involved or pending;

(e) the statement as to any contingent liabilities, the net tangible asset value per share, the gearing ratio and capital commitments of the Company or its subsidiaries;

(f) the nature of business and the principal activities of the Company and its subsidiaries; and

(g) *the utilisation of proceeds from the Proposed Public Issue;*

3.1.7 *the Company has complied with the statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities) and the Proposal, in accordance with the provisions of this Agreement, is not prohibited by and is in compliance with the abovementioned;*

3.1.8 *the Proposal and the Prospectus have been approved (and if such approval shall be conditional, all conditions thereto being in terms acceptable to the Underwriter) by the SC and any other relevant authority or authorities and has not been withdrawn, revoked, suspended or terminated on or prior to the Closing Date and the Underwriter being reasonably satisfied that such listing and quotation will be granted three (3) Market Days after the Underwritten Shares have been allotted and issued to the entitled holders;*

3.1.9 *the Proposal, the Prospectus, the underwriting of the Underwritten Shares by the Underwriter and the authorisation of the execution of this Agreement have been approved by the Board and a copy of the resolution duly certified by a director and secretary of the Company is delivered to the Underwriter;*

3.1.10 *the Prospectus having been issued within two (2) month from the Agreement Date or within such extended period as may be consented by the Underwriter;*

3.1.11 *the Proposed Public Issue has been approved by the members of the Company at an extraordinary general meeting;*

3.1.12 *confirmation signed by the duly authorised officer of the Company stating that to the best of his knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence of any event rendering untrue, inaccurate or incorrect, statements in any of the representations or warranties contained in Clause 9 of this Agreement;*

3.1.13 *there not having occurred on or prior to the Closing Date any breach of and/or failure to perform any of the representations or warranties contained in Clause 9 and covenants or undertakings contained in Clause 10 of this Agreement;*

3.1.14 *the Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in this Agreement;*

3.1.15 *an application being made to Bursa Securities within three (3) Market Days from the date of issue of the Prospectus for admission to the Official List of the Main Market of Bursa Securities;*

3.1.16 *the funds for the Private Placement Shares and Offer Shares have been deposited into a bank account that is opened under the name of an independent placement agent before the registration of the Prospectus or such other extended date as agreed by the Underwriter, but in no event later than the Closing Date;*

3.1.17 *as at the Closing Date, the Underwriter being reasonably satisfied that the Company can meet the public shareholding spread requirements under the Listing Requirements of Bursa Securities for the Main Market; and*

3.1.18 *the acceptance for registration by the SC of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the Proposal and the lodgment of the prospectus with the ROC on or before the release under the Proposed Public Issue and the Underwriter being reasonably satisfied that such listing and quotation will be granted.*

3.2 *If any of the conditions in Clauses 3.1.1 to 3.1.18 is not satisfied to the satisfaction of the Underwriter on or before the Closing Date or such later date as stipulated in any of the said clauses, the Underwriter is entitled by notice in writing to the Company to terminate this Agreement and cease performance of its obligations under this Agreement.*

3.3 *In the event this Agreement is terminated pursuant to Clause 3.2, the parties to this Agreement will be released and discharged from their obligations under this Agreement and the Company will be liable for the payments of fees, cost, expenses and abortive fee set out in Clause 14.3.*

3.4 *Notwithstanding the above, the Underwriter may, at its discretion, waive compliance with any of the provisions of this Clause without prejudice to the other Underwriter's powers, rights and remedies under this Agreement.*

14 TERMINATION OF THIS AGREEMENT

14.1 *Subject to Clause 14.2, but notwithstanding other terms of this Agreement, the Underwriter may at any time terminate this Agreement and cancel and withdraw its commitment to underwrite the Underwritten Shares and withdraw remittance of the payments to be made pursuant to Clause 6 of this Agreement, by delivering a notice in writing to the Company on occurrence of all or any of the following matters stated in this Clause 14.1 on or before the Closing Date if:-*

14.1.1 *there is any breach by the Company of any of the representations or warranties contained in Clause 9 or covenants or undertakings contained in Clauses 10 or which is contained in any statement or notice provided under or in connection with this Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in Clause 11.1.1; or*

14.1.2 *there is failure on the part of the Company to perform any of its material obligations under this Agreement; or*

14.1.3 *there is withholding of information of a material nature from the Underwriter which is required to be disclosed pursuant to this Agreement; or*

14.1.4 *any of the condition precedent in Clause 3 of this Agreement is not fulfilled or not waived by the Underwriter on the Closing Date; or*

14.1.5 *there have occurred, or happened any material and adverse change in the business or financial condition of the Company or the Group; or*

14.1.6 *there occurs any event or the discovery of any fact rendering inaccurate, untrue or incorrect to such extent which is and will be material in any of the representations, warranties or undertakings of the Company; or*

14.1.7 *the Kuala Lumpur Composite Index falls to a level below seven hundred fifty (750) points and remains below seven hundred fifty (750) points for five (5) consecutive Market Days; or*

14.1.8 *there have occurred, or happened any of the following circumstances:-*

(a) *any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions, or exchange controls, foreign or local, currency exchange rates (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or the occurrence of any combination of any of the foregoing; or*

3. PARTICULARS OF OUR IPO

(b) any change in law, regulation, guideline, directive, policy or ruling in any jurisdiction or any event or series of event beyond the reasonable control of the Underwriter;

which in the opinion of the Underwriter, would have or can reasonably be expected to have a material adverse effect on, and/or materially prejudice the business or the operations of the Company or the Group as a whole, the success of the Proposed Public Issue, or the application, distribution, sale or payment of the Issue Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms, or which would prohibit or impede the obligations of the Underwriter under this Agreement, the Underwriter may terminate this Agreement by giving written notice to the Company before 5.00 p.m on the Closing Date.

14.2 In the event that this Agreement is terminated pursuant to Clause 14.1, the Underwriter and the Company may agree to defer the Proposed Public Issue by amending the terms of the Proposed Public Issue or of this Agreement and may enter (but will not be obligated to) into a new underwriting agreement accordingly.

14.3 Upon such notice being given under Clause 14.1, the Underwriter will be released and discharged of its obligations without prejudice to its rights and this Agreement will be of no further force or effect and no party will be under any liability to any other in respect of this Agreement, except that the Company will remain liable in respect of any of its obligations and liabilities under Clause 16.3 for the payment of the costs and expenses already incurred up to the date on which such notice was given and, subject to Clause 14.4, the payment of an abortive fee at the rate of zero point five percent (0.5%) of the Issue Price per Underwritten Share will be paid to the Underwriter within three (3) Market Days from the receipt of such notice and thereafter, each party will return any moneys paid free of interest to the other party within three (3) Market Days of the receipt of such notice of termination pursuant to Clause 14.1.

14.4 In the event of default by the Underwriter in any or all of its material obligations under this Agreement:

14.4.1 the Company is entitled to terminate this Agreement by giving written notice to the Underwriter before 5.00 p.m. on the Closing Date; and

14.4.2 the parties will thereafter (except for the liability of the Company in the payment of costs and expenses referred to in Clause 16.3 below incurred prior to or in connection with such termination) be released and discharged from their respective obligations under this Agreement."

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4. RISK FACTORS

Investment in securities listed or to be listed on Bursa Securities involves a number of risks. Investors should rely on their own evaluation prior to making an investment decision. The following are some of the risk factors (which may not be exhaustive) which you should consider before applying for the IPO Shares.

4.1 GENERAL BUSINESS RISKS

4.1.1 Political, Economic and Regulatory Considerations

Our operations are closely linked to the economic fundamentals and political stability of Malaysia. Any adverse developments in the political and/or economic environment as well as any uncertainty in Malaysia could materially and adversely affect our financial performance and business operations. Political and economic uncertainties include, but not limited to the risk of war, expropriation, nationalisation and unfavourable changes in Government policies such as changes in interest rates, methods of taxation, exchange control regulations or the introduction of new rules and regulations.

Although we seek to mitigate such risks by implementing prudent financial management and efficient operating procedures, there can be no assurance that any changes to the political and/or economic environment will not adversely impact the financial performance and business operations of our Group.

4.1.2 Industry Risks

Our Group is subject to various risks inherent in the ICT distribution market which include, but not limited to, the disruption of the supply of products from ICT principals, labour supply constraints, increases in the costs of storage and transportation, changes in economy, business and credit conditions, the entry of new players to the market, adverse foreign exchange rate fluctuations, changes in consumer preference, changes in industry policy and tax legislations affecting the ICT industry.

We seek to limit these risks by adopting various measures, including the following:

(a) entering into long-term supply agreements with our suppliers to ensure a prompt, stable supply of inventory;

(b) entering into arrangements with various transportation and logistic companies to ensure timely delivery of products to our resellers;

(c) reducing the dependency on labour by investing in delivery systems with the purpose of increasing the efficiency of our distribution network;

(d) strengthening our distribution network by fostering strong relationships with our ICT principals; and

(e) cultivating demand through collaborative marketing with ICT principals.

That said, there can be no assurance that the aforementioned business risks will be fully mitigated by the above-mentioned mitigating measures.

4.1.3 Slowing Growth and Potential Decline in the Adoption of ICT

Our business is dependent upon the continued growth of the Malaysian ICT industry and the rate of ICT adoption. If the rate of adoption of ICT slows down, the demand for our product and services may suffer, leading to lower revenue and potentially lower profitability. Factors that may have a negative effect on ICT adoption include excessive or new governmental regulation, reluctance to adopt new technologies and increase in replacement cost for obsolete ICT infrastructure. As highlighted in Section 7 of this Prospectus, total hardware and software spending in Malaysia grew by 14.4% to USD1.9 billion in 2007 from USD1.7 billion in 2006. Total ICT spending in 2007 amounted to USD12.6 billion. As of end 2007, Malaysia's internet penetration was approximately 14.3%. The low internet penetration in Malaysia can be seen as the main driving factor for ICT product sales especially for the consumer segment.

Although the ICT adoption rate in Malaysia is low and is expected to grow, there is no assurance that the market for our services and the products distributed by us will continue to develop and grow.

4. RISK FACTORS

4.1.4 Competition and the Risk of New Entrants

The ICT distribution market is highly competitive and existing industry players are subjected to the risk of having to compete with new industry entrants. We currently face direct competition from major competitors such as IM Malaysia, Servex and JOS Malaysia, all of which are established ICT distributors. We also face competition from various local private companies and public listed companies on selected brands but whose principal business activities are not in ICT Distribution.

Although the ICT distribution market is highly competitive, barriers to entry are relatively high as successful ICT distributors must possess keen product expertise, developed logistic capabilities and a broad reseller base. This would require in-depth industry knowledge, high initial capital outlay and time to foster reseller relationships. Although we believe that we possess the said competitive traits, there is no assurance we can successfully fend-off all forms of competition and maintain our market share in the Malaysian ICT distribution market.

On a separate note, there is a low risk of having to compete directly with ICT principals, since the different roles of ICT distributors and ICT principals have long been established globally.

4.2 OPERATIONAL & MARKET RISKS

4.2.1 Dependency on ICT Principals for our Continued Appointment as Distributor

Our future performance depends largely on our continued appointment and authorisation as an approved distributor by our major ICT principals.

Most of these distributorship agreements are normally for a fixed period and are thus subject to periodic reviews by our ICT principals. We are exposed to the risk of losing any one of these existing distributorship arrangements because there is no assurance that these ICT principals will continue to appoint us as their distributor. Our ICT principals could appoint additional companies as distributors, in which case our market position may be threatened. They may also compete with us by distributing their products directly in the markets in which we operate. If any of these events occur, our business, financial condition and results of operation could be materially affected.

Besides that, there is the risk of business failure of an ICT principal. There is also the risk that any of the ICT principals may be merged with or acquired by one of its competitors which has existing distribution networks in the markets we operate in. If any of these events occur, the distributorship arrangement with that ICT principal may be jeopardised as we may be considered redundant and consequently there is a risk that the distributorship agreement may be terminated. Terminations or changes of the terms in these distributorship agreements may disrupt our supply of products and would accordingly have a material adverse effect on our results of operations.

In particular, we are reliant on HP Malaysia which, in aggregate, accounted for approximately 72.6% and 74.4% of our total purchases in FYE 2008 and FPE 30 September 2009 respectively. That said, however, it must be highlighted that we are the single largest distributor for HP Malaysia and our relationship with HP Malaysia dates back to more than 22 years. During this period, our appointment as an approved distributor of HP Malaysia has never been disrupted or temporarily suspended. As such, based on our current relationship with HP Malaysia, we expect no issues with the continuation of our appointment in the near future.

Although there is no assurance that the major suppliers will continue to supply to our Group, we are of the opinion that this risk is partly mitigated by the following factors which are further elaborated in Section 6.9 of this Prospectus:-

- Our business relationship with HP Malaysia span more than two (2) decades;
- Our Group, together with ECS Holdings is part of a regional arrangement with HP;
- Our Group is the largest distributor for HP Malaysia; and
- Our Group, together with ECS Holdings Group, contributes significantly to the revenue of HP in the Asia Pacific region.

4.2.2 Supply of Products

Our ability to continuously obtain particular products in the required quantities and to fulfil our customers' orders on a timely basis is critical to our success. In most cases, we have no guaranteed delivery agreements with our ICT principals. As a result, we have experienced, and may in the future continue to experience, short-term inventory shortages due to the inability of certain ICT principals to supply certain products on a timely basis.

Occasionally, our ICT principals may experience a shortage and/or delay in receiving supplies due to strong demand, capacity constraints, and their supplier's inability to meet orders. In particular, our ICT principals' PC business rely heavily upon contract manufacturers ("CM") and original design manufacturers ("ODM"). Changes to the nature or volume of business transacted by our ICT principals with a particular CM or ODM could adversely affect the operations and financial condition of the CM or ODM and may lead to shortages or delays and may hamper our ICT principals' product quality.

There can be no assurance that our ICT principals will be able to maintain an adequate supply of products to fulfil our customers' orders on a timely basis or that we will be able to obtain particular products or that a product line currently offered by our ICT principals will continue to be available. The inability to obtain particular products in the required quantities or fulfil customers' orders on a timely basis could have a material adverse effect on our business, financial condition, or results of operations.

4.2.3 Dependency on Major Customers

Our Group's revenue and profitability, to a certain extent, depends on our ability to maintain and to grow our reseller base. As such, we are subject to the risk of having our operating results being adversely impacted as a consequence of losing one or more of our reseller accounts.

That said, none of our top ten (10) customers have individually contributed to more than 10% of our total revenue of the past three (3) financial years. Additionally, our top ten (10) customers on aggregate accounted for approximately 18% of our revenue in FYE 2008. As such, we are not significantly dependent on any one of our customers.

Nevertheless, no assurance can be given that the loss of any one or more of our customers resulting from, inter alia, relocation of customer's business operation geographically, cessation of business relation or otherwise, would not have an adverse impact on our operating results in the future.

4.2.4 Failure to Meet Customer Expectations

Many of our projects involve the delivery of ICT products, enterprise systems and services that are critical to the customers' businesses. Any defects, errors or delays in these services or products or failure to meet the customers' specifications or expectations could result in delayed or lost revenue due to adverse customer reaction, negative publicity about us and our services and claims for damages against us (including any professional liabilities).

In addition, we sometimes implement functions for high profile customers which are critical to their business or for projects that have high visibility and widespread usage in the marketplace. If these functions experience difficulties, whether or not as a result of errors in our services, our name could be associated with these difficulties and our reputation could be damaged, which would harm our business.

4.2.5 Product Liability

We are exposed to inherent risk from claims arising from product liabilities in Malaysia and may face lawsuits arising from alleged injuries to users caused by any alleged defects in the products distributed by us. A product liability suit or action, whether or not meritorious, could result in cost and diversion of management's attention and our resources, which could have an adverse impact on our business, operating results and financial conditions. In addition, a suit alleging a defect or breach of an express or implied warranty, if successful, may also have adverse precedent effect on other or future actions as well as reputation. In most cases, the products distributed by us usually carry limited manufacturer's warranties from the ICT principals for a certain period of time. Accordingly, most product liability suit or actions reasonably ought to be directed to our ICT principals who granted the manufacturers' warranty.

4.2.6 Market Acceptance of Products

Market acceptance of the products and services offered by us as well as our ability in addressing the needs and requirements of customers will determine our future financial performance. Intense competition or reductions in demand for our existing and future products may result in a material adverse impact on our business, operating and financial condition. However, we expect that our strategic business plan of developing sales and marketing channels for market exposure should ensure a continued acceptance and generate adequate demand for our products and services.

4.2.7 Reliance on External Logistic and Warehousing Services

We manage and operate our warehouse facilities in Kota Damansara and Penang. While our ICT distribution business is mainly conducted through our warehouse in Kota Damansara, we are partially reliant on third party warehousing facilities to store our inventory. We are also dependent on external transportation providers to deliver our goods throughout Malaysia.

In any case, should any of our warehousing and transportation providers decide to stop providing their logistic and warehousing services to us, we do not foresee any difficulty in sourcing for alternative providers given that the industry remains fragmented and there are many substitute players in the industry within Malaysia. Nevertheless, there can be no assurance that there would be no disruption in our distribution ability as a result of the termination of services by our warehousing and transportation providers.

4.2.8 Dependence on Key Management and Skilled Employees

Our continued success depends on the continued efforts from our Directors and our management team who are directly responsible for our daily operations, sales and marketing efforts and the formulation of strategies. The inability to replace these key members with adequate substitutes, should any of them leave us, may have an adverse impact on our business, financial condition and operational results.

Our continued success also depends upon our ability to attract and retain skilled personnel, given that we are a people-based business operating in a fast-changing technological environment. Competition for personnel proficiency in the ICT industry is intense. To succeed, we will hire, train, motivate, retain and manage employees who are skilled in the use and implementation of our ICT principals' hardware and software.

Any of the officers or employees can terminate his or her employment with our Group at any time by providing between one (1) to three (3) months notice. The loss of the services provided by these personnel and the failure by us to obtain adequate replacements could have an adverse impact on our business, financial condition and operations. Given the above, we have taken steps to ensure that our Directors, key management and employees are given recognition for their contribution to our success and that incentive plans are designed to fully align their interests to that of our business.

4.2.9 Insurance Coverage on our Assets

At present, our Group's inventory located at our warehouses, and our goods in transit are insured against unforeseen circumstances such as fire, damage, robbery and theft. Although reasonable steps have been taken by our Group to ensure that all of our assets are adequately covered by insurance, no assurance can be given that the insurance coverage would be adequate for the replacement costs of the assets of our Group in the future.

4.3 FINANCIAL RISKS

4.3.1 Operating Profit Margin

As a result of competition in the ICT distribution industry and the trend of the ICT providers to reduce prices over the life of their products, our profitability margins have historically been narrow. Our PBT margin was approximately 2.3% and 2.5% for FYE 2008 and FPE 30 September 2009 respectively.

There is a risk that our PBT margin may be insufficient to cushion unanticipated increase in operating costs, thereby leading us to experience an operating loss. Such unanticipated increase in operating costs could be triggered by spikes in energy prices, cost hikes for transportation and outsourcing services, upward revision of rental rates and increase in financing rates, any of which we cannot pass on to our customers.

In order to mitigate the said risk, we have undertaken a number of initiatives to improve our profit margins. These include the reduction of general overheads by increasing operational efficiency, offering a wider range of value-added services as well as the development of the B2B System. However, there can be no assurance that these steps will ensure any improvement in our profit margins.

4.3.2 Risk of Breaching Debt Covenants

We finance our operations using internally generated funds and bank borrowings. All our bank borrowings are interest bearing. As such, any increase in the interest rates will increase our finance costs with regards to the interest payments on the bank borrowings. Therefore, there can be no assurance that our performance will not be affected in the event of a significant increase in interest rates.

Furthermore, pursuant to facility/loan agreements entered into with financial institutions, we are bound by certain covenants which may limit our operating and financial flexibility. These covenants are commonly contained in facility/loan agreements pertaining to bank borrowings. Any breach of compliance with any of the covenants may lead to the bank/financier withdrawing such facilities and force outstanding amounts to become immediately due. Such an event will materially impact our liquidity situation. As of the time of this Prospectus, we are not in breach of any terms and conditions set out in any facility agreements entered into by our Group.

Our Directors expect our liquidity to improve significantly after the Public Issue as we have proposed to utilise the proceeds from the Public Issue to finance our business expansion and working capital in the near future.

4.3.3 Price Reductions and Obsolescence of Inventory

Our business, and the likes of other ICT distributors, is subject to the risk that the value of our inventory will be adversely affected by price reductions by our ICT principals or by technological changes affecting the usefulness or desirability of the ICT products. However, it is a common industry practice that most ICT principals would protect distributors from the loss in value of inventory due to technological change or price reductions.

Our ICT principals typically give us approximately one (1) or two (2) months notice before the launch of a new product and would give us discounts on products which are to be replaced. Some of the ICT principals may provide us a refund for returned products or allow us to exchange such products for other more current products.

The industry practices discussed above are sometimes not embodied in written agreements and do not protect us in all cases from declines in inventory value. No assurance can be given that such practices will continue, that unforeseen new product developments will not materially adversely affect us, or that we will be able to successfully manage our existing and future inventories. Any significant declines in inventory value in excess of established inventory reserves could materially adversely affect our business, financial condition or operational results.

4.3.4 Collection of Trade Receivables

We are inevitably subject to risks such as doubtful or bad collection of trade receivables as our businesses are conducted on credit. As at 30 September 2009, our doubtful debts constitute only 0.17% of our total revenue for nine (9) months period. However there can be no assurance that this ratio will be maintained during future reporting periods and especially so during an industry-wide downturn.

It should be noted that about 72.2% and 71.0% of our revenue for FYE 2008 and FPE 30 September 2009 were derived from ICT Distribution. Our customer base is fairly dispersed and some of which have operations which are small relative to their respective markets. Due to the competitive nature of this market, profit margins for the re-sale of products by these customers are generally low. Some of our customers have had to manage tight liquidity conditions as they often may not have access to adequate credit facilities in order to support their purchases. In view of this, there will be continuing uncertainties over the timeliness of their payments and whether they will be able to fulfil their payment obligations.

We seek to minimise such risks by employing stringent and prudent credit evaluation policies when dealing with our customers. Our management also exercises a stringent assessment of our customers based on their present credit standing, payment track record as well as length of relationship. In general, our Group has made, and shall continue to make sufficient provisions to cover for doubtful debt.

Nevertheless, there can be no assurance that all our trade receivables will be successfully collected as and when they fall due, and should such events occur, our cash flow may be adversely affected.

4.3.5 Foreign Currency Fluctuation Risks

For FYE 2008, approximately 21% of our Group's purchases were conducted in USD. As such, any significant appreciation of the USD against the RM may negatively impact our profitability.

To mitigate potential unfavourable movements in the exchange rate, our management has put in place a proactive hedging policy which involves continuous monitoring and review of the exchange rate. Our management seeks to mitigate this risk by locking in our purchase costs. We normally lock in our purchase costs by entering into currency forward contracts, usually 30 days ahead of the scheduled payment for major purchases.

Nevertheless, since not all of our USD denominated purchases are fully-hedged, there is the risk that an acute appreciation in the USD against the RM will have a material negative impact on our operating results.

4.4 TECHNOLOGICAL RISKS

4.4.1 Risk of Product Obsolescence

The ICT industry is typically characterised by rapid evolving standards, frequent introduction of new products or updates, quick shift in consumer demands and regulatory requirements. Our future success will be dependent upon our ability to introduce new ICT services and products to respond to the changing technological environment. Therefore, we are inevitably subject to the risks of product obsolescence. Furthermore, our ICT principals may not give us access to new products being introduced. Given such circumstances, we may not be able to rapidly and successfully introduce newly developed products on time with the changes in market demand.

To mitigate the risk of product obsolescence, we maintain a close watch on developments in the ICT industry and the market in general to pre-empt such occurrence. Our management exercises stringent assessments on the market value of our Group's inventory.

There can be however, no assurance that we will successfully manage our operation in the face of rapid technological changes nor ensure that there will always be a strong market-wide acceptance for the products that are distributed by us, failing which our financial results may be materially and adversely affected. There is also no assurance that we will be able to successfully identify or obtain the distributorship necessary for us to remain current and competitive.

4.4.2 Usage of ICT for Internal Operations and Administration

As an advocate of ICT technology, we understand the necessity to keep abreast and invest in contemporary technologies to ensure that our competitiveness is not eroded.

For the FYE 2007 and FYE 2008, we invested approximately RM0.552 million and RM1.48 million respectively in ICT hardware and software to upgrade and increase our product distribution efficiency and capacity. While we believe that these investments have been extremely successful in maintaining our competitive edge there can be no assurance that our future investments will generate similar efficiency gains as they have in the past.

4.5 RISKS RELATING TO OUR IPO

4.5.1 Influence by our Substantial Shareholders

Presently, our substantial shareholders are ECS Holdings, Sengin and TSP. Following our IPO, they may hold up to 74.5% of our enlarged issued and paid-up share capital.

The aforesaid substantial shareholders may be able to influence the outcome of certain matters requiring the votes of our shareholders unless they are required to abstain from voting by law and/or by the relevant authorities. Nevertheless, independent committees such as the Audit Committee and Remuneration Committee have been set up to provide a certain degree of oversight and to maintain effective corporate governance.

4.5.2 No Prior Market for our Shares

Prior to the Listing, there has been no public market for our Shares. There can be no assurance that an active market for our Shares will develop upon our listing on the Main Market of Bursa Securities or, if developed, that such a market will be sustained. The IPO Price of RM1.46 per Share has been determined after taking into consideration a number of factors including, but not limited to, operating and financial history and conditions, prospects of the industry in which we operates, management strength and the prevailing market conditions after our IPO which may be influenced by a number of other factors, including the depth and liquidity of the market for our Shares and investors' perception of our Group.

There can be no assurance that the IPO Price will correspond to the market price at which our Shares will trade upon or subsequent to listing on the Main Market of Bursa Securities.

4.5.3 Volatility in the Market Price of our Shares

The market price of our Shares may fluctuate as a result of variations in our operating results. If the trading volume of our Shares is low, the price fluctuation may be exacerbated, particularly as no stabilising transactions can or will be undertaken in respect of Shares in connection with this listing exercise or thereafter. As in the case of other public listed companies, the market price of our Shares are prone to fluctuations based on recommendation changes by securities research analysts' based upon their assessment of our Company's fair value.

4.5.4 Failure/Delay in the Listing Exercise

The listing exercise is also exposed to the risk that it may fail or be delayed should the following events occur:

(a) the identified investors fail to subscribe for the portion of IPO Shares placed to them pursuant to the Public Issue or Offer for Sale;

(b) the Underwriter exercising its rights pursuant to the Underwriting Agreement discharging itself from the obligations thereunder in the events of default as provided in the Underwriting Agreement; or

(c) our Company is unable to meet the public spread requirement of Bursa Securities i.e. at least 25% of the issued and paid-up capital of our Company must be held by not less than 1,000 public shareholders, each holding not less than 100 Shares upon completion of our IPO at the point of listing.

Although our Board will endeavour to ensure compliance of the various listing requirements and requirements of other relevant authorities, including the public spread requirement imposed by Bursa Securities, for a successful listing of our Company on the Main Market of Bursa Securities, no assurance can be given that the abovementioned factors will not cause a delay in or the abortion of the Listing.

4.5.5 Forward-Looking Statements

Certain statements in this Prospectus are based on historical data which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on estimates and assumptions made by our Board, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

Such factors include, inter-alia, general economic and business conditions, competition, the impact of new laws and regulations affecting our Group and the industry, changes in interest rates and changes in foreign exchange rates. In light of these uncertainties, the inclusion of forward-looking statements in this Prospectus should not be regarded as a representation or warranty by us or our advisers that the plans and objectives of our Group will be achieved.

Given the risks and uncertainties that may cause our Group's actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Prospectus, we advise investors not to place undue over-reliance on those statements. We are not warranting or representing to investors that our Group's actual future results, performance or achievements will approximate those as discussed in those statements.

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5. INFORMATION ON OUR GROUP

5.1 Incorporation & History

Our Company was incorporated in Malaysia under the Act as a private limited company on 14 July 1995 under the name Antara IT Sdn. Bhd. (351038-H). Since incorporation, we remained as a dormant company until 30 January 2002, when we were awarded the MSC status by MDeC. Since obtaining the MSC status, our Company has been involved in the provision and development of Internet-based e-commerce systems and e-solutions. We also conduct R&D to cater for our sales and marketing operations, on behalf of our Group. In recognition of the MSC status, we have changed our name to ECS ICT Sdn Bhd on 30 December 2002.

In 2007, ECS ICT Sdn Bhd has been identified as the listing vehicle pursuant to the Listing of our Group. Pursuant to the Listing, we were converted into a public company on 26 May 2009.

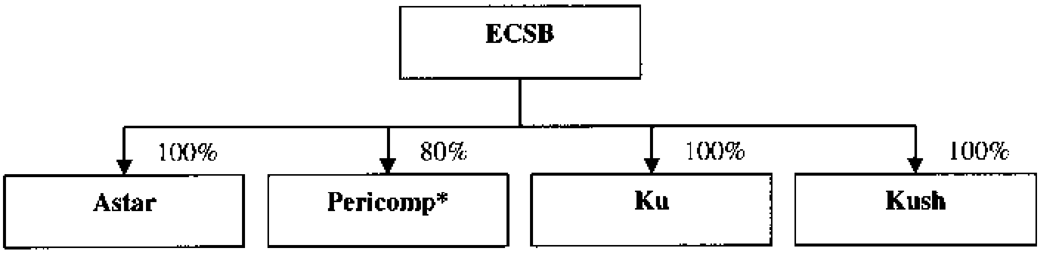
Our Group is principally involved in the distribution of ICT products, enterprise systems and the provision of ICT services. Our principal activities are categorised into three (3) business segments namely:

- ICT Distribution;
- Enterprise Systems; and
- ICT Services.

Our business activities lie predominantly in the distribution of ICT products and enterprise systems. We purchase ICT hardware and software from multiple international leading ICT principals such as HP, Cisco and Microsoft, and distribute them to resellers which typically comprises of system integrators, corporate dealers and retailers. Some of the examples of the products commonly purchased by our resellers includes servers, PCs, notebooks, printers, scanners, wireless products, LCD monitors, operating systems, system management tools and ICT security products.

Pursuant to the Internal Rationalisation, ECSB became the holding company of Astar, Ku, Kush and Pericomp.

Our existing group structure is as follows:



Note:

* *Pericomp shall become a wholly-owned subsidiary of ECSB upon the completion of the Proposed 20% Pericomp Acquisition, which is expected to be completed after the issuance of this Prospectus.*

Details on the subsidiary companies of our Group are set out in Section 5.3 of this Prospectus.

The history of ECSB Group can be traced back to the incorporation of Ku in 1984 which was established to provide PC system, hardware, software and service to businesses. In 1986, our founders and Directors, Foo Sen Chin and Dato' Teo, executed a management buy-out of Ku from KOMPUTER-USAHA Sdn Bhd which resulted in a transfer of ownership to Sengin and TSP respectively. In the same year, Pericomp was incorporated to undertake the distribution of ICT products.

In 1993, Kush was incorporated to serve as the investment holding company of our Group. Astar was also incorporated in the same year to serve as the marketing and distribution arm of our Group for ICT products such as microcomputers, peripherals and software. During the same year, we have also established our presence in Penang by setting up a branch office in Jelutong.

5. INFORMATION ON OUR GROUP

In 1997 and 1998, Kush and Astar won the Enterprise 50 Award Programme, in recognition of their entrepreneurial excellence.

In 2000, in conjunction with the listing exercise of ECS Holdings on the SGX in 2001, ECS Holdings acquired a 60% interest in Kush. Accordingly, Kush became a subsidiary company of ECS Holdings, which is a regional distributor of ICT products and services. Subsequently in 2002, we have adopted the "ECS" prefix in our Group's name to signify our regional presence.

In 2007, ECSB Group set up two (2) warehouses in Kota Kinabalu and Kuching to expand our business to the East Malaysia region. In the following year, we established an office in Johor Bahru to service our customer in the southern region as well as a sales office in Kuantan to service our customers in the East Coast region.

In December 2008, we have moved from both our corporate office in Kelana Jaya and warehouse facility in Shah Alam, to an integrated purpose-built office and warehouse facility in Kota Damansara.

5.2 Share Capital

Our authorised, issued and fully paid-up share capital as at LPD is as follows:

	Number of Shares	Par Value *RM*	Share Capital *RM*
Authorised share capital	1,000,000,000	0.50	500,000,000
Issued and fully paid-up share capital			
As at the date of this Prospectus	92,000,000	0.50	46,000,000
To be issued pursuant to the Proposed 20% Pericomp Acquisition	1,000,000	0.50	500,000
New Shares to be issued pursuant to the Public Issue	27,000,000	0.50	13,500,000
Total	120,000,000	0.50	60,000,000

The changes in the issued and fully paid-up share capital of our Company, since its incorporation, are as follows:

Date of Allotment	No. of Shares	Par Value RM	Consideration	Cumulative issued and paid-up share capital RM
21.07.1995	2	1.00	Subscribers' shares	2
02.01.1997	10,000	1.00	Cash	10,002
01.06.2006	489,998	1.00	Cash	500,000
28.05.2009	1,000,000	0.50	Share split	500,000
25.11.2009	91,000,000	0.50	Acquisition of Kush	46,000,000

Save as disclosed above and as at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in our Company.

5. INFORMATION ON OUR GROUP

5.3 Information on Our Subsidiary Companies

5.3.1 Kush

(i) **History and Business**

Kush was incorporated in Malaysia under the Act on 11 May 1993 as a private limited company under the name of K.U. Sistem Holdings Sdn. Bhd. (263807-K). On 19 April 2002, it changed its name to the present name. The company commenced its business in 1993 and is principally engaged in the provision of management, financial, accounting, warehousing and logistic services. As at LPD, Kush has 69 employees under its payroll.

(ii) **Share Capital**

As at LPD, the authorised share capital of Kush was RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 1,000,002 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of Kush since its incorporation are as follows:-

Date of Allotment	No. of Shares	Par Value RM	Consideration	Cumulative issued and paid-up share capital RM
11.05.1993	2	1.00	Subscribers' shares	2
01.07.1993	1,000,000	1.00	Issued pursuant to the acquisition of K.U Sistem Sdn Bhd	1,000,002

Save as disclosed above and as at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Kush.

(iii) **Substantial Shareholders**

Kush is a wholly-owned subsidiary of our Company.

(iv) **Subsidiary and Associated Companies**

As at LPD, Kush does not have any subsidiary and associated companies.

5.3.2 Astar

(i) **History and Business**

Astar was incorporated in Malaysia under the Act on 11 May 1993 as a private limited company under the name of K.U. Sistem Marketing Sdn. Bhd. (263791-K). On 19 November 1994, it changed its name to Astar Marketing Sdn. Bhd. and subsequently assumed its present name on 8 April 2002. The company commenced its business in 1995 and is principally engaged in the business of marketing and distribution of microcomputers, peripherals and software for HP, Apple, Samsung, Microsoft, Adobe, Epson, Buffalo, Linksys, Canon, Autodesk, SonicWall, Symantec, Nortel, Philips, Extreme Network and Force 10. In addition, Astar is an authorised service centre for HP, Apple, Microsoft hardware, IBM, Buffalo, Linksys and Canon for warranty services and repair. As at LPD, Astar has 119 employees under its payroll.

(ii) **Share Capital**

As at LPD, the authorised share capital of Astar was RM500,000 comprising 500,000 ordinary shares of RM1.00 each, all of which have been issued and fully paid-up.

5. INFORMATION ON OUR GROUP

The changes in the issued and paid-up share capital of Astar since its incorporation are as follows:-

Date of Allotment	No. of Shares	Par Value RM	Consideration	Cumulative issued and paid-up share capital RM
11.05.1993	2	1.00	Subscribers' shares	2
08.04.1995	99,998	1.00	Cash	100,000
31.12.1997	400,000	1.00	Bonus Issue	500,000

Save as disclosed above and as at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Astar.

(iii) **Substantial Shareholders**

Astar is a wholly-owned subsidiary of our Company.

(iv) **Subsidiaries and Associated Companies**

As at LPD, Astar does not have any subsidiary and associated companies.

5.3.3 Ku

(i) **History and Business**

Ku was incorporated in Malaysia under the Act on 12 July 1984 as a private limited company under the name of Actimar Sdn. Bhd. (123121-M). On 4 December 1984, it changed its name to K.U. Sistem Sdn. Bhd. and subsequently assumed its present name on 8 April 2002. The company commenced its business in 1985 and is principally engaged in the provision of ICT systems and services. As at LPD, Ku has 48 employees under its payroll.

(ii) **Share Capital**

As at LPD, the authorised share capital of Ku was RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each, of which 400,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of Ku since its incorporation are as follows:-

Date of Allotment	No. of Shares	Par Value RM	Consideration	Cumulative issued and paid-up share capital RM
12.07.1984	2	1.00	Subscribers' shares	2
14.08.1985	29,998	1.00	Cash	30,000
14.08.1985	70,000	1.00	Acquisition of microcomputer stocks from Komputer Usaha Sdn Berhad	100,000
01.07.1988	100,000	1.00	Cash	200,000
22.06.1990	200,000	1.00	Bonus Issue	400,000

Save as disclosed above and as at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Ku.

(iii) **Substantial Shareholders**

Ku is a wholly-owned subsidiary of our Company.

(iv) **Subsidiary and Associated Companies**

As at LPD, Ku does not have any subsidiary and associated companies.

5.3.4 Pericomp

(i) **History and Business**

Pericomp was incorporated in Malaysia under the Act on 30 May 1986 as a private limited company under the name of Pericomp Sdn. Bhd. (153647-U). On 14 July 1987, it changed its name to Pericomp-Sistech Sdn. Bhd. and subsequently assumed its present name on 27 March 2002. The company commenced its business in 1986. It is principally engaged in the distribution of value ICT products through a distribution network of approximately 500 resellers throughout Malaysia. Pericomp is an authorised distributor for a wide range of products in Malaysia, with the brands such as Cisco, IBM, Juniper, Sun, Panduit, Red Hat, Printronix, Lexmark, Google, Blue Coat, Intermec and EMC. As at LPD, Pericomp has 52 employees under its payroll.

(ii) **Share Capital**

As at LPD, the authorised share capital of Pericomp was RM400,000 comprising 400,000 ordinary shares of RM1.00 each, all of which have been issued and fully paid-up.

The changes in the issued and paid-up share capital of Pericomp since its incorporation are as follows:-

Date of Allotment	No. of Shares	Par Value RM	Consideration	Cumulative issued and paid-up share capital RM
30.05.1986	2	1.00	Subscribers' shares	2
18.10.1986	99,998	1.00	Cash	100,000
25.02.1987	100,000	1.00	Cash	200,000
27.09.1991	200,000	1.00	Cash	400,000

Save as disclosed above and as at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Pericomp.

(iii) **Substantial Shareholders**

Pericomp is a 80%-owned subsidiary of our Company.

The remaining 20% of the issued and paid-up share capital or 80,000 ordinary shares of RM1.00 each in Pericomp is held by SiS Investment, which in turn, is a wholly-owned subsidiary company of SiS International Holdings Limited, a company listed on the Main Board of SEHK.

Pericomp shall become a wholly-owned subsidiary of our Company, upon the completion of the Proposed 20% Pericomp Acquisition, after the issuance of this Prospectus.

(iv) **Subsidiary and Associated Companies**

As at LPD, Pericomp does not have any subsidiary and associated companies.

5. INFORMATION ON OUR GROUP

5.4 Listing Scheme

In conjunction with, and as an integral part of our Listing, we are undertaking a listing scheme, which was approved by SC on 29 September 2009, involving the following:-

5.4.1 Internal Rationalisation

(a) **Acquisition of ECSB**

ECS Holdings, TSP and Sengin had on 18 June 2009, entered into a SSA with ECSB Vendors and ECSB to acquire the entire issued and paid up share capital of ECSB from the ECSB Vendors at a cash consideration of RM39,075.

The consideration for the Acquisition of ECSB was arrived at on a willing buyer-willing seller basis after taking into consideration the NTA of ECSB as at 31 December 2008 of RM39,075.

ECSB Vendors	Shareholdings in ECSB		Purchase Consideration
	No. of shares	%	RM
Kush	999,996	99.99	39,074.80
Dato' Teo	2	Negligible	0.10
Foo Sen Chin	2	Negligible	0.10
Total	**1,000,000**	**100.0**	**39,075.00**

The Acquisition of ECSB was completed immediately prior to the Acquisition of Kush.

(b) **Acquisition of Kush**

On 18 June 2009, we entered into a SSA with Kush Vendors to acquire the entire issued and paid-up share capital of Kush from the Kush Vendors at a purchase consideration of RM68,462,121 to be satisfied through the issuance of 91,000,000 new ECSB Shares of approximately RM0.75 per ECSB Share.

The consideration for the Acquisition of Kush was arrived at on a willing buyer-willing seller basis after taking into consideration the audited NTA of Kush as at 31 December 2008 of RM68,462,121.

Kush Vendors	Shareholdings in Kush		Purchase Consideration	No. of new ECSB Shares issued
	No. of Shares	%	RM	
ECS Holdings	600,002	60	41,077,327	54,600,000
Sengin	200,000	20	13,692,397	18,200,000
TSP	200,000	20	13,692,397	18,200,000
Total	**1,000,002**	**100**	**68,462,121**	**91,000,000**

The Acquisition of Kush has been completed.

(c) Transfers

To complete the Internal Rationalisation, we concurrently acquired:-

(i) the entire issued and paid up share capital of Astar comprising 500,000 ordinary shares of RM1.00 each from Kush for a cash consideration of RM100,000;

(ii) the entire issued and paid up share capital of Ku comprising 400,000 ordinary shares of RM1.00 each from Kush for a cash consideration of RM1,000,000; and

(iii) 320,000 ordinary shares of RM1.00 each in Pericomp from Kush representing 80% of the total issued and paid-up share capital of Pericomp for a cash consideration of RM560,000.

The consideration for the Transfers was arrived at based on the respective costs of investment of Kush in Astar, Ku and Pericomp as at 31 December 2008 as per their respective audited accounts for the FYE 31 December 2008.

The consideration for the Transfers is wholly satisfied by way of an indebtedness owing by ECSB to Kush ("**Indebtedness**"). The said Indebtedness shall be financed by the proceeds arising from the Public Issue and shall be settled by ECSB within seven (7) days from the date of admission of ECSB into the Official List of the Main Market of Bursa Securities.

The Transfers has been implemented and completed prior to the issuance of the Prospectus.

5.4.2 Special Dividend

Prior to the completion of the Internal Rationalisation, Kush had in aggregate declared special dividends arising from the profits for the FYE 2009, amounting to RM9.6 million to its existing shareholders, namely ECS Holdings, TSP and Sengin. The Special Dividend shall be paid out from the retained earning of Astar as at 30 September 2009. No special dividend was declared or paid by Pericomp.

The Special Dividend forms part of the listing scheme which was approved by the SC, subject to the condition imposed by SC as set out in Section 9.1 of this Prospectus.

Our Board has confirmed that the resultant NTAs of Kush and Astar would not be less than their respective audited NTAs as at 31 December 2008 after the Special Dividend and that it will not have a significant adverse effect on the financial and liquidity position of our Group in carrying out our business operations.

5.4.3 Proposed 20% Pericomp Acquisition

We had on 18 June 2009, entered into a SSA with SiS Investment to acquire the remaining 80,000 ordinary shares of RM1.00 each, representing 20% of the total issued and paid up share capital of Pericomp for a purchase consideration of RM6,900,000.

The total purchase consideration of RM6,900,000 shall be satisfied through the issuance of 1,000,000 new ECSB Shares and cash of RM5,440,000. The settlement of cash portion of the purchase consideration of RM5,440,000 shall be financed by the proceeds arising from the Public Issue and shall be settled within seven (7) days from the date of our admission into the Official List of the Main Market of Bursa Securities.

The Purchase Consideration of RM6,900,000 was arrived at on a willing buyer-willing seller basis between our Company and SiS Investment, based on the earnings potential and the net assets backing of Pericomp. Based on the PAT of Pericomp for the FYE 2008, the Purchase Consideration represents a net PE Multiple of approximately 7.13 times and approximately 1.30 times of the NTA of Pericomp as at 31 December 2008.

The Proposed 20% Pericomp Acquisition shall be completed upon full subscription of the IPO Shares (including any subscriptions by the Underwriter) after the issuance of this Prospectus. Nevertheless, it shall be implemented before the listing of ECSB on the Main Market of Bursa Securities.

5.4.4 IPO

(i) **Public Issue**

We are undertaking a public issue of 27,000,000 new ECSB Shares at an issue price of RM1.46 per Share payable in full on application upon such terms and conditions as set out in this Prospectus of which details of the allocation and allotment are set out in Section 3.4.1 of the Prospectus. The 27,000,000 Public Issue Shares represent approximately 22.5% of our enlarged issued and paid-up share capital after the IPO.

(ii) **Offer for Sale**

Our Offerors are undertaking the Offer for Sale of 20,000,000 Offer Shares at an IPO Price of RM1.46 per Share payable in full on application upon such terms and conditions as set out in this Prospectus of which details of the allocation and allotment are set out in Sections 3.4.1 and 3.4.3 of this Prospectus. The Offer Shares represent approximately 16.7% of our enlarged issued and paid-up share capital after the IPO.

On 24 December 2009 and 2 March 2010, MIMB had on behalf of ECSB notified the SC that the Offerors have opted to retain certain flexibility over the total amount of Offer Shares to be placed out to identified investors, as per the Minimum Scenario and Maximum Scenario. As such, the number of Offer Shares shall range between 2,600,000 Offer Shares and up to 20,000,000 Offer Shares representing 2.2% (Minimum Scenario) and 16.7% (Maximum Scenario) of our enlarged issued and paid-up share capital after the IPO.

All of the IPO Shares shall rank pari-passu in all respects with the existing ECSB Shares including voting rights and rights to all dividends and other distributions that may be declared subsequent to the date of listing.

Upon completion of the IPO, our existing issued and paid-up share capital shall be increased from RM46,000,000 comprising of 92,000,000 ECSB Shares to RM60,000,000 comprising of 120,000,000 ECSB Shares.

There is no minimum subscription proposed for the Public Issue.

5.4.5 Proposed Utilisation of the Proceeds Arising from the Public Issue

Kindly refer to Section 3.8 of this Prospectus on details of the proposed utilisation of the proceeds from the Public Issue.

5.4.6 Listing

Upon completion of the IPO, our Company shall seek the approval of Bursa Securities for the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities of RM60,000,000 comprising 120,000,000 ECSB Shares.

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5.5 Non-Compete Agreement

Since our IPO would result in the de-consolidation of our Group as subsidiaries of VST ("**Spin-Off Listing**"), VST is required to seek the approval of the SEHK for the Spin-Off Listing pursuant to SEHK listing rules.

Accordingly, VST had on 20 November 2008 submitted an application to the SEHK for the Spin-Off Listing, which was subsequently approved vide its letter dated 18 March 2009.

In order to satisfy SEHK listing rules whereby there must be a clear delineation between the businesses retained by VST (including ECS Holdings) and the businesses of our Group, our Company shall enter into a non-compete agreement with VST whereby both parties shall mutually undertake:-

(i) not to distribute in or export computer products to the other's territories;

(ii) to refer prospective customers / suppliers of computer products for distribution to the other party; and

(iii) that such other party shall have a right of first refusal in relation to such prospective customers / suppliers.

(hereinafter referred to as "**Non-Compete Agreement**").

Further to the above, the Non-Compete Agreement shall be terminated and cease to have force in the event:-

(i) VST's shareholding in our Company (through ECS Holdings) falls below 30% of the issued and paid up share capital of our Company; or

(ii) VST and/or our Company is de-listed from SEHK and Bursa Securities respectively.

Our Board wish to highlight that it is not a practice by VST, ECS Holdings or our Company to enter into non-compete agreements with each other and the above-mentioned Non-Compete Agreement was proposed mainly to address the SEHK's concern that the Spin-Off Listing could potentially be detrimental to VST due to the possibility of competition between ECSB and VST within the same market in the future, as a result of the Spin-off Listing.

Our Board also do not expect the Non-Compete Agreement to have a significant adverse affect on the financial and business position of our Group in carrying out its business operations, since all of our business operations are in Malaysia where VST has no presence.

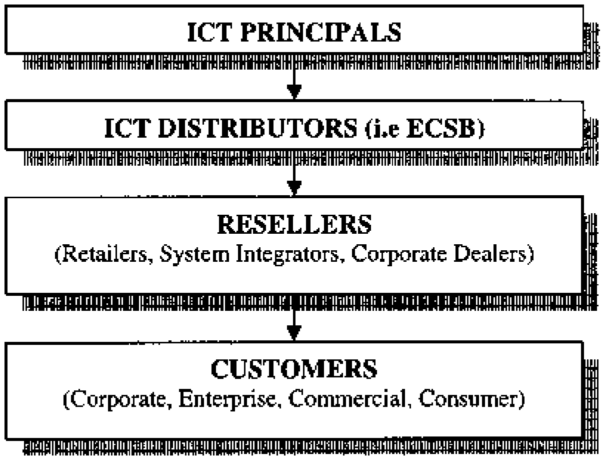
Most of our distributorship agreements with our ICT principals would normally include clauses that limit our scope of distribution of ICT products in Malaysia and re-exporting would normally be prohibited. As such, the Non-Compete Agreement is not expected to impose any additional restriction to our business operations.

6. BUSINESS OVERVIEW

6.1 Background

Being one of the largest ICT distributors in Malaysia in terms of revenue, we offer a wide range of ICT products and enterprise systems originating from leading international ICT principals. Additionally, we provide our customers with a substantial range of services such as system integration, network and Internet solutions, software support services, hardware repairs and general ICT maintenance services. As a result, we are recognised as an ICT hub for ICT hardware, software and related services. We are also commonly referred by our ICT principals and resellers/customers as a channel development partner.

Our position as an ICT distributor in the ICT industry value chain is illustrated in the following flow chart:-



Since our inception, our market share in the ICT distribution market has grown in line with our network of resellers. These resellers are usually retailers, system integrators and corporate dealers. Generally, retailers resell the ICT products distributed by us to SMEs and home-users while system integrators and corporate dealers resell our products to SMEs, large corporations and the Government.

With over 20 years of experience within the ICT industry, our ability to deliver quality products and provide high standard of service establishes our firm's reputation as a reliable ICT hub.

We believe in developing and fostering strong business partnerships with all our customers. This can be observed through our value added services and facilities which we provide to our customers, such as our B2B System, e-payment and credit card terminal schemes. These services and facilities allow for greater ease in processing daily trade activities which then translates to greater operational efficiencies.

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6. BUSINESS OVERVIEW

6.2 Products & Services

As at LPD, our Group's principal activities are categorised into three (3) business segments namely ICT Distribution, Enterprise Systems and ICT Services. Generally, the ICT Distribution and Enterprise System Segments are differentiated by the nature of the ICT products being distributed and the type of end users. ICT Services comprises services-related activities catered to both the ICT Distribution and Enterprise System segments and on a stand-alone basis. The said business segments are further elaborated below:-

(a) ICT Distribution

Our ICT Distribution business segment is defined as the distribution of volume ICT products to our resellers. We distribute and market a wide range of ICT products from the industry's leading computer hardware suppliers, software publishers, networking equipment suppliers and other suppliers of computer peripherals. We offer a comprehensive range of ICT products to our resellers comprising PCs, notebooks, printers, scanners, software and other peripherals. Examples of the leading ICT principals we represent are HP, Apple, Samsung, Microsoft, Adobe, Epson, Buffalo, Linksys, Canon, Autodesk, SonicWall, Symantec, Nortel, Philips, Extreme Network and Force 10.

We are also the authorised service centre for HP, Apple, Microsoft hardware, IBM, Buffalo, Linksys and Canon and we also provide warranty services for the ICT products sold by us.

Our ICT Distribution business segment is carried out by Astar, which serves a network of approximately 2,000 resellers in Malaysia. Our resellers, consisting mainly retailers, corporate dealers and system integrators, resell our products to consumers and SMEs.

Our extensive distribution network has been built over the past twenty (20) years since our inception and many of our resellers have been our regular customers for more than five (5) years.

(b) Enterprise Systems

Our Enterprise Systems business segment is defined as the distribution of value ICT products to our resellers, comprising mainly system integrators and corporate dealers. Within this business segment, we offer network and communication, server and software products. We design, install and implement ICT infrastructure systems and solutions by offering a complete range of enterprise servers, workgroup servers, operating systems, application software, system management tools and ICT security products. Examples of the industry's leading ICT principals which we represent under our Enterprise Systems business segment include Cisco, IBM, Juniper, Sun, Panduit, Red Hat, Printronix, Lexmark, Google, Blue Coat, Intermec and EMC. We are the authorised service provider for Cisco, Sun, Juniper and Printronix.

Our distribution of value ICT products is primarily carried out by Pericomp, which distributes to a network of approximately 500 resellers in Malaysia. Our resellers will then resell our products to large corporations, MNCs, SMEs and the Government.

(c) ICT Services

Our ICT Services business segment is defined as the provision of ICT services. We provide ICT Services to large corporations and customers of Astar and Pericomp. The activities under this business are carried out by Ku. The value-added service provided by Ku can be categorised as follows:-

(i) Hardware support, maintenance and repair (including sales of spare parts); and

(ii) System integration, which involves consultation, designing of networks, installation of hardware and software and implementation and management of ICT systems;

6. BUSINESS OVERVIEW

6.3 Principal Place of Business

Our main corporate office and warehousing facility is located at Lot 3, Jalan Teknologi 3/5, Taman Sains Selangor, Kota Damansara, 47810 Petaling Jaya, Selangor.

The integrated purpose-built facility comprises a three (3)-storey office cum single storey warehouse, built on a 2.6 acre land and has a total built up area of approximately 82,000 sq. ft., of which approximately 40,000 sq. ft. is warehousing space. By having an adjoining office with the new warehouse, we are able to integrate our sales, marketing and finance operations together with our logistic and warehousing operations under one roof for better efficiency and services.

We do not own any properties. Our offices and warehousing operations which are rented, are in the following locations:-

State	Address	Built-up Area (Sq.ft.)	* Rental per year (RM'000)	Purpose
Selangor	Lot 3, Jalan Teknologi 3/5, Taman Sains Selangor, Kota Damansara, 47810, Petaling Jaya	82,000	1,546	Main corporate office and main warehouse
Selangor	AB09, MSC Malaysia Technology Commercialization Centre, MSC Headquarters, 63000, Cyberjaya	140	11	Office
Penang	No.18, Jalan Perusahaan Jelutong 2, Fortune Park, 11600, Jelutong	3,400	72	Office & warehouse
Johor	Unit 5.01, Level 5, Plaza DNP, 59, Jalan Dato' Abdullah Tahir, 80300, Johor Bahru	120	6	Office
Pahang	3rd Floor, No.54, Jalan Gambut, 25000, Kuantan	130	5	Office
Sabah	Lot 3-11, 3rd Floor, Block C, Kompleks Karamunsing, 88300, Kota Kinabalu	208	7	Office
Sabah	Lot 30C, Jalan Nountun, 88450 Inanam, Kota Kinabalu	1,300	34	Warehouse
Sarawak	Lot 827, Lorong 5 Demak Laut Industrial Park, 93050, Kuching	1,300	34	Warehouse

* *Annualised based on the monthly rental rate as at 30 September 2009.*

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6. BUSINESS OVERVIEW

6.4 Key Milestones & Achievements

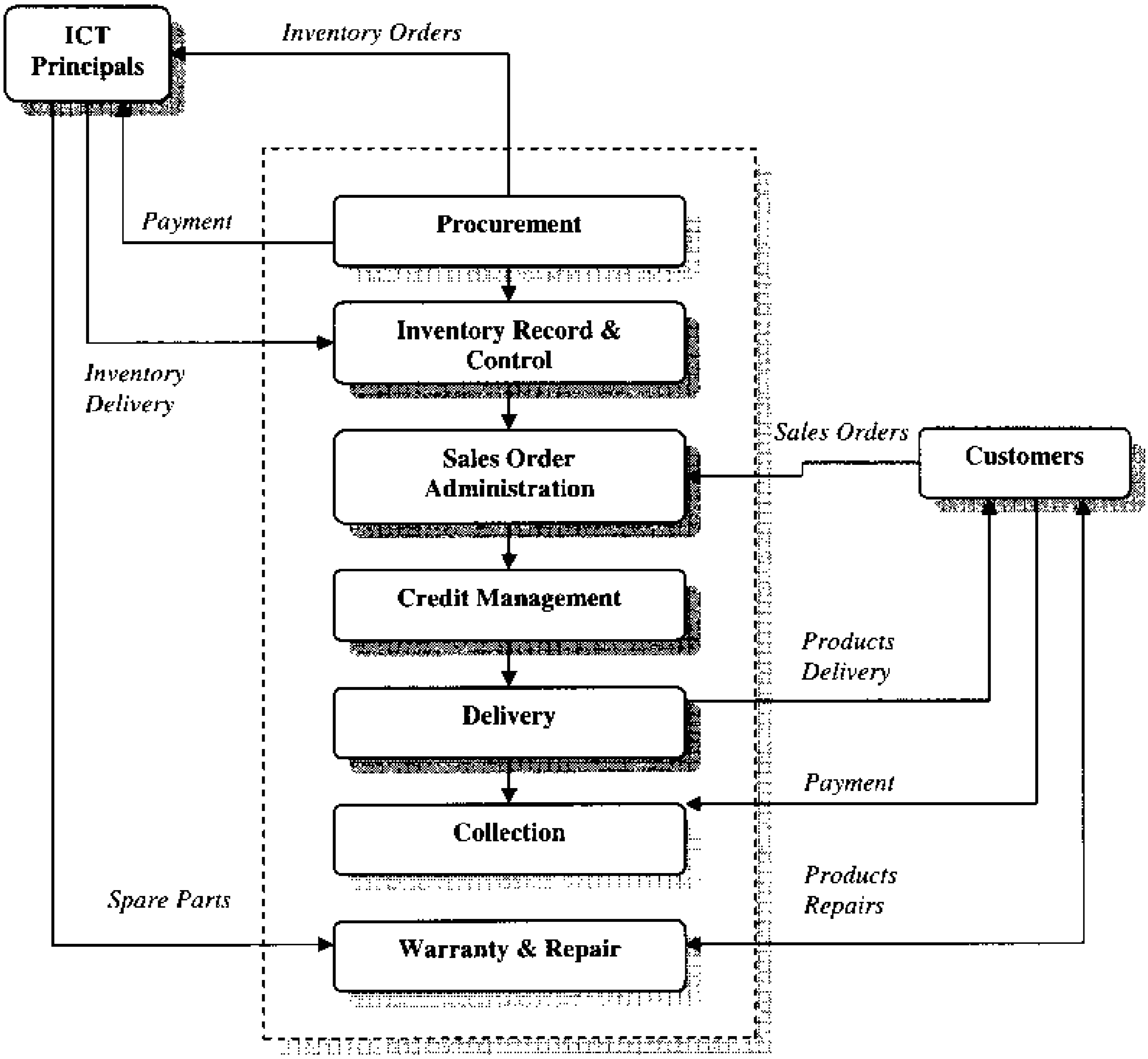
Over the years, our Group has achieved several milestones which we believe are turning points and important for our Group's future development. The list of our achievement and milestones are summarised as follows:-

Year	Milestone
1984	▪ Our Group was established through the founding of Ku to provide PC system, hardware, software and service to businesses.
1986	▪ Our founders and Directors, Foo Sen Chin and Dato' Teo executed a management buy-out of Ku. ▪ Incorporation of Pericomp.
1993	▪ Incorporation of Astar. ▪ Incorporation of Kush. ▪ Acquisition of two (2) office blocks in a 5-storey building situated in Kelana Jaya.
1994	▪ We moved into our corporate office in Kelana Jaya. ▪ We established a branch office in Penang to manage sales and offer ICT support in the northern region of Malaysia.
1995	▪ Astar assumed Ku's distributorship of HP's PC products.
2000	▪ ECS Holdings purchased 60% of Kush.
2001	▪ ECS Holdings was listed on SGX, Singapore. ▪ Successful implementation of ERP system.
2002	▪ We changed our names to adopt the 'ECS' corporate identity. ▪ ECSB was awarded MSC status by MDeC.
2004	▪ Launch of B2B System for the ICT distribution market.
2005	▪ Introduction of credit card terminal collection programme to our retailers.
2006	▪ Successful implementation of EKP system.
2007	▪ We successfully set up warehouses in Kota Kinabalu and Kuching.
2008	▪ Establishment of a sales office in Johor Bahru. ▪ Installation of over 720 credit card terminals in over 107 retail outlets. ▪ Establishment of an online FPX payment gateway which enables direct payment by our B2B resellers to us. ▪ Establishment of a sales office in Kuantan. ▪ Relocation of our corporate office and warehouse to a purpose-built facility in Kota Damansara.
2009	▪ Hosting of Regional Executive Committee Meeting for six countries and Board of Directors Meeting of ECS Holdings at our new corporate office. ▪ Establishment of a sales office in Kota Kinabalu. ▪ Obtained approval from the SC for the listing of our Company on the Main Market of Bursa Securities.
2010	▪ Proposed Listing on the Main Market of Bursa Securities.

6. BUSINESS OVERVIEW

6.5 Business Process

Our business process can be categorised into seven (7) distinct functions which is depicted in the following flow-chart and further elaborated in the ensuing sections:-



6.5.1 Procurement

We procure our ICT products from various international leading ICT principals. Under this function, we adhere to an established procurement policy which enable us to optimise our stock level and reduce potential stock obsolescence, resulting from over-stocking.

PO requisitions are initiated by our Purchasing Executive and jointly approved by our Product Managers from sales division and Inventory Managers from administration division. Upon approval, the PO is manually/electronically submitted to the respective ICT principals.

Purchase reports and inventory aging reports are generated on a daily, weekly and monthly basis to assist in product marketing, order planning as well as control of incoming and outgoing orders.

6.5.2 Inventory Record and Control

Under this function, our logistic department will conduct physical condition check and quantity count against the ICT principal's delivery order records when goods are received. Any discrepancies are reported for follow up action. Thereafter, the goods are accepted and recorded in our ERP system which serves as a secondary validation of quantity and price. This procedure allows us to reduce the probability of accepting damaged goods or over-billing.

The goods are stored in their designated storage area for easy and speedy retrieval after inspection. The received goods are then systematically tagged and stacked in our warehouse according to product category.

Our management has taken reasonable steps to ensure that all stocks are adequately insured against fire, flood, theft and pilferage. Furthermore, we have also taken precautionary measures against fire outbreaks through the installation of fire hoses and fire extinguishers throughout our warehouse. We regularly conduct fire drills and educate our staff on how to response in the event of a fire outbreak.

To mitigate the risk of theft and pilferage, we have established warehouse management policy which include monthly stock takes, uniforms for the warehouse team, installation of close circuit televisions in the strategic areas of the warehouse and its surrounding. We have also contracted a security company to provide security guards and guard dogs to safeguard our warehouse.

6.5.3 Sales Order Administration

The activities undertaken under the sales order administration function begins with the entertainment of sales enquiry and ends with the actual generation of sales order.

Whilst all of our sales orders are processed through our ERP system, our resellers have the option to place sales orders via facsimile or through our B2B online ordering system, the process of which is further elaborated below:-

(i) **Conventional Sales**

Upon accepting our quotation, our resellers will fax their POs to our sales office. Upon receipt of the PO, our sales department will verify whether the terms and conditions of the PO are acceptable to our respective Product Managers. Accepted POs will be processed through our ERP system and a sales order will be generated for product order delivery.

(ii) **B2B Online Sales**

Through our B2B ordering system, our resellers can conduct online searches on product information, price and stock availability. When the resellers want to make purchases, they can select the products from our online catalogue and make the purchases directly. Consequently, the PO is processed through our ERP system and a sales order will be generated for product order delivery.

6.5.4 Credit Management

Our credit management system is part of the total quality assets management system within our ERP System. It is designed to ensure quality sales, minimum credit risk and efficient working capital management. Our credit management system comprises of:-

A. **Resellers Evaluation Process**

An evaluation is performed for the opening of credit accounts for all the new resellers. Thereafter, the evaluations are performed on an ad hoc and monthly basis to ensure the extended terms and conditions stay relevant to the business. The credit department will perform an integrity check and an independent search on the reseller. After reviewing, our Credit Manager, Financial Controller or Managing Director will approve the credit terms and condition for the reseller. The credit information are updated into our ERP system, which are used for sales order administration purposes.

B. **Customer's Purchase Order Monitoring Process**

All purchase orders received from our resellers are processed through the ERP system. If the sales order is blocked due to overdue invoice, the respective reseller will be notified. Upon settlement of any outstanding or overdue payment, the sales order will then be released by the authorised personnel for the onward delivery of goods. Otherwise, the order will be withheld until payment is resolved.

If the sales order is blocked due to exceeding credit limit, our credit evaluation team will conduct a review on the reseller's trading and payment history before extending its new credit limit. Credit evaluation will take into consideration of the payment history, current overdue invoices and the current business development of the reseller. Upon positive review, the sales order will be released for the onward delivery of goods.

All sales orders meeting the criteria of no overdue invoice and with sufficient credit limit will be automatically released by the system for the onward delivery of goods.

6.5.5 Delivery

When a delivery order is issued, our logistics department will pick the goods from our warehouse, prepare them for delivery and load them into the transportation service provider's truck. The delivery destination and status are managed through our e-delivery system's transporters control list. Our reseller will have to acknowledge the goods received by signing and stamping on our delivery order which will be returned to us by our transportation service provider. Our e-delivery system's transporters control list allows us to manage our deliveries in an orderly manner and to monitor the delivery status on a real time basis.

We utilise external transportation companies to deliver large volume products to our resellers within the Klang Valley and throughout Malaysia. For security reasons, the vehicles used are equipped with GPS tracking systems, allowing us to monitor our products-in-transit and reducing the risk of delays in deliveries, potential hijackings and robberies.

For our Enterprise Systems segment, upon delivery of value ICT products to our customers, we may despatch our technical personnel to assist in installation and implementation, when required by our resellers or end users.

6.5.6 Collection

Generally, our collections are monitored through our monthly accounts receivable aging report. Additionally, our ERP system also has an integrated sales and credit management system which allows us to manage collection through sales order execution. Based on the accounts receivable aging report, our collection team will contact our resellers in relation to due and overdue invoices on a daily basis. Our resellers can make payments to us via the following methods:-

(i) Via cheques by post or by our appointed courier company;

(ii) Via our credit card terminals located at their premises;

(iii) Via direct bank-in; and

(iv) Via the trade card facility provided by us.

All payments received will be banked into our bank account and are subsequently updated in our ERP system's accounts receivable module. Should our retailer make no attempt to repay us after notifications and reminders, our management will take further action to recover our receivables through legal action.

6.5.7 Warranty and Repair

We are the authorised warranty/repair agents for several of our ICT principals, namely HP, Cisco, Apple, Microsoft hardware, IBM, Juniper, Sun, Buffalo, Linksys, Printronix and Canon. We are also the authorised distributor for HP genuine spare parts.

As a value added service, we also offer to our resellers, third (3rd) party repair services for most ICT products. Such cost of repair however, will be charged to our resellers. If the product is still under warranty or we are unable to repair, we provide assistance to our resellers to access our ICT principals' regional services centre for warranty claims or repairs respectively.

Under the circumstances, where our resellers are unable to provide warranty and repair services to their respective customers, we can provide direct/indirect maintenance contracts. For FYE 2008, we secured 145 active maintenance contracts with end user customers valued at RM2.1 million, of which more than 70% has been renewed. As at LPD, the value of our active maintenance contracts stood at RM1.2 million.

When we receive a warranty/repair request from our resellers, a case number is assigned and ICT technician/engineer will attend to the request, access the fault and check whether any parts need replacing. Repair work will commence immediately if the faulty product is still under warranty, otherwise, our technician will assess the cost of repair and issue a quotation to the customer for his confirmation before commencement of repair. If we are unable to repair the product, we will assist the customer in accessing our regional support centre of our ICT principals to resolve any issues.

6. BUSINESS OVERVIEW

6.6 Business & Technology Infrastructure

6.6.1 Our ICT Infrastructure

Our Group rely on an innovative set of technology infrastructure to carry out and support the scale of our business activities. Our existing technology infrastructure has been designed for reliability, scalability and flexibility and is currently being administered by our internal technical staff.

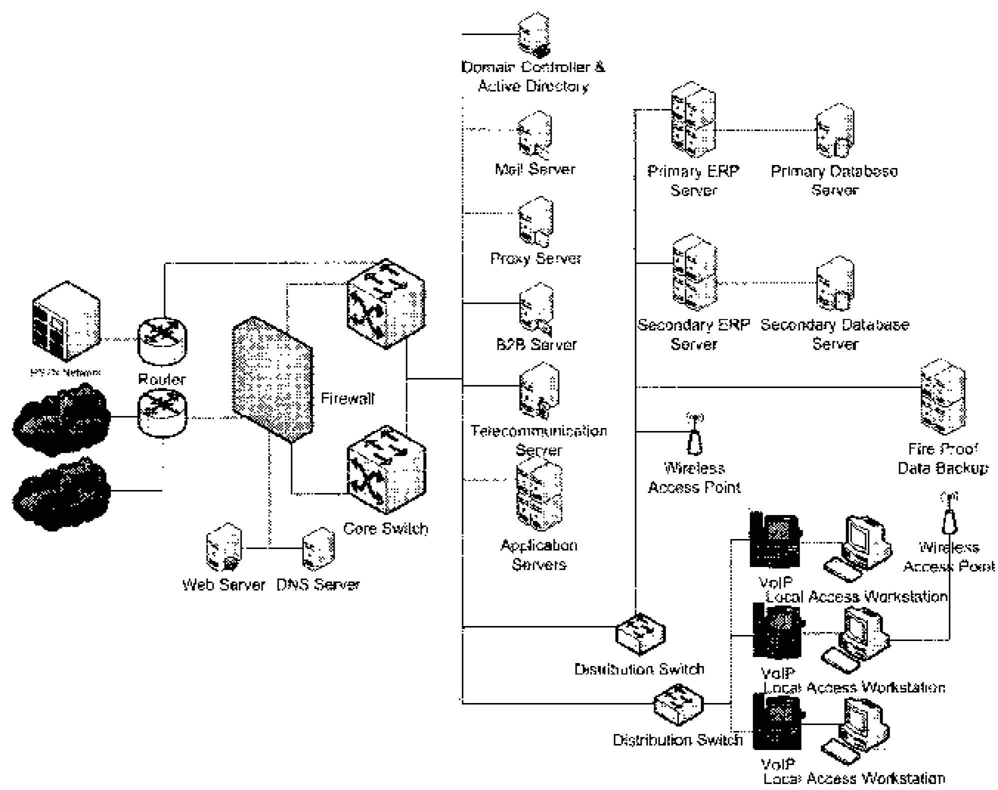
Our infrastructure hardware comprises of various units running on a conventional Microsoft Windows based system whereas we utilise a more flexible UNIX based system to administer our database. Both the hardware portion of the network as well as our database software is resilient and is well integrated into our B2B System.

Our current hardware platform and software required to manage our infrastructure, including our B2B System as detailed in Section 6.6.2 herein, comprises of the following:-

Hardware
- High speed secured routers
- Firewalls with different sub-networks
- Web servers
- Web application servers
- SMTP/POP mail servers
- LDAP directory servers
- Proxy servers
- DNS servers
- Primary and secondary ERP servers
- Primary and secondary ERP application database servers
- Network cabling and switch infrastructure
- B2B servers
- Telecommunication servers
- Voice over Internet Protocol ("**VoIP**") communication system
- Fire proof data backup systems

Software
- Firewall software
- HTTP services software,
- Mail server software
- Directory services software
- Proxy services software
- DNS services software
- ERP software
- Web application software engine
- Database software
- COM+ development tools for Cross-platform Web-ERP integration

ECSB Group's Technology Infrastructure:-



6.6.2 B2B System

In 2004, we have developed a proprietary e-commerce system with the ability to provide our customers an efficient means of ordering and procuring ICT products and services from our Group and also to provide timely logistics information for our management. The deployment of the B2B System has enabled us to achieve a greater level of efficiency in resource planning, streamline our marketing strategy and improve the productivity of our logistics network.

Our B2B System is an extremely robust platform and is compatible with existing commercially available real-time accounting/ERP as well as other front-end web software applications. To further elaborate, our B2B System is designed to handle electronic transactions over the Internet and allow our resellers to search for and purchase our ICT products. Our customers will have access to real time product information, pricing information, inventory availability and can query their respective orders' delivery status.

The B2B System's website showcases a searchable catalogue comprising of all our products. The website features a search tool that has the ability to refine searches based on manufacturer's name, product types as well as specific part numbers.

When orders are finalised, the customer is then prompted to provide delivery details. Upon the submission of these details, various checks are automatically initiated by the B2B System. Orders are only submitted to our warehouse personnel if the credit status of our reseller is deemed satisfactory (i.e the customer's account is current and within their pre-agreed credit limit) and if the requested stock is available.

Once a successful order is made our personnel are electronically notified and begin the necessary preparations needed to ensure a prompt delivery. The strength of the B2B System ensures that the product is received by our customers typically within 24 hours of the order being placed.

6.6.3 Credit Card Terminal Schemes

Our Credit Card Terminal Scheme (**"CCTS"**) was introduced in 2005 to our selected retailers. Our CCTS is designed to improve our collection and cash flow, and reduce our credit risk.

Through our CCTS, we offer our retailers payment facilities through the placement of credit card terminals at their retail outlets. When end-consumers pay for their purchases via our terminals at our retailers' outlets, payments received are paid into our bank account by the issuing financial institution. The sum paid is offset against any outstanding balance owed to us by the said retailer. This enables us to reduce our payment collection time and improve our cash flow.

Only retailers with good financial standings, high sales transactions and sales commitment qualify for our CCTS. Our retailers also benefit as they do not incur any transaction fees when their customers use their credit cards to pay for their purchases in our retailers' outlets.

Due to our established presence, proven track record, extensive reseller base and high transaction volumes, we are able to secure credit card terminals from various reputable financial institutions and obtain lower commission fees.

As at LPD, we have 664 credit card terminals from various reputable financial institutions in service by 104 retailers in Malaysia. We believe that our CCTS will provide us a competitive edge as it will contribute to better business relationships with our retailers and stronger cash flow management.

6.6.4 Trade Card Programme

Our Trade Card Programme ("TCP") is designed to help our retailers grow their business, purchase more products from us and build our relationship with our retailers. Our TCP is targeted to complement the existing credit lines given to our retailers and address our retailers' request for higher credit limits.

Launched in June 2008, our TCP enables our selected retailers to participate in a payment system provided by a financial institution to pay for our products by offering the trade cards and credit lines to our selected retailers based on the records of financial standing and payment history supplied by us. Our retailers can use their trade cards to pay for purchases by using their registered mobile phones to make payment via Short Messaging Service.

Our TCP provides our retailers additional credit facilities for them to purchase from us additional amount beyond their respective credit limits. We do not bear extra credit risks resulting from the credit card purchases since the additional credit line is provided by a financial institution to the retailers directly. Essentially the TCP would allow our Group to increase our sales.

6.6.5 E-Payment Gateway

In 2008, our Group has incorporated an e-payment gateway in our B2B System to enhance our cash collection process. We have identified a payment channel operated by MEPS, known as FPX, which enables customers to make payment at e-market places through our B2B System. We are working with a reputable financial institution to assist us in adopting the FPX payment channel. FPX provides a complete end-to-end business transaction, resourceful payment records, simplified reconciliation and reduced risks as fund movements are between established banks. To operate cost effectively, we will promote our e-payment gateway to our resellers who purchase more than our pre-requisite quantity regularly. We will offer incentives, in the form of rebates, to our resellers who can meet the minimal requirement.

The key benefits of the payment channel are:-

- Extra convenience for customers as they can make payment online.
- The payments are conducted real-time online, thus customers are assured of payment.
- The FPX enhances efficiency via automation and reduces the time taken from customer order stage to the payment stage.
- FPX uses authentication and certification to ensure transaction is secured.

With our business developments strategies, we are able to enhance the success of our business through improved operation efficiency, ease of payment and immediate payment for prompt delivery of goods to our resellers. Working together with our R&D team, we are capable of achieving and improving our quality services to our resellers.

6.6.6 EKP System

In 2006, our Group implemented the EKP system, a knowledge sharing software that provides our employees with a unified gateway to access and share knowledge. Our employees are able to access latest product and pricing information on the EKP system. All authorised employees would have access to a vast range of HR information such as telephone extensions, panel clinics, employee handbook, user guides for online applications related to holiday entitlements and other miscellaneous information regarding the in-house sports and social activities club. In addition to its function as a valuable source of information, the EKP system also provides an interactive platform for the various teams within our IT department to share and exchange technical expertise.

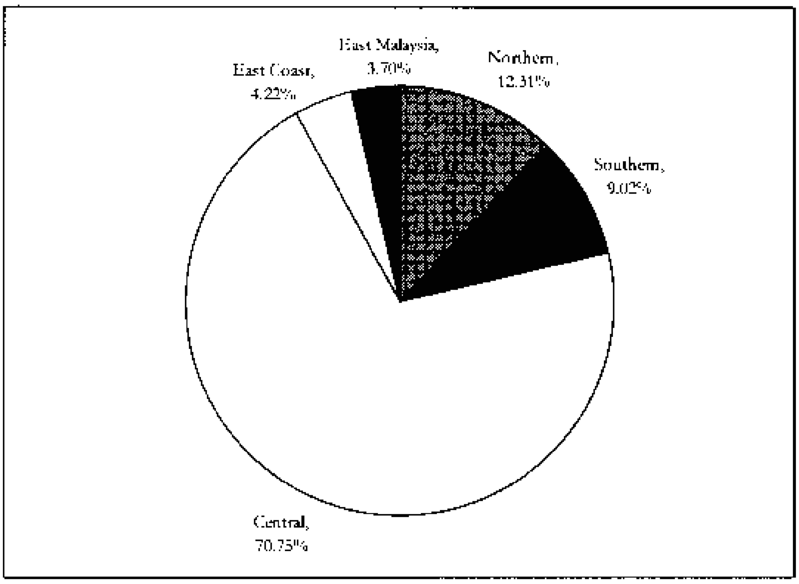
As an ongoing project for logistic management, we have added a few EKP functions such as the e-delivery status and e-dispatch. The e-delivery is part of the sales order management system which provides online real-time delivery status of the estimated 500 daily orders processed. The e-dispatch is part of the collection management system and it consolidates and expedites the collections of cheques and improves daily cash flow.

6. BUSINESS OVERVIEW

6.7 Principal Markets

Our revenues and profits are generated in Malaysia only. Our revenue segmentation by principal markets comprises five (5) regions in Malaysia.

Revenue by Location, FYE 2008



Notes:-
Northern - Penang, Perak, Perlis, Kedah
Southern - Johor, Melaka, Negeri Sembilan
Central - Selangor, Wilayah Persekutuan, Putrajaya
East coast - Pahang, Kelantan, Terengganu
East Malaysia - Sarawak, Sabah, Labuan

The breakdown of the revenue generated by business segment for the past three (3) financial years and for FPE 30 September 2009 are as follows:-

Business Segment	FYE 2006		FYE 2007		FYE 2008		FPE 30 September 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
ICT Distribution	573,149	73.5	750,539	75.3	849,436	72.3	678,873	71.0
Enterprise Systems	190,649	24.5	224,179	22.5	293,094	24.9	257,234	26.9
ICT Services	10,430	1.3	15,807	1.6	24,804	2.1	14,205	1.5
Others	5,296	0.7	5,949	0.6	7,589	0.7	6,381	0.7
Total	**779,524**	**100.0**	**996,474**	**100.0**	**1,174,923**	**100.0**	956,693	100.0
Elimination of inter-company transactions	(13,529)		(19,484)		(15,389)		(16,328)	
Group's Revenue	**765,995**		**976,990**		**1,159,534**		**940,365**	

6. BUSINESS OVERVIEW

6.8 Major Customers

Our Group has a diverse reseller/customer base comprising retailers, system integrators and corporate dealers. In the last three (3) financial years and FPE 30 September 2009, none of our customers have individually contributed to more than 10% of our revenue.

On an aggregate basis, our top ten (10) customers accounted for 18% of our revenue for the FYE 2008, of which the single largest customer contributed to 2.8% of our revenue. Similarly, for FPE 30 September 2009, our top ten (10) customers accounted for 23% of our revenue, of which the single largest customer contributed to 4.8% of our revenue in the said period. Given the above and our resellers reach of approximately 2,500 resellers, we are not dependent on any individual customer.

6.9 Major Suppliers

In the last three (3) financial years and FPE 30 September 2009, only HP Malaysia has accounted for 10% or more of our Group's purchases. HP Malaysia has accounted for approximately 70.1%, 73.6%, 72.6% and 74.4% of our total purchases in FYE 2006, FYE 2007, FYE 2008 and FPE 30 September 2009 respectively.

Nonetheless, we wish to highlight that approximately 94.1% and 92.9% of our Group's purchases in FYE 2008 and FPE 30 September 2009 originates from our top ten (10) suppliers (including HP Malaysia), as set out below:-

	Suppliers in FYE 2008 (ranked as a % of our Group's purchases)	**Length of relationship (years)**	**Products supplied**
(1)	HP Malaysia	21	HP Products
(2)	Cisco	10	Networking equipment
(3)	Microsoft	6	Software & hardware
(4)	Apple	8	Apple Products
(5)	Samsung	4	LCD monitors
(6)	IBM	15	Software
(7)	Adobe	3	Software
(8)	Datacraft Advanced Network Services Sdn Bhd	1	Networking equipment
(9)	Juniper	4	Networking equipment
(10)	Epson	7	Printers & peripherals

	Suppliers in FPE 30 September 2009 (ranked as a % of our Group's purchases)	**Length of relationship (years)**	**Products supplied**
(1)	HP Malaysia	22	HP Products
(2)	Cisco	11	Networking equipment
(3)	Samsung	5	LCD monitors & laser printers
(4)	Microsoft	7	Software & hardware
(5)	Apple	9	Apple Products
(6)	Buffalo Inc.	3	Storage/wireless equipment
(7)	IBM	16	Software
(8)	Sun Microsystems	6	SunMicro Servers/equipment
(9)	Adobe	4	Software
(10)	Juniper	5	Networking equipment

6. BUSINESS OVERVIEW

Whilst we are particularly dependent on HP Malaysia, our position and reliance on the continued supply of products from HP Malaysia is mitigated based on the following justifications:-

(i) Our business relationship with HP Malaysia dates back to more than 22 years, and since then, our appointment as the distributor for HP Malaysia has never been disrupted or temporarily suspended. In fact, over the years our Group has fostered a solid relationship with HP Malaysia. As a testimony to our solid business relationship, our distributorship agreement with HP Malaysia is essentially "evergreen". It allows our Group to continue distributing for HP Malaysia without the need to enter into further extension of the distributorship agreement as it is automatically renewed annually, until terminated.

(ii) While our distributorship agreement with HP Malaysia is geographically limited to Malaysia, our substantial shareholder, namely ECS Holdings and its subsidiary companies, have also entered into distributorship agreements with HP's respective representatives in China, Singapore, Indonesia, Thailand and the Philippines. As such, our business relationship with HP Malaysia is further reinforced with the larger regional arrangement. HP's Asia Pacific regional office based in Singapore considers ECSB as an important regional partner.

(iii) Based on the latest publicly available information, our Group is the largest distributor for HP Malaysia and we contribute approximately 30% of HP Malaysia's revenue for the FYE 2008. Furthermore, our sales performance and business relationship with HP Malaysia can be evidenced by the number of awards and accreditations granted by HP Malaysia over the years. Our Group and HP Malaysia will continue to benefit mutually by growing our business together.

(iv) Our Group, together with ECS Holdings Group, contributes significantly to the revenue of HP in the Asia Pacific region.

Based on the above, we expect our appointment as a distributor for HP Malaysia to continue without disruption.

6.10 Approvals, Major Licences & Intellectual Property

Our Group is not dependent on any patents, licences, permits or registrations for our business operations. We are also not dependent on any intellectual property rights for our business operations.

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6.11 Material Agreements

Our ability to operate as an on-going concern is dependent on existing distributorship agreements entered into by our Group with ICT principals for the supply and distribution of ICT products and provision of services.

Nonetheless, we wish to note that it is a common practice in the ICT distribution industry for ICT distributors to enter into such agreements. These agreements would generally consist salient terms that determine the scope and obligations of the ICT principals and our Group in areas, amongst others:-

(i) **The supply and delivery of goods, pricing and tenure**

The distributorship agreements would normally contain specifications on the types and category of ICT products that can be distributed by our Group and the tenure thereof. In most cases, the distributors' cost price and recommended selling price are also determined in the agreement.

(ii) **Geographical area of sales**

Generally there are no restrictions as to the geographical areas where our Group can distribute within Malaysia. However, to avoid parallel importing, most ICT principals would include clauses in the agreements that prohibit our Group from re-exporting ICT products supplied by them to other countries.

(iii) **Sales performance targets**

In order to retain our merit as a distributor, we are subject to minimum sales performance targets in some distributorship agreements. In some agreements, we are also given incentives if we are able to meet certain sales targets.

(iv) **Pricing protection**

As a mitigating factor on risks of price reductions and product obsolescence which is inherent in our business, most of our ICT principals provide us with additional discount or credit for price reductions of stocks held in our inventory.

(v) **Provision of support**

Most of the distributorship agreements entered by our Group would contain provisions on the level of support to be given by our ICT principals, which includes, amongst others, product training and certifications, troubleshooting, repair and replacement and helpdesk.

(vi) **Usage of logo and branding**

Since most of our ICT Principals are reputable companies, most of our distributorship agreements contain clauses that restrict our use of their logo to ensure no misrepresentation or abuse of their branding.

(vii) **Marketing and promotional obligations**

Most of the distribution agreements contain provision on the obligations by both our ICT Principals and our Group to conduct marketing and promotional activities to improve sales. As a distributor, we are required to participate in advertisement and promotions set out by our ICT principals. However, the costs of such activities are usually borne by our ICT principals.

(viii) **Sales reporting obligations**

We are obligated under the distribution agreements to generate sales reports on a regular basis and as and when required by our ICT principals, to allow them to keep track of industry demand.

6. BUSINESS OVERVIEW

Furthermore, some distributorship agreements contain confidentiality clauses and restrictions on the transfer of ownerships in our Group and/or assignment of distribution rights of products/services to third parties.

As at LPD, the following valid and effective major distributorship agreements entered by our Group with various ICT principals in terms of revenue contribution, are in force:-

ICT Principal	General Description
HP Malaysia	Distribution of HP products and/or services.
	Support partner to perform warranty and hardware repair service on HP products and to deliver extended services.
Cisco	Distribution of Cisco and Linksys products and related services.
Samsung	Distribution of Samsung monitors
	Distribution of Samsung printers and consumables
Microsoft	Distribution of Microsoft licensed software and hardware
Apple	Distribution of Apple products.
IBM	Distribution of IBM's workstation software.
	Distribution of IBM software to original equipment manufacturer.
Adobe & Adobe Systems Incorporated	Service provider and distribution of Adobe products.
	Distribution of Adobe software products.
	Licensing for the integration and installation of Adobe's software products at end-user level.
Juniper	Distribution of Juniper's hardware, software, documentation and services.
Epson	Sales and marketing of Epson products.
Sun Microsystems	Distribution of Sun servers and services; authorisation to deliver support services, field services and installation

The risk factors and mitigating steps associated with the business relation with HP Malaysia & other ICT principals are set out in Section 4.2 and 6.9 of this Prospectus.

6. BUSINESS OVERVIEW

6.12 Modes of Marketing

We are also regarded by our ICT principals and resellers/customers as a channel development partner. As a channel development partner, our role includes the provision of effective marketing strategies and marketing services. Our marketing strategies and programmes are developed based on analysis of our principal market segments, namely by:

(i) Business segment (ICT Distribution or Enterprise Systems);

(ii) Product categorisation (volume or value products);

(iii) Product type (servers, PCs, notebooks, printers, etc); and

(iv) Geographical region.

Our channel marketing strategies are as follows:-

1. **Growing our reseller base**

   Recruitment of new resellers and further expanding our resellers types (retailers, system integrators, corporate dealers, etc). Opening of new office branches at various key locations to recruit and service new resellers at those locales. We have sales and marketing personnel that visit new resellers for channel recruitment as well as telemarketing personnel to contact potential resellers.

2. **Provision of marketing services for advertising and promotion programmes**

   Our marketing team offers a wide range of services to our resellers including, inter alia, advertising, market research, retail programmes, gift and goodwill sponsorships, holiday incentives and assistance with trade shows and other events. We run product launches to promote new products and recruit new resellers, organise press conferences and seminars for product updates as well as provide technical and product training to resellers.

3. **Offering pre-sales services**

   We have an experienced marketing team who provide pre-sales services including demonstration of products' feature functions and benefits, which are especially relevant to our high end ICT products.

6.13 Distribution Channels

We have successfully established an extensive distribution network throughout Malaysia for the distribution of our ICT products, comprising approximately 2,500 resellers.

We have also strategically established sales & support offices and/or warehousing facilities in Penang, Kuantan, Johor Bahru, Kota Kinabalu and Kuching. These regional sales & support offices and warehousing facilities allow us to effectively compete with other ICT distributors.

Additionally, we also contract third party logistics providers to provide us with storage facilities and delivery services. For the delivery of our goods to our resellers locally and outstation, we employ contract transportation companies.

6.14 Seasonality

The demand for ICT products is always present and continuously growing. However, we usually experience an increase in sales volume during ICT promotional fairs such as the PIKOM PC Fair, which is held three (3) times a year at multiple locations nationwide.

6.15 Diversification

We distribute an extensive range of ICT products, namely servers, PCs, notebooks, software, networking / wireless products, printers and peripherals. Furthermore, we are not dependent on any one end-user segment as our end users range from the Government and large corporations to SMEs and individuals. With the diverse range of products and wide end-user segments, demands for ICT products distributed by us are naturally hedged and are not cyclical in nature.

6.16 Interruption in Business

Our Group did not experience any disruption in business which had a significant effect on our operations for the twelve (12) months prior to the date of this Prospectus.

6.17 Employee Size

The size of our employees in the last three (3) years and as at LPD is tabulated below:-

	31 December 2006	31 December 2007	31 December 2008	As at LPD
No of employees	222	272	272	290

The breakdown of our Group's employees by job category and length of service as at LPD is as follows:-

	Years of Service			
Job Category	**< 1 year**	**1 to 5 years**	**> 5 years**	**Total**
Management	-	1	1	2
Sales and marketing management	-	-	2	2
Senior Managers	-	-	5	5
Managers	5	14	25	44
Senior Executives	2	8	12	22
Executives	18	71	35	124
Operation Support	17	50	24	91
Total	42	144	104	290

As at LPD, save for 18 employees who are based in Penang (15 employees), and one each in Pahang, Johor and Sabah, all of our employees are based in the Klang Valley

In order to build long-term working relationships with our employees, we provide various incentives in the form of performance based incentives and free vocational trips. We believe in providing a good working environment and fostering a pleasant relationship between our employees and our management by offering training programmes to enhance our employees capabilities and bring out the potential in each employee. None of the employees of our Group belong to any labour union and they have good working relationships with the management. There has not been any past industrial dispute between the management and the employees.

6.18 Training & Development

We recognise the importance of staff training and development in order to equip our employees with the necessary product knowledge and marketing skills. As such, we conduct regular training and development programmes to further build specific skill sets and other all-round development. In FYE 2008, our employees have attended approximately 40 training and development programmes which are conducted either by our in-house management, our ICT principals or on a joint-effort basis.

As at LPD, we have 31 certified engineers with 151 certifications as set out in the table below. These engineers provide software technical support and assistance to our customers as well as the development of our Enterprise Systems.

6. BUSINESS OVERVIEW

ICT Principals	Type of Certification	No. of Certifications Obtained
Aruba	Aruba Certified mobility Associate (ACMA)	7
BlueCoat	BlueCoat Certified Proxy Administrator	2
	BlueCoat Packet Shaper Administrator	6
	BlueCoat Certified Proxy Professional (BCCPP)	2
	BlueCoat Packetshaper Professional	1
Cisco	Cisco Certified Network Professional (CCNP)	3
	Cisco Certified Design Associate (CCDA)	3
	Cisco Wireless Specialist	1
	Cisco Certified Network Associate (CCNA)	11
	Cisco Certified Design Professional (CCDP)	1
	Cisco Certified Security Professional (CCSP)	1
EMC	EMC Product Technology Certified	1
HP	HP Cluster Consultant Certification	1
	HP Digital Workspace Professional	1
	HP Star Certified	1
	Compaq Accredited System Engineer for Novell	2
	HP Accredited System Engineer for Windows	2
	HP Integration Specialist for HP Blade System (2007)	8
	HP Accredited System Engineer for HP Blade System (2007)	4
	HP Accredited Integration Specialist for Proliant ML/DL Server (2007)	5
	HP Accredited System Engineer for HP Proliant ML/DL Server (2007)	1
	HP Accredited Integration Specialist HP Storage Works (2008)	2
	HP Accredited Information System	2
	HP Accredited System Engineer/ Master ASE	1
Huawei	Huawei Certified Network Engineer	3
Huawei Symantec	Huawei Symantec Certified OcenaStor T2600 Storage Administrator	5
	Huawei Symantec Certified OcenaStor T3500 Storage Administrator	5
	Huawei Symantec Certified USG2100 Series Firewall Administrator	5
IBM	IBM Solution Expert – Net.Commerce	1
	IBM Solution Expert – WAS	1
	Certified Lotus Professional	2
	Certified on DB2	1
Juniper	Juniper Network Certified Internet Specialist (JNCIS-FWV)	2
	Juniper Network Certified Internet Associate (JNCIA-IDP)	2
	Juniper Network Certified Internet Associate (JNCIA-J)	1
	Juniper Network Certified Internet Associate (JNCIA-ER)	1
	Juniper Network Certified Internet Specialist (JNCIS-ER)	8
	Juniper Network Certified Internet Specialist (JNCIA-M)	6
	Juniper Network Certified Internet Specialist (JNCIS-SSL)	2
	Juniper Network Certified Internet Associate (JNCIA-EX)	1
	Juniper Network Certified Internet Associate (JNCIA-WX)	1
Microsoft	Microsoft Certified Systems Engineer 2003 (MCSE)	8
	Microsoft Certified Technology Exchange 2007	3
	Microsoft Certified MCDBA	1
	Microsoft Certified Professional (MCP)	8
Novell	Novell Certified Engineer	2
SCO	SCO Master Advanced Certified Engineer	1
	Certified Ethical Hacker	1
SonicWALL	Certified SonicWALL Security Administrator	6
Sun	Sun Certified Solaris Administrator (SCSA)	2
	Sun Certified Field Engineer II	1
VMWare	VMWare Certified Professional	2
TOTAL		**151**

6. BUSINESS OVERVIEW

6.19 Awards & Accolades

Our Group had previously won the Enterprise 50 Award Programme twice in 1997 (by Kush) and in 1998 (by Astar). The Enterprise 50 Award Programme which is organised by the Small and Medium Industries Development Corporation and Deloitte Malaysia, selects its recipients based on a set of quantitative and qualitative indicators such as profitability, strategy, innovation, business process and market presence.

In 2002, ECSB was awarded the MSC status by MDeC.

More recently, in recognition of our efforts and accomplishments, our Group have been bestowed the following awards by our ICT principals over the past three (3) years:-

Year 2007	**Awarded by**
HP Wholesaler of the Year – Consumer Category	HP
HP Top Master Parts Reseller of the Year Award in South East Asia	HP
Samsung Distributors Appreciation Award (LCD Monitor) Best Growth	Samsung

Year 2008	**Awarded by**
HP Best of the Best Wholesaler of the Year FY08 – Consumer Category	HP
HP Top Master Parts Reseller of the Year Award 2008 in South East Asia	HP
HP Top Wholesaler FY08 – Commercial Storage Works	HP
HP Top Wholesaler FY08 – Industry Standard Servers	HP
HP Top Wholesaler FY08 – HP Services	HP
HP Top Wholesaler FY08 – Consumer Imaging & Printing	HP
HP Top Valued Added Distributor Award FY08	HP
HP Top Master Parts Reseller of the Year Award 2008 in Malaysia	HP
HP Top Event Service Contributor FY08	HP
HP Top Upfront Volume Services Contributor FY08	HP
HP Top Upfront Value Service Contributor FY08	HP
HP Best Authorized Support Partner Program FY08	HP
Best Overall HP Services Partner Champion FY08	HP
HP Top Performing Master Part Reseller in Asia Pacific Replacement Parts Business	HP

Year 2009	**Awarded by**
HP Top Wholesaler FY09 - Business Desktop	HP
HP Top Wholesaler FY09 - Services	HP
HP Top Wholesaler FY09 - Commercial Storage Works	HP
HP Top Wholesaler FY09 - Industry Standard Servers	HP
HP Top Wholesaler FY09 - Overall Performance	HP
HP Top Annuity Business Partner FY09	HP
HP Top Upfront Volume Services Contributor FY09	HP
HP Top Upfront Value Services Contributor FY09	HP
HP Highest Growth Upfront Volume Services FY09	HP
HP Best Authorised Support Partner Program FY09	HP
Best Overall HP Services Partner Champion FY09	HP
Top Distributor FY2009 - Cisco Distributor	Cisco
Top Distributor FY2009 - IBM Software Distributor	IBM

6.20 R&D

6.20.1 R&D Program

Our R&D activities are primarily carried out by ECSB. Being an MSC status company, ECSB serves as the technological platform to facilitate improvements in our business practices via the development of e-commerce systems and solutions.

We believe that our R&D program will contribute to the growth of our Group. This is imperative as the ICT industry landscape is becoming increasingly competitive and customers increasingly expect better service at lower prices. Our R&D program aims to distinguish ourselves from our peers by making advancements in client servicing while remaining profitable. An example of a R&D activity that has contributed to our Group's performance is the B2B System, detailed in Section 6.6.2 in this Prospectus.

As at LPD, our R&D team comprises five (5) personnel and is headed by Cheam Heng Siong. Currently, our R&D focus includes supporting existing business channels, helping launch new business, developing value added services and improving service quality and efficiency. The R&D team also undertakes various activities including finding out ICT trends, improving of customer feedback process and conducting project feasibility studies.

6.20.2 R&D Milestones and Achievements

Our Group's R&D milestones in the past five (5) years are as follows:-

Year	Development	Milestones
2004	B2B System	Implementation of an e-commerce system in order to allow registered dealers to purchase products from our on-line store.
2005	Enhancements for B2B System	Enhancement to the B2B System and improve ease of use for resellers.
2006	EKP system	Implementation of an EKP for information storage and sharing.
2007	e-Dispatch	Development of a system to allow users to request for a dispatch service for cheque collections and to monitor the follow through stages until actual payments.
2008	Logistics Management	Monitoring of all deliveries on a real time basis by the sales and logistic team.
2008	B2B System	Development of a payment gateway via FPX for the B2B System, allowing resellers to make payments online to our bank account.
2008	Credit Management	Development of a comprehensive Account Receivable Report to enable simultaneous review of credit and monthly collection.
2008	Inventory Management and Control	Development of a reporting and tracking system for incoming inventory management, order fulfilment purposes and to minimise staging cost.
2008	Project Sales Management	Development of an integrated system to track and monitor project orders to be executed on a Just-In-Time basis.
2008	Cash Management	Adoption of the latest e-information from the various financial institution for efficient cash and facilities utilisation management to minimise interest, cost and charges.
2009	Logistics Management	Provision of printing of courier consignment note simultaneously with the Delivery Order to expedite shipment of goods to customers.

6.20.3 R&D Planned Activities

The planned R&D activities of our Group are as follows:-

R&D Activities	Aims	Expected Completion Timeline
CRM	To implement CRM to enhance our sales, marketing and service capabilities.	2011
ERP System	To upgrade our ERP system to increase operational efficiency and staff productivity.	2011
Logistics Management	To provide our resellers with a real time status of their orders and delivery via the web.	2011

We believe in being prudent to strive for the continual development and enhancement on all our business systems in order to maintain our competitive edge. As such, we have committed to increase our investment in R&D activities in the coming years. We plan to spend approximately RM0.2 million, RM0.5 million and RM0.1 million on R&D activities relating to CRM, ERP System and logistic management respectively. Our planned R&D activities are consistent with our future plans as set out in Section 6.22 of this Prospectus, of which we have planned to use approximately RM3.5 million of the proceeds from the Public Issue to enhance our ERP system and customer services.

6.21 Competitive Advantages

We highlight below eleven (11) of our competitive advantages, which we believe allow our Group to compete effectively in the ICT distribution industry that we are operating in.

(a) Partnerships with World Leading ICT Principals

We have formed strategic partnerships and established track records with world leading ICT principals. Our largest partner, HP Malaysia has been our ICT principal for 22 years. In addition, we have been a distribution partner for IBM, Lexmark, Cisco and Apple for 16 years, 14 years, 11 years and 9 years respectively. Other world leading ICT brands we represent include Samsung, Microsoft, Juniper, Epson, Sun and Canon.

There are two (2) competitive advantages arising from our partnerships with major ICT principals, as detailed below:

(1) Major ICT principals are highly competitive globally and their products would command a major, if not, the largest market share. As a partner to these leading ICT principals, we are confident that the ICT products distributed by us would be well-accepted in Malaysia; and

(2) Our close working relationship with these major ICT principals would provide us a direction of the latest trends in ICT technology. Therefore, we can make more strategic investment for our future business.

Furthermore, our ability to meet and exceed the expectations of our ICT principals has fostered good working relationships with them.

(b) Broad Range of Products

Currently, we have distribution rights on over 30 international ICT brands, covering a full range of consumer and corporate ICT markets. The ICT products distributed by us comprise of servers, PCs, notebooks, printers, scanners, network and communication products, software and other peripherals. In addition, we also provide services such as the design, installation and implementation of ICT infrastructure systems and solutions by offering a complete range of enterprise servers, workgroup servers, operating systems, application software, system management tools and ICT security products.

This is further complimented by our value added services including repair and maintenance work for our products, and a single source of support for our resellers from pre-sales to post-sales. Our diverse range of products would minimise any impact to our Group's revenue from a decline in demand from a particular product range or customer segment.

(c) Extensive Network of Resellers and End Customers

We have successfully established an extensive distribution network throughout Malaysia comprising approximately 2,500 resellers who service end-customers in every category, from SMEs to large enterprises, government sector and consumers. Our large reseller network servicing a broad customer base provides our Group with a steady revenue for our products and services.

(d) Recognised Corporate Identity

After being in the ICT distribution business for 24 years, we have established a reputable corporate identity and positioned ourselves as a reliable ICT distributor in Malaysia. Our distribution arms, namely Astar and Pericomp, are recognised as major players in Malaysia. Our regional corporate branding "ECS" has further helped us to build and strengthen our reputation and corporate identity with ICT principals and resellers.

(e) Innovative Business Infrastructure

Our technology and business infrastructure provides us with a highly reliable and flexible system to process large volume of business transactions on a daily basis.

Under the CCTS, end-customers can make direct payments to us via our credit card terminals deployed at our retailers' outlets. The CCTS effectively enables our resellers to buy more ICT products from us within their respective pre-determined credit limits. The exceeded amount is immediately settled via the CCTS by the retailers' customers. We have 664 credit card terminals from various reputable financial institutions in service by 104 retailers in Malaysia.

Additionally, the TCP provides our retailers additional credit facilities for them to purchase from us additional amount beyond their respective credit limits. We do not bear extra credit risks resulting from the credit card purchases since the additional credit line is provided by a financial institution to the retailers directly. Essentially the TCP would allow our Group to increase our sales.

The above-mentioned CCTS and TCP are payment tools that would encourage our resellers to grow and retain their business with us. Furthermore, our B2B System, together with the e-payment gateway via FPX, has enabled us to establish business relationships with a new market segment of smaller resellers which provide us high number of purchase orders.

(f) Competent ICT Services Division

As a leading provider of ICT products and value-added services in Malaysia, we have established and maintained a reputable ICT services division to cater to our resellers. Our ICT services division consist of a team of certified service personnel who specialises in hardware support, maintenance and repair, system integration, network design, installation, including implementation and management. As at LPD, we have a team of 31 certified service personnel with a total of 151 certifications from our major ICT principals.

6. BUSINESS OVERVIEW

(g) Synergies from Regional Association

Our Group has benefited as a member of the ECS Holdings group of companies which has ICT operations in Singapore, Malaysia (via ECSB), Thailand, China, Indonesia and Philippines. This affiliation has produced synergies since the ECS Holdings group has established regional partnerships with major ICT principals. This regional partnership has enabled us to produce cohesive business development and synchronised marketing strategies. We expect to maintain this particular competitive advantage after the successful listing of ECSB on the Main Market of Bursa Malaysia.

(h) Established Track Record

Over the 24 years, we have established good rapport and track record with our resellers by providing good quality and competitively priced products and services. We have also successfully built our reputation with our ICT principals through continuous sales growth of their products in the marketplace. For FYE 2004 to FYE 2008, our revenue and PBT have grown at a compound annual growth rate ("**CAGR**") of 26.6% and 45.1% per annum respectively. With the established track record, we are regarded as a premium distributor by our ICT principals as well as resellers.

(i) Sound Financial Management

We practice sound financial management to sustain our growth in the competitive ICT industry. In particular, we have maintained a strong focus on optimising our working capital in inventory and accounts receivables. We have stringent stock control policies in maintaining an inventory level to minimise stock excess and obsolescence.

Furthermore, we have an effective credit control policy in providing credit terms to our resellers. Our financial management practices have resulted in minimal stock obsolescence and doubtful debts over the last three (3) financial years. In the last three financial years up to FYE 2008 and FPE 30 September 2009, our aggregate bad debts written off and inventories written off in each financial year/period represented less than 0.2% of the respective revenue of the financial year/period.

(j) Efficient Operations

We are constantly improving our business processes to increase operation efficiencies. Over the years, we have successfully integrated our enterprise system in areas such as procurement, inventory control, sales order processing, credit management, collection and logistics. These operational integrations provide us the competitive advantages in lowering our costs and in providing faster response time to our customers.

(k) Experienced Management Team

Our management team's expertise, commitment and up-to-date knowledge of the business have contributed to our steady growth over the years. Our Group is managed by a team of professionals with varied and extensive experience in the ICT industry. Most of our members in the key management have more than ten (10) years of experience in the sales and marketing of ICT products, financial control and management, business development, and technical support services.

Our Managing Director, Foo Sen Chin, has served as a Councillor, Treasurer and Deputy Chairman in PIKOM from 1995 to 2005. Since then, he has also been appointed as an Advisor of PIKOM. Accordingly, our Group is able to benefit from his experience and knowledge of the ICT industry.

6. BUSINESS OVERVIEW

6.22 Future Plans

Our Group's future plans are focused on the expansion and improvement of the following areas:-

(a) ERP System Enhancement

In our line of business, it is crucial to have an efficient ERP system to manage our daily operation. Presently, we handle over 500 orders daily. Thus, it is important that our system is capable of managing high level of information integrity and process flow efficiency.

Also, to ensure efficient operations coordination, we plan to integrate our warehouse management system and CRM system together with our ERP system. To improve our business, we shall upgrade our ERP system for the integration within the next 12 months, which will increase the efficiency of our distribution and logistic operations. We have allocated RM2.5 million of the IPO proceeds to cater for the enhancement of our ERP System.

(b) Customer Services Enhancement

We constantly develop new and innovative business processes in order to enhance customer services in areas such as purchasing, sales, distribution and logistics. With the continuous improvement of our operations and additional value added services to our resellers, we have distinguished ourselves as a value added business partner. Our current efforts include:

(i) **Expansion of our B2B System**

We have successfully developed a B2B online ordering system to enable us to service the smaller-sized resellers throughout Malaysia. The online ordering system currently has approximately 120 active users which generated a total turnover of RM10.90 million at the end of the third (3^{rd}) quarter of 2009. We expect our B2B System to increase our online sales volume together with our reseller base withint he next t.

Furthermore, we have recently expanded the capabilities of our B2B System by incorporating an e-payment facility, which uses the payment gateway operated by MEPS, known as financial FPX, to enable our resellers to make online payments directly to our bank account. Henceforth, we will continue to monitor and promote our B2B System with the e-payment facility to our resellers. By having the e-payment facility, we believe the e-payment facility will improve our collection as well as the convenience for our reseller's payment.

(ii) **Expansion of the CCTS and TCP**

Our CCTS and TCP initiatives were introduced to our resellers as part of our efforts to enhance our customer services. Under these initiatives, we have partnered with financial institutions to offer qualified resellers financing solutions that are designed to help grow their businesses whilst improving our payment collection time and cash flow as well as reducing our credit risk.

In 2008, our CCTS initiative has accomplished the deployment of approximately 720 credit card terminals from various reputable financial institutions to 107 retailers in Malaysia. As at LPD, the number of credit card terminals has been streamlined to 664 terminals located at 104 retailers' premises.

Launched in June 2008, our TCP initiative has received favourable response from our resellers and is expected to contribute positively to our customer services enhancement efforts. In our expansion plan, we expect to further grow the number of CCTS and TCP deployments to our resellers across Malaysia within the next 12 months.

We have allocated RM1.0 million of the IPO proceeds to cater for the enhancement of our customer services.

(c) **Geographical Expansion**

The demand for the products distributed by us and our services has increased steadily over the years. Currently, we have sales & support office and warehouse in Penang; sales offices in Kuantan and Johor Bahru; and warehousing facilities in Kota Kinabalu and Kuching.

We have recently established a sales office in Kuching and we are planning to set up a sales office Kota Kinabalu to service our customers in East Malaysia regions. By having offices and warehouses in various parts of Malaysia, we are able to improve our delivery time and have a better understanding of our reseller's requirements in these major towns. We shall continue to expand our market presence in other regions of Malaysia where demand is growing, within the next 12 months.

We have allocated RM1.0 million of the IPO proceeds to cater for geographical expansion.

(d) **Enterprise Systems Expansion**

In the last two (2) financial years, business from our Enterprise Systems segment has improved substantially. The revenue of our Enterprise Systems grew at approximately 17.6% and 30.7% in FYE 2007 and FYE 2008 respectively. In view of the growing demand for our Enterprise Systems, we intend to offer a larger range of value ICT products though our recently acquired distributorships in 2009 from ICT principals such as Extreme Networks, EMC, Intermec, Aruba, Oracle, VMWare, Force 10 and Huawei Symantec.

Furthermore, we shall upgrade our value added services by sponsoring more technical certifications for our engineers. We have planned to set up a technology centre in our Kota Damansara office to install the latest enterprise systems such as servers, storages and network products for testing and demonstration of configurations, proof of concepts and software applications.

We have allocated RM0.5 million of the IPO proceeds to cater for the expansion of our Enterprise Systems segment.

6.23 Prospects of the ECSB Group

Our Group is currently one of largest ICT distributor in the Malaysian ICT distribution market and we expect to continuously benefit from the growing demand of ICT products. Our Group will also continue to ride on the Government's initiatives to drive ICT adoption in the country through the Eight (8^{th}) Malaysian Plan ("**8MP**"), Ninth (9^{th}) Malaysian Plan ("**9MP**"), Malaysian Information, Communications and Multimedia Services 886 ("**MyICMS 886**") and the MSC, as part of its efforts to shift Malaysia towards a more technologically literate, thinking work force.

The introduction of new technologies and annual ICT events such as the PIKOM PC Fair, World Congress for Information Technology, the Asean ICT Expo and the Malaysia Technology Expo will also contribute to the growth of the ICT distribution market. The future prospects of the ICT industry in Malaysia remains positive and filled with exciting opportunities of which we are in a position to gain favourably.