
3. INFORMATION SUMMARY

The following is a summary of the salient information about CWS and the New Issue and should be read in conjunction with the information and financial statements appearing elsewhere in this Prospectus. Investors should read and understand the whole Prospectus prior to deciding whether to invest in CWS.

3.1 HISTORY AND BUSINESS

CWS was incorporated on 1 August 2001 under the name of Clueword DotCom Sdn Bhd as a private company limited by shares under the Companies Act. It subsequently changed its name to CWorks Systems Sdn Bhd on 25 June 2004 and was subsequently converted to a public company on 13 August 2004 under its present name.

As at 5 April 2005, the authorised share capital of CWS is RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each. Its issued and paid-up share capital as 5 April 2005 is RM3,708,060 comprising 37,080,600 shares of RM0.10 each credited as fully paid-up.

The principal activities of CWS are the provision of CMMS software and complementary IT-related services such as support services, systems integration and training.

The Company has developed a range of CMMS software under the brand *CWorks* including *CWorks PRO / SRM*, *CWorks FREE*, *CWorks SQL*, *CWorks ONLINE* and *CWorks PLUS*. *CWorks* was developed mainly for work order management, planned maintenance scheduling and inventory management. Key elements of its foundation systems are work order backlog controls, effective preventive maintenance scheduling, controlled inventory with availability and efficient manpower utilisation. It is effectively a planning, control and information system for efficient maintenance department operations.

Since commercial roll-out of its products in 2002, the Company's CMMS has been sold to users from more than 35 countries including USA, United Kingdom, Canada, South Africa, Taiwan, Ireland, Saudi Arabia and United Arab Emirates. Locally, CWS has enjoyed commercial success with installations at prominent sites such as manufacturing facilities owned by Perusahaan Otomobil Nasional Berhad, Colgate-Palmolive (M) Sdn Bhd, the Senai Airport, Hospital Sungai Buloh, Universiti Teknologi Malaysia, Universiti Utara Malaysia and several sites at Putrajaya.

CWorks PRO is also being used as course material at Universiti Teknologi MARA in its Master of Science in Facility Management program and at Universiti Kuala Lumpur in its Bachelor of Science in Engineering Business Management program.

On 5 March 2003, CWS was accorded MSC status. CWS was also awarded pioneer status by MITI for a period of five (5) years commencing 11 March 2003.

CWS does not have any subsidiary or associate companies.

Detailed information on the history and business of CWS are set out in Sections 7 and 10.1 of this Prospectus.

3.2 PRODUCTS AND SERVICES

The Company's products are essentially proactive scheduling engines built around its in-house designed Dynamic Scheduling Algorithm ("DSA") for multi-variable environments. The DSA works out the scheduling of multiple sequences of tasks to be organised without conflict and in compliance with a number of pre-set rules such as automatic and semi-automatic scheduling and rescheduling of scheduled tasks with time, date, meter or resource based conflicts.

3. INFORMATION SUMMARY (Cont'd)

The engine is then applied to perform the basic functionalities of the Company's range of products such as scheduling, recording, tracking and reporting of repair and scheduled maintenance work orders, asset registers and material records.

CWS develops and markets its own brand of software applications under the *CWorks* brand name. The *CWorks* application packages are wholly designed and supported by CWS. The products combine four different management disciplines namely work management, material management, service management and asset management into one discipline called maintenance management. They are available with full source code which enables self-customisation.

Products**i) Basic solutions**

The Company's basic solutions are targeted at small to medium users and mass-marketed through the internet.

Realising a growing number of users for affordable quality products with minimal complexity, CWS markets the following shrink-wrapped software products which are easy to implement with minimal or no support. *CWorks PRO / SRM* and *CWorks PLUS* allow for self-customisation by the users and are sold off-the-shelf.

CWorks PRO / SRM

The first version of *CWorks PRO* was released in 2002 and is the first commercialised product from CWS. This CMMS is designed to meet the needs of small and medium size maintenance operations with functionalities such as asset management, work management, preventive maintenance management and material management. The Company had on September 2004 introduced *CWorks SRM* which has the same features with *CWorks PRO* but with an additional module that enables service/work request recording through an enterprise's LAN.

CWorks PLUS

Released in 2004, *CWorks PLUS* is an upgraded version of *CWorks PRO / SRM* with additional features such as purchasing and service request management modules and additional reports. *CWorks PLUS* is targeted at small and middle size plant wide operations where interactions with asset users are extensive and critical with users accessing their own request tracking system via the LAN. Material management is further enhanced with tracking of orders, purchases and receipts.

CWorks FREE

Released in 2002. *CWorks FREE* is a downgraded version of *CWorks PRO / SRM* without the material management module and certain key features. *CWorks FREE* was developed to allow users to appraise CWS's CMMS capabilities and is distributed freely on the internet as a marketing tool. Since it was first made available on the internet in September 2002 until December 2004, approximately 30,000 copies of *CWorks FREE* have been downloaded.

3. INFORMATION SUMMARY (Cont'd)

ii) Enterprise solutions

The Company's enterprise solutions cater for large base users who require robustness, complexity and completeness and are individually marketed through conventional channels via the Company's marketing personnel and its distributors/resellers.

CWorks SQL

First released in 2003, *CWorks SQL* is capable of storing and processing large volumes of data including photos and engineering drawings. Built on a client server configuration using *Microsoft SQL* as its database, this software is meant for enterprises with a large number of users and is equipped with all the functionalities of *CWorks PRO / SRM* in addition to capturing and reporting data across multi departments and sites. *CWorks SQL* features are also enhanced with asset movement databases, a planning & scheduling module, rotating equipment functionality and alarm tracking.

CWorks ONLINE

Released in 2004, *CWorks ONLINE* offers web-based architecture CMMS solutions to meet requirements of borderless operations with multiple sites and large maintenance teams. *CWorks ONLINE* was developed on a pure web-based platform with *MySQL* databases. It was also built to cater to those users who require anywhere, anytime access to the application. *CWorks ONLINE* is considered to be CWS's state of the art flagship product.

Services**i) Customisation**

CWS's solutions can be customised to meet varying working operations and maintenance models of different industries. To date, the Company has customised *CWorks* to meet the needs of hospitals, automotive manufacturing plants, chemical processing plants and other general office facilities. These customisations may involve specific report configurations or specific input screens for different workflows.

ii) Managed CMMS Services

The Company provides business process outsourcing for maintenance management, otherwise known as managed CMMS.

Managed CMMS not only relieves customers from maintaining the IT portion of running CMMS, but are also provided with operational support. The managed CMMS is provided as a service with service level agreement and can either be run on-site or remotely by CWS. Using data received from clients, the Company organises the data into information content based on agreed processes and procedures, creates appropriate reports and provides usage consultancy to clients.

The prominent local users of the Company's managed CMMS services include Hospital Sungai Buloh, Universiti Utara Malaysia and Putrajaya Precint 8,10 &11.

3. INFORMATION SUMMARY (Cont'd)

iii) Other services

Other services provided by the Company revolve around its core CMMS products marketed under the *CWorks* brand. The services include:

- Training and installation
- Usage consultancy
- Product support
- Initial implementation services (data collection, collation, analysis and entry)

Detailed information on the CWS products and services are set out in Section 7.6 of this Prospectus.

3.3 TECHNOLOGY AND INTELLECTUAL PROPERTY**Technology**

CWS's unique and proprietary technology lies in its DSA around which the Company's solutions are designed. It essentially computes the scheduling of multiple sequences of tasks to be organised without conflict and in compliance with a number of pre-set rules. Such scheduled planning cannot be effectively and efficiently be carried out manually especially when the numbers of rules are large and the occurrence of random events cannot be accurately forecasted.

CWorks was developed by the Promoters applying an industrial engineering approach. It utilises engineering and management techniques such as statistical analysis, scheduling techniques, quantitative methods, work simplification, productivity improvement and budgeting as the basis of the DSA algorithm.

Intellectual Property Rights

As branding is an important component of the Company's marketing plan, CWS pays considerable attention to market recognition and brand awareness of its *CWorks* products. It currently owns the copyrights of all software developed namely *CWorks PRO / SRM*, *CWorks FREE*, *CWorks SQL*, *CWorks ONLINE* and *CWorks PLUS* and its website www.cworks.com.my.

The Company has further sought protection for its trademarks in Malaysia which is pending registration with the Registrar of Trademarks. Application for the registration of "*CWorks*" logo has been made under Class 9 in Malaysia with a validity period of 10 years from the date of application when approved by the Registrar of Trademarks and may be subsequently renewed upon expiration.

The Company also enters into agreements with its customers to license the use and installation of *CWorks* software. The licences, which are generally non-exclusive and non-transferable, prohibits any assignment, co-branding and extension to any other product. Such arrangement ensures that the intellectual property rights to the software remains with CWS.

The Company also has proprietary information and invention agreements with its employees where all intellectual property including creation and development of all computer programs, technical information in relation to the Company's products and services, information concerning the Company's business, employees, customers and suppliers, documentations, copyrightable materials and works arising in the course of employment with the Company will be owned solely by the Company. The obligation to maintain the confidentiality and security of the said intellectual property remains even after the expiry of the employment to ensure that such intellectual property remains as a trade secret of the Company. In the event of any breach or threatened breach of the said agreement, the Company is entitled to an injunction to restrain its employees and can further pursue other remedy for the breaches to protect its interest.

3. INFORMATION SUMMARY (Cont'd)

CWS had on 28 September 2004 filed with the Malaysian Patent Office in respect of its proprietary DSA, being its core technology. Please refer to Section 7.6 for further details on DSA.

Detailed information on the intellectual property rights of CWS is set out in Section 7.13 of this Prospectus.

3.4 SHAREHOLDINGS OF DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT

(i) Directors

The shareholdings of the Directors of CWS before and after the New Issue based on their shareholdings as at 5 April 2005 are as follows:

Name	Designation	Before the New Issue				After the New Issue			
		<---Direct--->		<---Indirect--->		<---Direct--->		<---Indirect--->	
		No of CWS Shares held	%	No of CWS Shares held	%	No of CWS Shares held	%	No of CWS Shares held	%
Abdul Rani Bin Achmed Abdullah	Chief Executive Officer	20,765,136	56.00	*4,738,901	12.78	20,765,136	41.53	*4,738,901	9.48
Azhan Bin Azmi	Chief Technical Officer	1,653,795	4.46	-	-	1,653,795	3.31	-	-
Ahmad Ruslan Zahari Bin Zakaria	Independent Non-Executive Director	-	-	-	-	-	-	-	-
Chia Gek Liang	Independent Non-Executive Director	-	-	-	-	-	-	-	-

* Deemed interested by virtue of his shareholding in Caribeli pursuant to Section 6A of the Companies Act

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

(ii) Promoters

The shareholdings of the Promoters before and after the New Issue based on their shareholdings as at 5 April 2005 are as follows:

Name	Designation	Before the New Issue				After the New Issue			
		<---Direct--->		<---Indirect--->		<---Direct--->		<---Indirect--->	
		No of CWS Shares held	%	No of CWS Shares held	%	No of CWS Shares held	%	No of CWS Shares held	%
Abdul Rani Bin Achmed Abdullah	Chief Executive Officer	20,765,136	56.00	*4,738,901	12.78	20,765,136	41.53	*4,738,901	9.48
Caribeli	Investment holding	4,738,901	12.78	-	-	4,738,901	9.48	-	-
Azhan Bin Azmi	Chief Technical Officer	1,653,795	4.46	-	-	1,653,795	3.31	-	-
Padman Prabhakaran	Chief Operating Officer	1,653,795	4.46	-	-	1,653,795	3.31	-	-
Abd Malik Bin Mohd Din	Chief Marketing Officer	1,653,795	4.46	-	-	1,653,795	3.31	-	-
Suzanna Binti Abdul Hamid	Senior Manager	1,653,795	4.46	-	-	1,653,795	3.31	-	-

3. INFORMATION SUMMARY (Cont'd)

* Deemed interested by virtue of his shareholding in Caribeli pursuant to Section 6A of the Companies Act

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

(iii) Substantial Shareholders

The shareholdings of the substantial shareholders before and after the New Issue based on their shareholdings as at 5 April 2005 are as follows:

Name	Designation	Before the New Issue				After the New Issue			
		<---Direct--->		<---Indirect--->		<---Direct--->		<---Indirect--->	
		No of CWS Shares held	%	No of CWS Shares held	%	No of CWS Shares held	%	No of CWS Shares held	%
Abdul Rani Bin Achmed Abdullah	Chief Executive Officer	20,765,136	56.00	*4,738,901	12.78	20,765,136	41.53	*4,738,901	9.48
Caribeli	Investment holding	4,738,901	12.78	-	-	4,738,901	9.48	-	-

* Deemed interested by virtue of his shareholding in Caribeli pursuant to Section 6A of the Companies Act

Detailed information on the substantial shareholders is set out in Section 8.3 of this Prospectus.

(iv) Key Management

The shareholdings of the key management personnel of CWS before and after the New Issue based on their shareholdings as at 5 April 2005 are as follows:

Name	Designation	Before the New Issue				After the New Issue			
		<---Direct--->		<---Indirect--->		<---Direct--->		<---Indirect--->	
		No of CWS Shares held	%	No of CWS Shares held	%	No of CWS Shares held	%	No of CWS Shares held	%
Abdul Rani Bin Achmed Abdullah	Chief Executive Officer	20,765,136	56.00	*4,738,901	12.78	20,765,136	41.53	*4,738,901	9.48
Azhan Bin Azni	Chief Technical Officer	1,653,795	4.46	-	-	1,653,795	3.31	-	-
Padman Prabhakaran	Chief Operating Officer	1,653,795	4.46	-	-	1,653,795	3.31	-	-
Abd Malik Bin Mohd Din	Chief Marketing Officer	1,653,795	4.46	-	-	1,653,795	3.31	-	-
Suzanna Binti Abdul Hamid	Senior Manager	1,653,795	4.46	-	-	1,653,795	3.31	-	-

* Deemed interested by virtue of his shareholding in Caribeli pursuant to Section 6A of the Companies Act

Detailed information on the key management personnel is set out in Section 8.5 of this Prospectus.

There is no allocation reserved for the directors and employees of the Company as part of the New Issue.

3. INFORMATION SUMMARY (Cont'd)

3.5 FINANCIAL HIGHLIGHTS

3.5.1 Income Statements

The following is extracted from the audited financial statements of the Company from the date of incorporation (i.e 1 August 2001) to 31 December 2004. The results of the Company have been extracted from and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 11 of this Prospectus.

	Period from 1 August 2001 to 31 December 2002 RM	Year Ended 31 December 2003 RM	Year Ended 31 December 2004 RM
Turnover	260,651	808,747	1,847,027
EBITDA	(120,519)	383,640	1,351,554
Interest expense	-	-	-
Depreciation	(5,727)	(10,609)	(15,225)
Amortisation	-	(44,307)	(44,307)
PBT/(Loss) before taxation	(126,246)	328,724	1,292,022
Income tax expense	-	-	-
PAT/(Loss) after taxation	(126,246)	328,724	1,292,022
Weighted average number of ordinary shares of RM0.10 each in issue	272,590	1,000,000	1,488,525
Gross EPS /(loss) per share based on weighted average number of shares in issue (RM)	(0.46)	0.33	0.87
Net EPS /(loss) per share based on weighted average number of shares in issue (RM)	(0.46)	0.33	0.87
Dividend (%)	-	-	-

Notes:

- The gross earnings/(loss) per share and the net earnings/(loss) per share for the respective financial period/years under review have been calculated based on the profit/(loss) before taxation and profit/(loss) after taxation respectively, divided by the weighted average number of ordinary shares of RM0.10 each in issue for the respective financial period/years. The par value of the ordinary shares in issue during the respective financial period/years of RM1.00 each have been sub-divided into ordinary shares of RM0.10 each to facilitate comparison since CWS has on 5 August 2004 sub-divided its ordinary shares of RM1.00 each into ten (10) ordinary shares of RM0.10 each.*
- There were no extraordinary items or exceptional items in respect of all the financial period/years under review.*
- The results of CWS have been prepared based on accounting policies consistent with those previously adopted in the preparation of CWS's audited financial statements.*

The audited financial statements of the Company from the date of incorporation (i.e 1 August 2001) to 31 December 2004 have not been subjected to any audit qualifications.

Detailed information on the Income Statement is set out in Section 6.1 of this Prospectus.

3. INFORMATION SUMMARY (Cont'd)

3.5.2 Proforma Balance Sheets as at 31 December 2004

The following is a summary of the proforma balance sheets of CWS as at 31 December 2004, prepared for illustration purposes only to show the effects of the Bonus Issue, Rights Issue, New Issue and utilisation of proceeds on the assumption that these transactions were completed on 31 December 2004. The proforma balance sheets have been extracted from and should be read in conjunction with the accompanying notes and assumptions included in the proforma balance sheets set out in Section 6.3 of this Prospectus:

	I	II	III	After III, New Issue and utilisation of proceeds RM
	Audited as at 31.12.04 RM	After I and Bonus Issue RM	After II and Right Issue RM	
Property, plant and equipment	109,815	109,815	109,815	1,209,815
Development costs	447,230	447,230	447,230	3,047,230
Current assets				
Trade receivables	916,156	916,156	916,156	916,156
Other receivables and prepaid expenses	228,452	228,452	228,452	1,100
Cash and bank balances	42,103	42,103	2,514,143	6,241,895
	1,186,711	1,186,711	3,658,751	7,159,151
Current liabilities				
Other payables and accrued expenses	25,491	25,491	25,491	25,491
Amount owing to a director	3,765	3,765	3,765	3,765
	29,256	29,256	29,256	29,256
Net current assets	1,157,455	1,157,455	3,629,495	7,129,895
	1,714,500	1,714,500	4,186,540	11,386,940
Financed by:				
Share capital	220,000	1,236,020	3,708,060	5,000,060
Share premium	-	-	-	5,908,400
Unappropriated profits	1,494,500	478,480	478,480	478,480
	1,714,500	1,714,500	4,186,540	11,386,940
NTA	1,267,270	1,267,270	3,739,310	8,339,710
NTA per share (sen)	57.60	10.25	10.08	16.68

Detailed information on the proforma balance sheets is set out in Section 6.3 of this Prospectus.

3.5.3 FUTURE FINANCIAL INFORMATION

Future financial information has not been included in this Prospectus as it is difficult to forecast due to the uncertain nature and inherent risks of the business of the Company. Kindly refer to Section 5 of this Prospectus for further details.

3. INFORMATION SUMMARY (Cont'd)

3.6 PRINCIPAL STATISTICS RELATING TO THE NEW ISSUE

(i) Share capital

	RM
<i>Authorised</i> 250,000,000 ordinary shares of RM0.10 each	<u>25,000,000</u>
<i>Issued and fully paid-up</i> 37,080,600 ordinary shares of RM0.10 each	3,708,060
<i>To be issued and credited as fully paid-up pursuant to the New Issue</i> 12,920,000 ordinary shares of RM0.10 each	1,292,000
<i>Enlarged issued and paid-up capital upon listing</i> 50,000,600 ordinary shares of RM0.10 each	<u>5,000,060</u>

There is only one (1) class of shares in CWS, being ordinary shares of RM0.10 each, all of which rank pari passu with one another. The New Issue Shares shall upon issue and allotment rank pari passu in all respects with one another and the other existing issued and fully paid-up CWS Shares including voting rights and shall be entitled to all rights and dividends and other distributions the entitlement date of which is subsequent to the date of allotment of the New Issue Shares.

Detailed information on the share capital is set out in Section 4.1 of this Prospectus.

(ii) Issue Price per New Issue Share RM0.67

Detailed information on the basis to determine the Issue Price is set out in Section 4.5 of this Prospectus.

(iii) Market capitalisation of CWS upon listing RM33,500,402

(iv) Proforma NTA as at 31 December 2004

	Proforma NTA RM	NTA per share RM
After adjusting for the Bonus Issue, Rights Issue, New Issue and deducting estimated listing expenses of RM1,456,000 and development costs of RM2,600,000 based on the enlarged issued and paid-up share capital of 50,000,600 shares in CWS	8,339,710	0.17

Detailed information on the New Issue and proforma NTA is set out in Section 4.4 and Section 6.3 respectively of this Prospectus.

3. INFORMATION SUMMARY (Cont'd)

3.7 UTILISATION OF PROCEEDS

The gross proceeds from the New Issue amounting to RM8,656,400 will accrue entirely to the Company and will be utilised as follows:

	RM'000	Timing of utilisation
R&D expenditure	2,600	Within 2 years from the listing date
Working capital	2,500	Within 2 years from the listing date
Estimated listing expenses	1,456	Within 6 months from the listing date
Capital expenditure	1,100	Within 2 years from the listing date
Marketing, advertising and promotion	1,000	Within 2 years from the listing date
	8,656	

Detailed information on the utilisation of proceeds is set out in Section 4.7 of this Prospectus.

3.8 RISK FACTORS

Applicants for the New Issue Shares should carefully consider the following risk factors (which may not be exhaustive) in addition to the other information contained in this Prospectus before applying for the New Issue Shares.

- No prior market for CWS Shares;
- Limited operating history;
- Dependence on key personnel;
- Intellectual property rights infringement;
- Brand awareness;
- Introduction of new products and market reception;
- Dependence on the internet;
- Geographical expansion;
- Foreign exchange risk;
- Product liability claims;
- Management of growth;
- MSC status;
- Competition;
- Nature of contracts;
- Rapid technological/product changes;
- Automation and computerisation rate;
- Influence by substantial shareholders and/or Promoters;
- Forward looking statements;
- Delay in or abortion of the Listing
- Uncertainty of the business development plan; and
- Breakout of fire, energy crisis, emergency risks, political, economic and legislative considerations

CWS has taken actions to mitigate the risks highlighted above, where possible. A detailed commentary on the risk factors and mitigating factors is set out in Section 5 of this Prospectus.

3. INFORMATION SUMMARY (Cont'd)

3.9 MATERIAL LITIGATION, WORKING CAPITAL, BORROWINGS & MATERIAL CAPITAL COMMITMENTS AND MATERIAL CONTINGENT LIABILITIES

(i) Material litigation

As at 5 April 2005, being the latest practicable date prior to the date of printing of this Prospectus, CWS is not engaged in any material litigation or arbitration either as plaintiff or defendant which has a material and adverse effect on the financial position or business of the Company, and the Directors do not know of any proceeding pending or threatened against CWS or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company.

(ii) Working Capital

The Directors are of the opinion that after taking into account the cashflow position generated from its existing operations and amount to be raised from the Rights Issue and New Issue, the Company will have sufficient working capital for a period of 12 months from the date of this Prospectus for its foreseeable requirements.

(iii) Borrowings

As at 5 April 2005, being the latest practicable date prior to the printing of this Prospectus, the Company has no bank borrowings.

(iv) Material capital commitments and material contingent liabilities

As at 5 April 2005, being the latest practicable date prior to the printing of this Prospectus, the Company does not have any material capital commitments or contingent liabilities which may have a material impact on the financial position of the Company.

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4. DETAILS OF THE NEW ISSUE

4.1 SHARE CAPITAL

	RM
<i>Authorised</i> 250,000,000 ordinary shares of RM0.10 each	<u>25,000,000</u>
<i>Issued and fully paid-up</i> 37,080,600 ordinary shares of RM0.10 each	3,708,060
<i>To be issued and credited as fully paid-up pursuant to the New Issue</i> 12,920,000 ordinary shares of RM0.10 each	1,292,000
<i>Enlarged issued and paid-up capital upon listing</i> 50,000,600 ordinary shares of RM0.10 each	<u>5,000,060</u>

There is only 1 class of shares in CWS, being ordinary shares of RM0.10 each, all of which rank pari passu with one another. The New Issue Shares shall upon issue and allotment rank pari passu in all respects with one another and the other existing issued and fully paid-up CWS Shares including voting rights and shall be entitled to all rights and dividends and other distributions the entitlement date of which is subsequent to the date of allotment of the New Issue Shares.

At any general meeting of the Company, each shareholder shall be entitled to vote in person or by proxy or by attorney and on a show of hands, every person present who is a shareholder or a representative or proxy or attorney of a shareholder shall have 1 vote and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have 1 vote for each CWS Share. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act shall not apply to the Company.

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

4.2 OPENING AND CLOSING OF APPLICATION LIST

The application list for the New Issue will open at 10.00 a.m. on 27 April 2005 and will remain open until 5.00 p.m. on the same day or for such further period or periods as the Board and the Placement Agent at their discretion may jointly decide. Late Applications will not be accepted.

4. DETAILS OF THE NEW ISSUE (Cont'd)

4.3 INDICATIVE TIMETABLE

The indicative timing of events leading up to the Listing is set out below:

Event	Indicative Date
Date of prospectus	19 April 2005
Opening and closing of the application list for the New Issue Shares	27 April 2005
Tentative date of allotment	29 April 2005
Tentative date of despatch of notices of allotment to successful applicants	3 May 2005
Tentative date of listing	10 May 2005

The Board and the Placement Agent may mutually decide to extend the closing date for Applications to a further date or dates. In the event that the closing date for Applications is extended from the original date, a notice of such extension(s) will be advertised in a widely circulated Bahasa Malaysia and English newspaper prior to the closing date for Applications.

Furthermore, should the closing date for Applications be extended, the dates for the allotment of the New Issue Shares and listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the MESDAQ Market would be deferred accordingly.

4.4 DETAILS OF THE NEW ISSUE

The New Issue is an invitation by CWS to pre-identified individuals, companies, societies, co-operatives and institutions to subscribe for the New Issue Shares at an Issue Price of RM0.67 per share solely by way of private placement subject to the terms and conditions in this Prospectus.

2 pools of shares will be created and the breakdown of the private placement is as follows: -

	No of CWS Shares
(i) Pool A* - Malaysian retail investors	1,000,000
(ii) Pool B** - Malaysian institutional/high net worth investors	11,920,000
Total	<u>12,920,000</u>

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

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

The 1,000,000 New Issue Shares under Pool A above have been fully underwritten.

Avenue as Placement Agent, has obtained irrevocable undertakings from institutional/high net worth investors to subscribe for the New Issue Shares mentioned in Pool B above. Details on the underwriting commission and placement fees relating to the New Issue are set out in Section 4.8 of this Prospectus.

4. DETAILS OF THE NEW ISSUE (Cont'd)

4.5 PRICING OF THE NEW ISSUE SHARES

The Issue Price of RM0.67 per ordinary share was determined and agreed upon by the Company and Avenue as Adviser, Placement Agent and Underwriter, after taking into account, inter-alia, the following factors:

- (i) The Company's financial and operating history and conditions as described in Sections 6 and 10 of this Prospectus;
- (ii) The qualitative and quantitative factors as set out in Sections 6 and 7 of this Prospectus including the future plans and prospects of CWS as set out in Section 9 of this Prospectus; and
- (iii) The Company's proforma NTA per share as at 31 December 2004 after the Bonus Issue, Rights Issue and New Issue and after deducting the estimated listing expenses of approximately RM1,456,000 and development costs of RM2,600,000.

However, investors should also note that the market price of CWS Shares upon listing will be subject to the vagaries of market forces and other uncertainties, which may affect the price of CWS Shares being traded. Investors should form their own views on the valuation of the New Issue Shares before deciding to invest in the New Issue Shares.

4.6 PURPOSES OF THE NEW ISSUE

The purposes of the New Issue are as follows:

- (i) To obtain the listing of and quotation for the entire enlarged issued and paid-up share capital of CWS on the MESDAQ Market;
- (ii) To provide CWS with access to the capital markets to raise funds for future expansion and growth of the Company and to enhance the stature of the Company in marketing its products;
- (iii) To allow the Malaysian public the opportunity to participate in the future growth of the Company; and
- (iv) To raise funds for the Company's continued operations and expansion, details of which are elaborated in Section 4.7 below.

4.7 UTILISATION OF PROCEEDS

The gross proceeds from the New Issue amounting to RM8,656,400 will accrue entirely to the Company and will be utilised for the following purposes:

	Notes	RM'000	Timing of utilisation
R&D expenditure	(i)	2,600	Within 2 years from the listing date
Working capital	(ii)	2,500	Within 2 years from the listing date
Estimated listing expenses	(iii)	1,456	Within 6 months from the listing date
Capital expenditure	(iv)	1,100	Within 2 years from the listing date
Marketing, advertising and promotion	(v)	1,000	Within 2 years from the listing date
Total		<u>8,656</u>	

4. DETAILS OF THE NEW ISSUE (Cont'd)

Notes:

- (i) As part of the Company's ongoing efforts to maintain a technological edge over its competitors, the Company has allocated RM2,600,000 for R&D relating to:-
- (a) Enhancement of existing CMMS products;
 - (b) A new Automated Planning & Scheduling System; and
 - (c) Other new products.
- The allocation will include the purchase of development tools such as computer hardware and software, salaries and training for R&D staff and related overheads. Please refer to Section 7.7 for further details of the R&D activities of the Company.
- (ii) The working capital will be mainly utilised for the Company's operations and business expansion plan. Part of the allocation will also be to defray operating expenses such as non R&D staff salaries, travelling and rental of premises, amongst others.
- (iii) Kindly refer to Section 4.9 of this Prospectus for the breakdown.
- (iv) The Company will utilise RM1,100,000 for the acquisition and upgrading of existing servers as well as acquisition of additional application software to be used by the Company in its pre and post-sales customer support centre, enabling the Company to meet the increasing demand for its support services as a result of its expansion.
- (v) The Company plans to actively participate in exhibitions and increase its advertisement expenditure, locally and overseas as well as through the internet, in order to increase the level of awareness of its products and the CWS's brand. The Company's sales are mainly driven by the promotional activities of the Company. Therefore, advertising and promotional activities will be aggressively used to consolidate the position of the Company in Malaysia and to expand the customer base abroad, in particular the USA. Proceeds will also be used to conduct marketing research exercises to allow the Company to better strategise its branding and positioning in the CMMS industry.

4.8 UNDERWRITING COMMISSION AND PLACEMENT FEES

The Underwriter has agreed to underwrite the 1,000,000 New Issue Shares to be placed out to the retail investors mentioned in Section 4.4 above. The underwriting commission is payable by the Company at the rate of 2% of the Issue Price of RM0.67 for each New Issue Share being underwritten.

The salient terms of the underwriting agreement that may have an impact on the underwriting of the 1,000,000 New Issue Shares are set out in Section 4.10 of this Prospectus.

The Placement Agent has agreed to place the entire 12,920,000 New Issue Shares to pre-identified investors through a private placement process. Placement and management fees shall be payable by the Company to the Placement Agent at the rate of up to 3% of the Issue Price.

4. DETAILS OF THE NEW ISSUE (Cont'd)

4.9 ESTIMATED LISTING EXPENSES

The breakdown of the estimated listing expenses are set out below:

	RM'000
Professional fees	670
Printing, publicity and advertising	300
Placement/underwriting fees	300
Authorities' processing fees	73
Contingencies	113
Total	<u>1,456</u>

Unutilised listing proceeds allocated for listing expenses shall be used for working capital purposes.

4.10 DETAILS OF THE UNDERWRITING AGREEMENT

The salient terms of the Underwriting Agreement dated 1 April 2005 entered into between the Company ("Issuer") and Avenue ("Underwriter") are set out below:

"Clause 4.1

The obligations of the Underwriter hereunder and the obligations of the Issuer to carry out and complete the issue of CWS Shares are conditional at the date hereof and at closing date on the performance by the Issuer of its obligations under this Agreement, and are also conditional upon:

- (a) *the issue and subscription of CWS Shares in accordance with the provisions hereof not being prohibited by any 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);*
- (b) *all necessary approvals, consents and directives required in relation to the issue of CWS Shares including but not limited to shareholders and governmental approvals having been obtained and complied with and are in full force and effect;*
- (c) *there having been, as at any time hereafter up to the actual listing, no material adverse change, or any development involving a prospective material adverse change, in the condition financial or otherwise of the Issuer as set out in the Prospectus which in the reasonable opinion of the Underwriter is or will be material in the context of the issue of CWS Shares, nor the occurrence of any event or the discovery of any fact rendering inaccurate, untrue or incorrect to an extent which is or will be material in the reasonable opinion of the Underwriter, in relation to any of the warranties contained in clause 3 as if they were repeated on and as of closing date;*
- (d) *the completion of the Issuer's rights issue of 24,720,400 new shares to its shareholders (prior to listing) on the basis of 2 new shares for every 1 share held in the Issuer after the bonus issue; and*

4. DETAILS OF THE NEW ISSUE (Cont'd)

- (e) *the Prospectus together with all documents in relation thereto having been lodged with the CCM and registered with the SC.*

Clause 4.2

If any of the conditions set forth in clause 4.1 are not satisfied, the Underwriter shall, subject as mentioned below, thereupon be entitled to terminate this Agreement by a written notice given to the Issuer not later than the closing date, and in that event (except for the liability of the Issuer for the payment of the expenses as provided in clause 7 and any rights and liabilities of the Issuer and/or the Underwriter under clauses 2 or 5) the Underwriter shall be released and discharged from its obligations hereunder provided that the Underwriter may at its discretion waive compliance with any provision of this clause 4 and any condition so waived shall be deemed to have been satisfied without affecting the Issuer's obligations pursuant to the other provisions under this Agreement. In addition to this, neither the Issuer nor the Underwriter shall be under any obligation to enter into a new or fresh underwriting agreement.

Clause 8.1

Notwithstanding anything herein contained, if in the reasonable opinion of the Underwriter there shall have been such a change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange rates as would in its reasonable opinion prejudice materially the business, financial condition of the Issuer or the success of the issue of CWS Shares, the Listing Exercise and/or their distribution or sale or in the event of national disorder, acts of terrorism, outbreak of war or the declaration of a state of national emergency then, the Underwriter may terminate this Agreement by giving written notice to the Issuer not later than 5.00 p.m. on the closing date and thereupon the parties hereto shall (except for the liability of the Issuer in the payment of costs and expenses referred to in clause 7 hereof incurred prior to or in connection with such termination) be released and discharged from their respective obligations hereunder.

Clause 8.2

Without prejudice to clause 4.2, 8.1 and 8.3 of the underwriting agreement and notwithstanding anything to the contrary contained in this Agreement, if at any time and for any reason, whether within or beyond the control of the Issuer, any one of the following events occurs, that is to say:

- (a) *the Issuer breaches or fails to observe or perform any of its obligations or undertaking or any of the terms and conditions set out in this Agreement; or*
- (b) *any representation, warranty or statement which is made (or acknowledged in writing to have been made) by the Issuer in this Agreement or any certificate, statement, legal opinion or notice provided under or in connection with this Agreement proves to be incorrect in any material respect, or if repeated at any time with reference to the facts and circumstances subsisting at such time would not be accurate in all material respects; or*
- (c) *the Issuer fails to provide the Underwriter with information which is of a material nature in the context of the business or financial condition of the Issuer or the issue and offering of CWS Shares or their distribution or sale; or*
- (d) *the Bursa Securities Composite Index falls below 650 points; or*

4. DETAILS OF THE NEW ISSUE (Cont'd)

- (e) *any change in law, regulation, directive, policy or ruling in any jurisdiction which in the opinion of the Underwriter may hinder the issue and offering of CWS Shares or their distribution or sale,*

then, whether or not any such event is continuing, the Underwriter may terminate this Agreement by giving a written notice to the Issuer not later than 5.00 p.m. on closing date and thereupon the parties hereto shall (except for the liability of the Issuer in the payment of costs and expenses referred to in clause 7 hereof incurred prior to or in connection with such termination) be released and discharged from their respective obligations hereunder."

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5. RISK FACTORS

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

5.1 NO PRIOR MARKET FOR CWS SHARES

Prior to the Listing, there has been no public market for CWS Shares. Therefore, there can be no assurance that an active market for the CWS Shares will develop upon its listing on MESDAQ Market or, if developed, that such market will be sustained. The Issue Price of RM0.67 per share for the New Issue Shares has been determined after taking into consideration a number of factors, including but not limited to those set out in Section 4.5 of this Prospectus. The price at which CWS Shares will trade on the MESDAQ Market upon or subsequent to the Listing will be dependent upon market forces beyond the control of the Company. Therefore, there can be no assurance that the Issue Price will correspond to the price at which CWS Shares will trade upon or subsequent to its listing.

5.2 LIMITED OPERATING HISTORY

CWS was incorporated in Malaysia on 1 August 2001. As the Company has limited operating history, its prospects must be assessed in the light of the risks and difficulties normally encountered by any new company. Notwithstanding its short operating history, the Company has been run by an experienced senior management team, the profiles of which are included in Sections 8.1 and 8.2 of this Prospectus. Their experience will be critical to ensure the success of the Company. The historical financial records of the Company are included under Section 6 of this Prospectus.

5.3 DEPENDENCE ON KEY PERSONNEL

The Company's future performance depends to a significant extent upon the continued efforts and abilities to hire, train, motivate and retain qualified and competent professionals with the requisite skills in order to develop new software products and services, enhance its existing offerings and keep abreast with technological changes, evolving industry standards and client preferences.

Competition to attract such skilled professionals has proven to be intense and there is no guarantee that CWS will be successful in attracting and retaining key personnel in which case, the loss of any of the Executive Directors, or key management personnel could have an adverse impact on the business and financial conditions of the Company.

Recognising the importance of human resources, efforts have been taken to groom younger members of the management team to ensure smooth transition in the future. The Company presently enjoys a cordial relationship with its employees and they do not belong to any trade union. In addition, the loss of key management personnel is also mitigated by the fact that all of its key management personnel are also shareholders of the Company.

5. RISK FACTORS (Cont'd)

5.4 INTELLECTUAL PROPERTY RIGHTS INFRINGEMENT

CWS owns the copyrights of all software developed under the brand name *CWorks*. However the existing IP laws afford only limited protection. While the Company may have taken reasonable steps to secure the IP rights of its major products and processes, no assurance can be given that the Company will be able to protect its IP rights against unauthorised third party copying, use or exploitation, any of which could have a material adverse effect on the Company's business and financial conditions.

CWS also exercises a high degree of care when securing IP rights and emphasises on the originality of its products to avoid duplication of ideas and infringement on third party proprietary rights. Although CWS's management is not aware of any claims that its proprietary rights infringe the intellectual property rights of others, other parties may nevertheless bring an intellectual property infringement action or other such action against CWS.

5.5 BRAND AWARENESS

As CWS is relatively new to the market, the Board believes that establishing and maintaining a good brand presence, reputation and recognition is critical in attracting and expanding the Company's targeted client base. The success of the "*CWorks*" brand name will depend largely on the provision of high quality solutions, successful implementations, provision of support and training to its clients and continuous advertising and promotions. If customers do not perceive the solutions provided by the Company as meeting their needs, or if the solutions are not marketed effectively, the Company will be unsuccessful in building its brand name. Failure to do so will affect the results of operations, financial conditions and prospects of the Company.

The Company believes that it will be able to develop the brand name "*CWorks*" effectively with sufficient financial resources and well-developed products with quality services. However, there can be no assurance that the abovementioned business strategies will materialise which in turn may adversely affect the business and financial conditions of the Company.

5.6 INTRODUCTION OF NEW PRODUCTS AND MARKET RECEPTION

While the development of new products and applications for CWS represents an opportunity for CWS to increase its revenue and profits, the development of such new and enhanced products and services is a complex and uncertain process. There can be no assurance that new applications developed or products introduced will be successfully commercialised or that the Company will be able to secure a sufficient level of acceptance of its products and applications at all times.

CWS will conduct market studies and use market intelligence to determine the viability of products being developed by the R&D department before introducing products or solutions to the market. As such, the risks that extensive R&D or commercial production of the products would take place without ascertaining a commercial market for the products are somewhat mitigated.

5. RISK FACTORS (Cont'd)

5.7 DEPENDENCE ON THE INTERNET

The Company's future growth will be mainly driven by sales from the internet channel. Hence it is dependent on the continued and increased acceptance and use of the internet as a means of commerce. If e-commerce does not continue to grow, or grow slower than expected, the Company's growth will be affected.

Factors which may affect the growth of the internet as a mean of commerce includes but is not limited to the following:

- Actual or perceived lack of security of information and payment systems;
- Disruption to the Company's website such as security breaches or blacklisting by internet service providers;
- Lack of easy access to the internet and ease of use; and
- Congestion of internet traffic or other usage delays due to inadequate bandwidth.

Due to the global nature of the internet, it is also possible that the governments of other countries might attempt to regulate the Company's products and services. The Company might unintentionally violate such laws or such laws that may be modified or new laws enacted, in the future. Any such development could have a material adverse impact on the Company's business. While the above factors have not affected the Company's business todate, there can be no assurance that these factors will not adversely impact the Company's business in future.

5.8 GEOGRAPHICAL EXPANSION

Besides its internet strategy, the Company plans to expand its business internationally through physical presence whilst it continues to build its network of distributors/resellers locally and overseas in order to cover a larger geographical area at a reasonable cost. With such expansion, the Company will be exposed to additional risks relating to operation in foreign countries which include, inter-alia, foreign economic, political and legislative uncertainties.

Although the Company will exercise prudence and conducts feasibility studies prior to making any decisions in its penetration into a particular foreign country, there can be no assurance that the expansion of such business would be successful and that such expansion would not have a material adverse impact on the Company's business and financial conditions. In order to mitigate risks related to the said strategy, the Company will appoint distributors/resellers for certain foreign markets.

5.9 FOREIGN EXCHANGE RISK

For the financial year ended 31 December 2003 and 31 December 2004, 15% and 23% respectively of the Company's sales were denominated in USD. All of these sales were transacted through the internet. As part of its future expansion plan, the Company will allocate substantial resources to further build its internet sales channel. In addition, the Company has plans to further develop foreign markets through the appointment of distributors/resellers. Consequently, the Company expects a larger proportion of its sales to be denominated in foreign currencies particularly in USD.

Currently, the RM is pegged to the USD at an exchange rate of RM3.80 to every USD1.00, thus eliminating currency fluctuations. However, there is no assurance that the existing currency pegging will remain and that future exchange fluctuations arising from changes in the currency peg or other exchange rates will not adversely impact on the revenue and earnings of the Company.

5. RISK FACTORS (Cont'd)

5.10 PRODUCT LIABILITY CLAIMS

The Company's basic solutions, which are mass marketed through the internet, are mainly utilised as non-critical management tools and thus any defects or errors in these products are not expected to have a significant impact on the revenues of the users. However, for enterprise solutions which are customised to ease the critical maintenance operations of the users, any defects or errors in the Company's products could potentially result in the loss of revenue and higher maintenance costs to the users.

Any delays in installation and project cost overruns, failure in implementation, disputes with customers and additional costs incurred in rectification works may adversely affect the Company's revenues, profitability and reputation.

The Company does not maintain any product liability insurance, nor has it taken out any third party liability insurance. However, there have been no product claims by customers in the past. As a mitigating factor, the Company has experienced Directors and key management personnel and proper quality control procedures as detailed in Section 7.10 of this Prospectus to ensure that the results of its solutions meet customers' requirements.

5.11 MANAGEMENT OF GROWTH

The Company is currently experiencing a period of rapid growth, which has placed and can continue to place a strain on the Company's available management, technical and financial resources. The Company's ability to manage its growth will depend on its ability to improve its operational, financial and other internal systems and to train, recruit, motivate and manage its employees. If the Company is not able to manage its growth effectively, the quality of its services and products, and ultimately its revenues and profitability may be adversely affected.

To mitigate this risk, the Company will continue to recruit highly qualified employees and train existing staff by giving them the opportunity to handle more responsibilities. The Company will implement various incentive schemes and offer benefits such as health and insurance benefits, sales commission schemes and training to encourage them to continue employment with the Company.

5.12 MSC STATUS

CWS was awarded MSC status on 5 March 2003 which carries certain conditions. Notwithstanding that the Company may comply with these conditions, the possibility remains that the status could be revoked at the discretion of the MDC.

There can be no assurance that the Company will continue to retain its MSC status, or that it will have its pioneer status renewed, or that the Company will continue to enjoy or not experience delays in enjoying its MSC incentives, all of which could materially and adversely affect the Company's profitability.

5. RISK FACTORS (Cont'd)

5.13 COMPETITION

The Company has experienced and expects to continue to experience intense competition from current competitors (as mentioned in Section 7.4.3 of this Prospectus) and future competitors. The Company's competitors vary in size and in the scope and breadth of the products and services offered. They may have significantly greater resources than the Company, in terms of finance, technical expertise, human resources and others. The Company believes that it has the necessary competitive advantage such as its proprietary DSA, cost advantage and end-to-end solutions to maintain its presence in the industry. Please refer to Sections 7.11 and 7.12 of this Prospectus for further details.

However, there can be no assurance that the Company will be able to maintain its competitiveness against current and future competitors or that competitive pressures will not materially and adversely affect the Company's business and financial conditions.

5.14 NATURE OF CONTRACTS

Most of the Company's contracts are short-term in duration. As such the Company must continually replace its contracts with new contracts to sustain its revenue. Contracts may also be terminated for a variety of reasons, including termination of product development, unsatisfactory results from use of the product or the client's decision to cease the project implementation. Failure to obtain new contracts or the cancellation or delay of existing contracts could have a material adverse impact on the Company's business and financial conditions.

The Board believes that the incidence of termination of the Company's contracts is presently at an insignificant level. Nevertheless, it is believed that the Company's continuous R&D may mitigate this risk.

To mitigate the risk arising from the absence of long-term contracts, the Company has taken the following measures:

(i) Leverage on internet sales

For the financial year ended 31 December 2003 and 31 December 2004, 15% and 23% respectively of the Company's total revenue came from sales through the internet channel. For the financial year ended 31 December 2004, the total internet sales was RM421,965 with an average sales transaction value of RM1,680. By relying on an increasingly large number of small transactions, the Company hopes to build a higher sustainable level of revenue which is less volatile when compared to sales generated through personalised marketing, which tend to be bulky and unpredictable.

(ii) Business process outsourcing services

The Company also provides business process outsourcing for maintenance management. Specifically, the Company provides a managed CMMS which not only relieves customers from maintaining the IT portion of running CMMS, but also provides them with operational support. CWS will run the CMMS either on-site or remotely. Using data received from clients, the Company organises the data into information content based on agreed processes and procedures create appropriate reports and provides usage consultancy to the clients.

5. RISK FACTORS (Cont'd)

The prominent local users of the Company's managed CMMS services include Hospital Sungai Buloh, Universiti Utara Malaysia and Putrajaya Precinct 8,10 & 11. Whilst the total revenue generated from such services is still relatively low, the Company hopes to increase the percentage contribution in the future.

5.15 RAPID TECHNOLOGICAL/PRODUCT CHANGES

The IT industry is characterised by rapid changes in technology and frequent introduction of new and enhanced products. Failure to respond to these technological developments, evolving industry standards and changing client preferences may result in adverse effects to the Company's business and financial results. Hence, the Company needs to keep abreast with the latest technologies in order to compete successfully.

The Company intends to overcome the challenges by:-

- keeping close monitor of the latest development in technology and platform;
- keeping close surveillance of the market's changing needs;
- relating the observed technological and platform developments with changes in customers' and industry's requirements; and
- continuously enhancing its products and services based on the latest cost and operationally accepted technological platform changes to fulfil the requirements in a timely and most cost effective manner.

The Company currently maintains an effective channel through its web-based forum available at www.cworks.com.my where feedback is received from *CWorks* users or visitors to its website from around the world.

5.16 AUTOMATION AND COMPUTERISATION RATE

Although most businesses, especially those which are more asset intensive acknowledge the importance of computerisation, there will be some businesses that will be reluctant to invest in IT such as the usage of CWS's maintenance software. As these businesses have the wait-and-see approach towards automation and are 'late adopters' of IT, their investment in IT will only be made when they can see tangible returns.

To encourage these hesitant CMMS users, the Company offers freeware CMMS for download through the internet. Since it was first made available on the internet in September 2002 until December 2004, approximately 30,000 copies of *CWorks FREE* have been downloaded. This is intended to allow potential users to try and get used to the Company's system and functionality in the hope that they will eventually get accustomed to using its CMMS and demand for more features and customisations thereby generating revenue for the Company in the future. The Company believes that this strategy has helped to drive internet sales which increased from 15% of total revenue for the FYE 31 December 2003 to 23% of total revenue for the FYE 31 December 2004.

There can be no assurance that the investment in IT by businesses will occur as expected. Any deviations from expectations may have adverse effects on CWS's business and financial conditions. Nevertheless, with the Government's efforts in promoting IT to the public and private sector and continuous education of the public on the importance of IT, the Company believes that these businesses would progressively have a higher usage of IT, which will in turn provide software developers with increasing opportunities.

5. RISK FACTORS (Cont'd)

5.17 INFLUENCE BY SUBSTANTIAL SHAREHOLDERS AND/OR PROMOTERS

Following the New Issue, the substantial shareholders and/or Promoters, namely, Abdul Rani Bin Achmed Abdullah, Azhan Bin Azmi, Padman Prabhakaran, Abd Malik Bin Mohd Din, Suzanna Binti Abdul Hamid and Caribeli will collectively hold 64.25% of the Company's enlarged issued and paid-up share capital. The aforesaid shareholders, acting together, may be able to influence the outcome of matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law and/or by the relevant authorities.

5.18 FORWARD LOOKING STATEMENTS

This Prospectus includes forward looking statements, which are statements other than statements of historical facts that are based on assumptions that are subject to uncertainties and contingencies. The word "anticipates", "believe", "intends", "plans", "expects", "forecast", "predicts" and similar expressions as they relate to the Company or its business are intended to identify such forward-looking statements. CWS believes that, barring any unforeseen circumstances, the expectations reflected in such forward-looking statements are reasonable at this point of time.

In light of these uncertainties and contingencies, the inclusion of any forward looking statements in this Prospectus should not be regarded as a representation of the Company that the plans and objectives of the Company will be achieved.

5.19 DELAY IN OR ABORTION OF THE LISTING

The occurrence of any 1 or more of the following events may cause a delay in or abortion of the Listing:

- (i) pre-identified investors fail to subscribe for the New Issue Shares to be placed to them;
- (ii) the Underwriter exercise its rights pursuant to the underwriting agreement and discharge themselves from their obligations thereunder; or
- (iii) the Company is unable to meet the public spread requirement, that is, at least 25% but not more than 49% of the issued and paid-up share capital of the Company be held by a minimum number of 200 public shareholders holding not less than 100 shares each.

Although the Board will endeavour to ensure compliance by CWS of the Listing Requirements, including, inter-alia, the public spread requirement imposed by Bursa Securities, no assurance can be given that the abovementioned events will not occur and cause a delay in or abortion of the Listing.

5.20 UNCERTAINTY OF THE BUSINESS DEVELOPMENT PLAN

The success of the Company's business development plan will be largely dependent upon market acceptance of its products and services, successful penetration into targeted markets and further development and commercialisation of future applications. Despite the key management team's years of experience and expertise in the business, there can be no assurance that the implementation of the Company's plans will not be affected by external factors which are beyond the control of the Company.

5. RISK FACTORS (Cont'd)

5.21 BREAKOUT OF FIRE, ENERGY CRISIS, EMERGENCY RISKS, POLITICAL, ECONOMIC AND LEGISLATIVE CONSIDERATIONS

The Company believes that it has adequate safety and fire-fighting equipment installed at its premises to ensure that the risk of fire is contained. In the event of a power failure, the employees can continue working using laptops, which have power storage capacities in the form of batteries lasting up to 4 hours. Furthermore, most of the implementation projects are undertaken at the customers' premises. As such, there is minimal interruption to the Company's operations in the event of a power failure at the Company's premises.

As with any other company, the performance of CWS is subject to overall economic, political, legislative and business conditions both within and outside Malaysia. Emergency risks, political, economic and legislative uncertainties include, but are not limited to, Acts of God, fire, flooding, the risk of war, riots, expropriation, nationalisation, renegotiations or nullification of existing contracts, fluctuations in foreign exchange rates, inflation, changes in interest rates and methods of taxation. As such, there can be no assurance that the performance of the Company will remain favourable in the event of changes in the general economic, political, legislative and business conditions both within and outside Malaysia.

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6. FINANCIAL INFORMATION

6.1 HISTORICAL FINANCIAL INFORMATION

The following is a summary of the audited financial results of the Company based on the audited financial statements of the Company from the date of incorporation (i.e 1 August 2001) to 31 December 2004. The results of the Company have been extracted from and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 11 of this Prospectus.

	Period from 1 August 2001 to 31 December 2002 RM	Year Ended 31 December 2003 RM	Year Ended 31 December 2004 RM
Turnover	260,651	808,747	1,847,027
EBITDA	(120,519)	383,640	1,351,554
Interest expense	-	-	-
Depreciation	(5,727)	(10,609)	(15,225)
Amortisation	-	(44,307)	(44,307)
PBT/(Loss) before taxation	(126,246)	328,724	1,292,022
Income tax expense	-	-	-
PAT/(Loss) after taxation	(126,246)	328,724	1,292,022
Weighted average number of ordinary shares of RM0.10 each in issue	272,590	1,000,000	1,488,525
Gross EPS /(loss) per share based on weighted average number of shares in issue (RM)	(0.46)	0.33	0.87
Net EPS /(loss) per share based on weighted average number of shares in issue (RM)	(0.46)	0.33	0.87
Dividend (%)	-	-	-

Notes:

- 1 *The gross earnings/(loss) per share and the net earnings/(loss) per share for the respective financial period/years under review have been calculated based on the profit/(loss) before taxation and profit/(loss) after taxation respectively, divided by the weighted average number of ordinary shares of RM0.10 each in issue for the respective financial period/years. The par value of the ordinary shares in issue during the respective financial period/years of RM1.00 each have been sub-divided into ordinary shares of RM0.10 each to facilitate comparison since CWS has on 5 August 2004 sub-divided its ordinary shares of RM1.00 each into ten (10) ordinary shares of RM0.10 each.*
- 2 *There were no extraordinary items or exceptional items in respect of all the financial period/years under review*
- 3 *The results of CWS have been prepared based on accounting policies consistent with those previously adopted in the preparation of CWS's audited financial statements.*

The audited financial statements of the Company from the date of incorporation (i.e 1 August 2001) to 31 December 2004 have not been subjected to any audit qualifications.

6. FINANCIAL INFORMATION (Cont'd)

6.2 ANALYSIS AND COMMENTARY ON FINANCIAL INFORMATION

The following analysis and commentary should be read in conjunction with the Company's financial highlights included in Section 6.1 of this Prospectus.

6.2.1 Segmental Analysis of Turnover

Analysis by Products

The table below sets out the segmental analysis of revenue by types of products of the Company from the date of incorporation (i.e 1 August 2001) to 31 December 2004 based on the financial results set out in Section 6.1:

Products/Services	Period from 1 August 2001 to 31 December 2002		FYE 31 December 2003		FYE 31 December 2004	
	RM	%	RM	%	RM	%
CMMS software licence	46,636	17.89	135,705	16.78	498,677	27.00
CMMS and related support services	214,015	82.11	673,042	83.22	1,348,350	73.00
Total	260,651	100.00	808,747	100.00	1,847,027	100.00

Analysis by Markets

The table below sets out the segmental analysis of revenue by markets of the Company from the date of incorporation (i.e 1 August 2001) to 31 December 2004 based on the financial results set out in Section 6.1:

Markets	Period from 1 August 2001 to 31 December 2002		FYE 31 December 2003		FYE 31 December 2004	
	RM	%	RM	%	RM	%
Local sales	257,310	98.72	687,944	85.06	1,425,062	77.15
Export sales	3,341	1.28	120,803	14.94	421,965	22.85
Total	260,651	100.00	808,747	100.00	1,847,027	100.00

6.2.2 Commentary on the turnover and profit

(a) Period from date of incorporation (i.e 1 August 2001) to 31 December 2002

CWS recorded a revenue of RM260,651 for the period from the sale of its CMMS products and related support services. As CWS was then at its initial stage of business operations, most of the Company's effort were focused on research and development and hence, lower sales were recorded.

The Company recorded a loss before taxation of RM126,246 for the period as the gross profit generated was not sufficient to cover its operating and fixed overheads.

6. FINANCIAL INFORMATION (Cont'd)

(b) FYE 31 December 2003

The Company's turnover surged to RM808,747 in 2003, an increase of 210% as compared to 2002. The increase was mainly due to sales of *CWorks PRO* through the internet and the introduction of an additional product, *CWorks SQL* during the financial year.

Sale of *CWorks PRO* through the internet increased by 35 times as compared to the previous period. This was attributable mainly to the success of the Company's marketing strategy of leveraging on the internet to distribute its products globally.

The introduction of *CWorks SQL* which is a more robust solution meant for large enterprises with a significant number of users further improved the product mix of CWS. This increased its marketability and resulted in the Company securing large corporate customers such as Perusahaan Otomobil Nasional Berhad.

The gross profit margin improved in this financial year mainly due to the increase in sales of *CWorks PRO* and the completion of development work of *CWorks SQL*, thus lowering its cost of sales. In line with the Company's improved gross profit margin, CWS recorded a PBT of RM328,724.

(c) FYE 31 December 2004

The Company recorded a turnover of RM1,847,027 for year 2004. This substantial increase compared to 12 month period ended 31 December 2003 was mainly due to the following:

- i) The continued increase in sales of *CWorks PRO / SRM* and *CWorks PLUS* through the internet where the contribution to sales increased from 15% of turnover in year 2003 to 23% in year 2004. The Company marketing efforts have continued to be effective in distributing its products worldwide; and
- ii) The introduction of *CWorks ONLINE* and *CWorks PLUS*, an improved and enhanced CMMS solution during the year further increased the Company's product mix to meet different customers' demands. *CWorks ONLINE* was developed on a web-based platform targeted at users who require access anywhere and anytime to the application. As a result, the Company was able to generate more sales and increased its customer base.

Sales of readily developed products kept the cost of sales lower and hence, helped boost the gross profit margin for the Company enabling CWS to record a PBT of RM1,292,022 for year 2004.

6.2.3 Impact of Interest Rates

The impact of interest rates on the PBT of the Company is negligible as the Company has minimal interest bearing investments and no bank borrowings.

6.2.4 Taxation

CWS holds pioneer status which exempts it from incurring income tax on its qualifying activities.

6. FINANCIAL INFORMATION (Cont'd)

6.2.5 Extraordinary and Exceptional Items

There were no extraordinary items or exceptional items from date of incorporation (i.e 1 August 2001) to 31 December 2004.

6.2.6 Directors' Declaration on Financial Performance

Save as disclosed in Sections 5 and 6 of this Prospectus, the Directors are of the view that the financial performance, position and operations of the Company is not affected by any of the following:

- (a) Known trends, demands, commitments, events or uncertainties that have had or that the Company reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of the Company;
- (b) Material commitments for capital expenditure;
- (c) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Company;
- (d) Apart from the revenue fluctuations set out in Sections 6.1 and 6.2.2 of this Prospectus, there have not been any substantial increase in revenue for CWS; and
- (e) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

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6. FINANCIAL INFORMATION (Cont'd)

6.3 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA BALANCE SHEETS

(Prepared for inclusion in this Prospectus)

TAN CHIN HUAT & CO.

AF 1395
Chartered Accountants (M)

No: 232 2nd Floor Block A Damansara Intan
No: 1 Jalan SS 20/27 47400 Petaling Jaya
Tel: 03-77268992
Fax: 03-77284992

REPORTING ACCOUNTANTS' LETTER ON PROFORMA BALANCE SHEETS
(Prepared for inclusion in this Prospectus)

Date : 1 2 APR 2005

The Board of Directors
CWorks Systems Berhad
(Formerly known as Clueword DotCom Sdn. Bhd.)
No. 23-1 Jalan Sri Hartamas 7
Sri Hartamas
50480 Kuala Lumpur

Dear Sirs,

**CWORKS SYSTEMS BERHAD (Formerly known as Clueword DotCom Sdn. Bhd.) ("CWS")
PROFORMA BALANCE SHEETS AS OF 31 DECEMBER 2004**

We have reviewed the presentation of the Proforma Balance Sheets of CWS as of 31 December 2004, for which the Directors are solely responsible, as set out in the accompanying statements (stamped by us for purpose of identification), prepared for inclusion in the Prospectus of CWS to be dated 19 April 2005 in connection with the issue of 12,920,000 new ordinary shares of RM0.10 each, at an issue price of RM0.67 per share and the listing of and quotation for its entire enlarged issued and fully paid-up share capital of 50,000,600 ordinary shares of RM0.10 each on the MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

In our opinion, the Proforma Balance Sheets together with the accompanying notes which are provided solely for illustrative purposes only,

- (a) have been properly compiled on the bases of preparation stated;
- (b) such bases are consistent with the accounting policies normally adopted by CWS; and
- (c) the adjustments are appropriate for the purposes of the Proforma Balance Sheets.

Yours faithfully,



TAN CHIN HUAT & CO
Firm No : AF 1395
Chartered Accountants (M)



TAN CHIN HUAT
Approval No: 2037/6/06(J)
Proprietor

6. FINANCIAL INFORMATION (Cont'd)

PROFORMA BALANCE SHEETS

The following is a summary of the proforma balance sheets of CWS as of 31 December 2004, prepared for illustration purposes only to show the effects of the Bonus Issue, the Rights Issue, the New Issue and utilisation of proceeds on the assumption that the transactions were completed on 31 December 2004:-

	(i) Audited as of 31 December 2004 RM	(ii) After (i) and the Bonus Issue RM	(iii) After (ii) and the Rights Issue RM	(iv) After (iii), the New Issue and utilisation of proceeds RM
Property, plant and equipment	109,815	109,815	109,815	1,209,815
Development costs	447,230	447,230	447,230	3,047,230
Current Assets				
Trade receivables	916,156	916,156	916,156	916,156
Other receivables and prepaid expenses	228,452	228,452	228,452	1,100
Cash and bank balances	42,103	42,103	2,514,143	6,241,895
	<u>1,186,711</u>	<u>1,186,711</u>	<u>3,658,751</u>	<u>7,159,151</u>
Less: Current Liabilities				
Other payables and accrued expenses	25,491	25,491	25,491	25,491
Amount owing to a director	3,765	3,765	3,765	3,765
	<u>29,256</u>	<u>29,256</u>	<u>29,256</u>	<u>29,256</u>
Net Current Assets	<u>1,157,455</u>	<u>1,157,455</u>	<u>3,629,495</u>	<u>7,129,895</u>
	<u>1,714,500</u>	<u>1,714,500</u>	<u>4,186,540</u>	<u>11,386,940</u>
Financed by:				
Issued share capital	220,000	1,236,020	3,708,060	5,000,060
Share premium	-	-	-	5,908,400
Unappropriated profit	1,494,500	478,480	478,480	478,480
	<u>1,714,500</u>	<u>1,714,500</u>	<u>4,186,540</u>	<u>11,386,940</u>
NTA/Proforma NTA	<u>1,267,270</u>	<u>1,267,270</u>	<u>3,739,310</u>	<u>8,339,710</u>
NTA/Proforma NTA per share (Sen)	<u>57.60</u>	<u>10.25</u>	<u>10.08</u>	<u>16.68</u>

NOTES TO THE PROFORMA BALANCE SHEETS

- 1 The Proforma Balance Sheets are provided for illustrative purposes only and have been prepared based on the audited balance sheets of CWS as of 31 December 2004 and on the assumption that the following transactions had been effected on 31 December 2004:-

- (i) Bonus Issue of 10,160,200 new ordinary shares of RM0.10 each credited as fully paid-up in CWS to the shareholders of CWS on the basis of approximately 4.6 new CWS shares for every one (1) CWS share held through the capitalisation of RM1,016,020 from the audited unappropriated profit of the Company, effected on 25 March 2005 ("Bonus Issue");



6. FINANCIAL INFORMATION (Cont'd)

- (ii) Rights Issue of 24,720,400 new CWS shares credited as fully paid-up per share at par to the shareholders of CWS on the basis of two (2) new CWS shares for every one (1) CWS share held after the Bonus Issue, effected on 5 April 2005 ("Rights Issue");
- (iii) New Issue of 12,920,000 new ordinary shares of RM0.10 each at an issue price of RM0.67 per share ("New Issue") and the utilisation of proceeds; and
- (iv) Listing of and quotation for CWS's entire enlarged issued and paid-up share capital comprising 50,000,600 CWS shares upon completion of the New Issue, on the MESDAQ Market of Bursa Securities.

2 The Proforma Balance Sheets are presented on a basis consistent with the accounting policies normally adopted by CWS.

3 The movement of the issued and paid-up share capital, share premium and unappropriated profit of CWS are as follows:-

	Issued Share Capital RM	Share Premium RM	Unappropriated Profit RM
As of 31 December 2004	220,000	-	1,494,500
Bonus Issue	1,016,020	-	(1,016,020)
Rights Issue	2,472,040	-	-
New Issue	1,292,000	7,364,400	-
Estimated listing expenses*	-	(1,456,000)	-
Balance as of 31 December 2004 after the Bonus Issue, the Rights Issue and the New Issue	<u>5,000,060</u>	<u>5,908,400</u>	<u>478,480</u>

* Out of the total estimated listing expenses of RM1,456,000, RM227,352 was paid during the financial year ended 31 December 2004 and the balance of RM1,228,648 is assumed to be paid upon receipt of the proceeds from the New Issue.

4 The gross proceeds from the New Issue amounting to RM8,656,400 will accrue entirely to the Company and will be utilised for the following purposes:

	RM'000
Research and development (R&D) expenditure	2,600
Working capital	2,500
Capital expenditure	1,100
Marketing, advertising and promotion	1,000
Estimated listing expenses	1,456
	<u>8,656</u>



6. FINANCIAL INFORMATION *(Cont'd)*

6.4 WORKING CAPITAL, BORROWINGS, MATERIAL CAPITAL COMMITMENTS AND MATERIAL CONTINGENT LIABILITIES

6.4.1 Working capital

The Directors are of the opinion that after taking into account the cashflow position generated from its existing operations and amount to be raised from the Rights Issue and New Issue, the Company will have sufficient working capital for a period of 12 months from the date of this Prospectus for its foreseeable requirements.

6.4.2 Borrowings

As at 5 April 2005, being the latest practicable date prior to the printing of this Prospectus, the Company has no bank borrowings.

6.4.3 Material capital commitments and material contingent liabilities

As at 5 April 2005, being the latest practicable date prior to the printing of this Prospectus, the Company does not have any material capital commitments or contingent liabilities which may have a material impact on the financial position of the Company.

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