

1. CORPORATE INFORMATION

BOARD OF DIRECTORS

Directors	Address	Occupation	Nationality
Koh Ah Keng <i>Executive Chairman</i>	399, Jalan Lempoyang Kampung Baru Bukit Bakri 84200 Muar Johor Darul Takzim Malaysia	Company Director	Malaysian
Koh Yueh Leong <i>Managing Director</i>	399, Jalan Lempoyang Kampung Baru Bukit Bakri 84200 Muar Johor Darul Takzim Malaysia	Company Director	Malaysian
Wang Chi-Ti <i>Executive Director</i>	4F#12 Lane 42, The Hou Road Yang Hou, Taipei Taiwan	Company Director	Taiwanese
Weng Chin-Fan <i>Executive Director</i>	10F-2, No.327, Sec. 2 Fu Hsing South Road, Taipei Taiwan	Company Director	Taiwanese
Siew Kah Ngwong <i>Non-Executive Director</i>	17, Jalan Liku 09100 Baling Kedah Darul Aman Malaysia	Company Director	Malaysian
Wee Chong Yan <i>Non-Executive Director</i>	No 264-20, Jalan Kenanga 2 Taman Kenanga, Jalan Bakri 84000 Muar Johor Darul Takzim Malaysia	Company Director	Malaysian
Goh Ah Teu (a) Goh Keng Chiew <i>Independent Non-Executive Director</i>	433, Jalan Sentosa, Bukit Bakri 84200 Muar Johor Darul Takzim Malaysia	Company Director	Malaysian
Huang Shih-Yen <i>Independent Non-Executive Director</i>	No 421, Min Shui Road Taipei Taiwan	Company Director	Taiwanese
Chua Syer Cin <i>Independent Non-Executive Director</i>	235-3, Jalan Daud 84000 Muar Johor Darul Takzim Malaysia	Company Director	Malaysian

1. CORPORATE INFORMATION *(cont'd)*

AUDIT COMMITTEE

Name	Designation	Directorship
Chua Syer Cin	Chairman	Independent Non-Executive Director
Huang Shih-Yen	Member	Independent Non-Executive Director
Koh Yuch Leong	Member	Managing Director

**JOINT COMPANY
SECRETARIES**

: Leong Oi Wah (*MAICSA 7023802*)
21, Jalan 4/54
46050 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Leong Siew Foong (*MAICSA 7007572*)
No 3, Jalan Bayam
Taman Kota Besar
81900 Kota Tinggi
Johor Darul Takzim
Malaysia

REGISTERED OFFICE

: Suite 6.1A, Level 6, Menara Pelangi
Jalan Kuning, Taman Pelangi
80400 Johor Bahru
Johor Darul Takzim
Malaysia
Tel: 07-332 3536

HEAD/MANAGEMENT OFFICE

: Lot 1039, Jalan Kampung Murni Jaya
81850 Layang-Layang
Johor Darul Takzim
Malaysia
Tel: 07-751 1449

E-Mail: info@equatorgroup.com
Website: www.equatorgroup.com

**AUDITORS/REPORTING
ACCOUNTANTS**

: Deloitte KassimChan (*AF 0080*)
Chartered Accountants
No. 21, Jalan Tun Abdul Razak
Susur 1/1
80000 Johor Bahru
Johor Darul Takzim
Malaysia
Tel: 07-222 5988

1. CORPORATE INFORMATION *(cont'd)*

- SOLICITORS** : Mazlan & Associates
Level 3A, Wisma E&C
Lorong Dungun Kiri
50490 Damansara Heights
Kuala Lumpur
Malaysia
Tel: 03-2715 8802
- PRINCIPAL BANKERS** : Malayan Banking Berhad *(3813-K)*
1&3, Jalan Sutera 1
Taman Mewah
81850 Layang-Layang
Johor Darul Takzim
Malaysia
Tel: 07-752 6485
- OCBC Bank (Malaysia) Berhad *(295400-W)*
26, Jalan Maharani
84000 Muar
Johor Darul Takzim
Malaysia
Tel: 06-951 4333
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd *(258345-X)*
Level 27, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Malaysia
Tel: 03-2693 2075
- SHARE REGISTRAR** : Symphony Share Registrars Sdn Bhd *(378993-D)*
*(formerly known as Malaysia Share Registration Services
Sdn Bhd)*
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Malaysia
Tel: 03-2721 2222
- ADVISER, SPONSOR,
UNDERWRITER AND
PLACEMENT AGENT** : Avenue Securities Sdn Bhd *(682-X)*
Level 1, Bangunan Avenue
8, Jalan Damansara Endah
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel: 03-2711 8798

1. CORPORATE INFORMATION *(cont'd)*

INDEPENDENT MARKET RESEARCHER	:	Infocredit D&B (Malaysia) Sdn Bhd <i>(527570-M)</i> Level 9-3A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur Malaysia Tel: 03-2718 1000
EXPERT ON POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS AND ON THE ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS	:	Holland Van Gijzen Drentestraat 21 1083 HK Amsterdam P.O.Box 7925 1008 AC Amsterdam The Netherlands Tel: 31-20-5497373
STOCK EXCHANGE LISTING SOUGHT	:	MESDAQ Market
SYARIAH STATUS	:	Approved by the SAC of the SC

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. SUMMARY OF INFORMATION

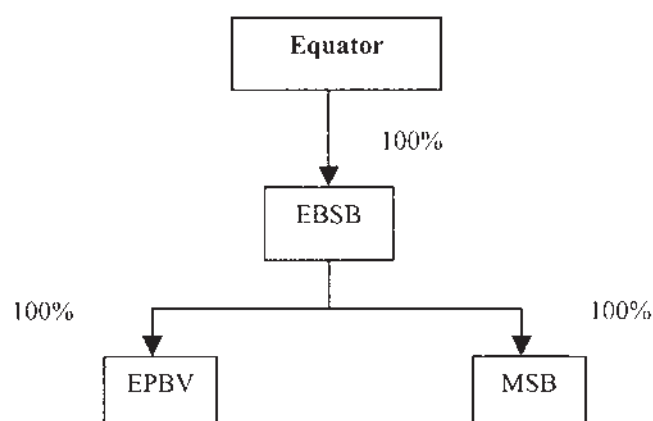
This is a summary of salient information in the Prospectus. It does not contain all the information that may be important to you. You should read and understand the entire Prospectus carefully before you decide to invest in this Public Issue.

2.1 HISTORY AND BUSINESS

Equator was incorporated in Malaysia as a public limited company under the Act on 28 January 2004 as an integral part of its Listing. Equator is principally involved in investment holding whilst its Subsidiary Companies are involved in the following principal activities.

Subsidiary Companies	Date/Country of Incorporation	% Effective Equity Interest	Issued and Paid-up capital	Principal Activities
<i>Subsidiary of Equator</i>				
EBSB	08.04.1997 Malaysia	100.00	RM10,187.800	Bio-conversion, micro propagation, cultivation, importing and exporting of ornamental plants
<i>Subsidiaries of EBSB</i>				
MSB	23.11.1994 Malaysia	100.00	RM1,700,000	Trading of ornamental plants
EPBV	13.10.1998 The Netherlands	100.00	€18,151	Cultivating, importing, exporting and trading of ornamental plants

The corporate structure of the Equator Group is as set out below:



2. SUMMARY OF INFORMATION *(cont'd)*

The Equator Group is one of the leading biotechnology companies in the horticulture industry in Asia. EBSB's propagation techniques have proven to produce excellent quality products at far lower costs than market standards. The plants have exceptional uniformity in size and shape, true to type and higher yield for different varieties and species of plants and yield better commercial value.

The Equator Group is principally engaged in the propagation of various ornamental plants through the application of biotechnology. Unlike traditional growers who cultivate plants through conventional methods, the Equator Group uses a combination of biotechnology techniques such as micro propagation and bioconversion to mass propagate ornamental plants in order to isolate and retain the best characteristics of parent plants. The fundamental of micro propagation is tissue or cell culture. Currently, the Equator Group produces plants through tissue culture technique whilst cell culture is in an advanced stage of R&D. Besides improving the quality of plants, tissue culture is also capable to mass propagate in a shorter time frame. The Equator Group has also commenced R&D in genetic engineering to create novel plants by manipulating genes. For better understanding of a comparison between the conventional way of cultivation and application of biotechnology, the following table can be observed:

Ornamental Plant Varieties	Description	Equator Propagation Months	Traditional Cultivation Months	% of Improvement
Sansevieria	From mother plants to mass propagation	1 - 2	3 - 4	Approximately 43%
Dracaena	From mother plants to mass propagation	2 - 3	4 - 6	Approximately 50%
Cycas	From seed to mass propagation	4 - 9	9 - 18	Approximately 48%
Rhapis	From seed to mass propagation	15 - 18	24 - 36	Approximately 55%

2.2 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT OR KEY TECHNICAL PERSONNEL

The beneficial interests, direct and indirect, of the Promoters, substantial shareholders, Directors, key management or key technical personnel of Equator after the Public Issue are as follows:

2. SUMMARY OF INFORMATION (cont'd)**2.2.1 Promoters**

Promoters	Nationality/ Country of Incorporation	< ----- Direct ----- >		< ----- Indirect ----- >	
		No. of Equator Shares held	% held	No. of Equator Shares held	% held
Wang Chi-Ti	Taiwanese	36,090,394	15.36	-	-
Chiap Hup	Malaysia	27,301,300	11.62	-	-
Max Yang Wen Shiung	Taiwanese	27,301,300	11.62	-	-
DBSB	Malaysia	20,871,503	8.88	-	-
Koh Ah Keng	Malaysian	19,381,189	8.25	-	-
Koh Yuch Leong	Malaysian	8,000,617	3.40	-	-
Lin Fu-Mei	Taiwanese	7,800,617	3.32	-	-
Weng Chin-Fan	Taiwanese	8,000,617	3.40	-	-
Koh Yuch Lai	Malaysian	6,112,367	2.60	-	-
Hee Hah Chie	Malaysian	2,164,452	0.92	-	-

The above shareholdings take into consideration the allocation of the Public Issue Shares entitled for subscription by the eligible Directors and employees of the Equator Group.

2.2.2 Substantial Shareholders

Substantial Shareholders	< ----- Direct ----- >		< ----- Indirect ----- >	
	No. of Equator Shares held	% held	No. of Equator Shares held	% held
Wang Chi-Ti	36,090,394	15.36	-	-
Chiap Hup	27,301,300	11.62	-	-
Max Yang Wen Shiung	27,301,300	11.62	-	-
DBSB	20,871,503	8.88	-	-
Koh Ah Keng	19,381,189	8.25	-	-
Lau Bong Wong	-	-	27,301,300	11.62*
Wee Chong Yan	100,000	0.04	27,301,300	11.62*
Phnuah Lih Ping	-	-	20,871,503	8.88 [^]
Rozi bin Abdullah	-	-	20,871,503	8.88 [^]
Siew Kah Ngwong	100,000	0.04	20,871,503	8.88 [^]

Notes:

* Deemed interested by virtue of his substantial shareholding in Chiap Hup.

[^] Deemed interested by virtue of his substantial shareholding in DBSB.

2. SUMMARY OF INFORMATION (cont'd)

The above shareholdings take into consideration the allocation of the Public Issue Shares entitled for subscription by the eligible Directors and employees of the Equator Group.

2.2.3 Directors

Directors	< ----- Direct ----- >		< ----- Indirect ----- >	
	No. of Equator Shares held	% held	No. of Equator Shares held	% held
Koh Ah Keng	19,381,189	8.25	-	-
Koh Yuch Leong	8,000,617	3.40	-	-
Wang Chi-Ti	36,090,394	15.36	-	-
Weng Chin-Fan	8,000,617	3.40	-	-
Siew Kah Ngwong	100,000	0.04	20,871,503	8.88 [^]
Wee Chong Yan	100,000	0.04	27,301,300	11.62*
Goh Ah Teu @ Goh Keng Chiew	100,000	0.04	-	-
Huang Shih-Yen	100,000	0.04	-	-
Chua Syer Cin	100,000	0.04	-	-

Notes:

[^] Deemed interested by virtue of his substantial shareholding in DBSB.

* Deemed interested by virtue of his substantial shareholdings in Chiap Hup.

The above shareholdings take into consideration the allocation of the Public Issue Shares entitled for subscription by the eligible Directors and employees of the Equator Group.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. SUMMARY OF INFORMATION *(cont'd)*

2.2.4 Key Management or Key Technical Personnel

Key management or key technical personnel	Designation	< ----- Direct ----- >		< ----- Indirect ----- >	
		No. of Equator Shares held	% held	No. of Equator Shares held	% held
Koh Ah Keng	Executive Chairman	19,381,189	8.25	-	-
Koh Yueh Leong	Managing Director	8,000,617	3.40	-	-
Wang Chi-Ti	Executive Director	36,090,394	15.36	-	-
Weng Chin-Fan	Executive Director	8,000,617	3.40	-	-
Abdallaziz Belboukhari	Country Manager, The Netherlands	100,000	0.04	-	-
Tan Hing Tau	Finance Manager	100,000	0.04	-	-
Yap Kyun Chin	Manager (Operations)	100,000	0.04	-	-
Goh Sau Chong	Assistant Manager (R&D)	100,000	0.04	-	-
Tan Kang Wei	Assistant Manager (Production)	100,000	0.04	-	-
Chin Poey Yuen	Manager (Marketing & Sales)	100,000	0.04	-	-
Ho Kok Wah	Assistant Manager (Quality Assurance)	100,000	0.04	-	-

Note:

The above shareholdings take into consideration the allocation of the Public Issue Shares entitled for subscription by the eligible Directors and employees of the Equator Group.

Further information on the Promoters, substantial shareholders, Directors, key management or key technical personnel of the Equator Group are set out in Sections 7.1, 7.2 and 7.4 of this Prospectus.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. SUMMARY OF INFORMATION *(cont'd)*

2.3 BIOTECHNOLOGY

The Group uses biotechnology to propagate plants before they are delivered to their designated customers. The key to biotechnology is micro propagation through the application of tissue culture, cell culture and genetic engineering. Plants cultivated with these techniques will have excellent uniformity, true to type and consistency in quality. As such, plants would remain at its best condition on arrival at the destination and quality is retained for a longer period of time.

In June 2003, the Group started its Life Science Centre located at Layang-Layang, Johor Darul Takzim for micro propagation activities. The Group uses a combination of biotechnology techniques such as micro propagation and bioconversion to mass propagate ornamental plants that isolate and retain the best characteristics of its parent plants. The Group produces plants through tissue culture technique whilst cell culture is in an advanced stage of R&D. Besides improving the quality of plants, tissue culture is also capable to mass propagate plants in a shorter time frame. The Group has also commenced R&D in genetic engineering to create novel plants by manipulating genes.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. SUMMARY OF INFORMATION *(cont'd)*

2.4 FINANCIAL HIGHLIGHTS

2.4.1 Proforma Consolidated Results

The following table sets out a summary of the proforma consolidated audited results of the Equator Group for the past five (5) financial years ended 31 December 1999 to 2003 and ten (10)-month financial period ended 31 October 2004, prepared on the assumption that the current Equator Group structure has been in existence throughout the years' period under review. The proforma consolidated profit records should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 13 of this Prospectus.

	Financial year ended 31 December					10-month period ended 31 October
	1999	2000	2001	2002	2003	2004
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	3,077	4,415	4,816	14,093	18,904	23,741
Profit before interest, tax, depreciation and amortisation	293	131	727	5,407	6,426	8,479
Depreciation of property, plant and equipment	(106)	(121)	(157)	(178)	(409)	(542)
Amortisation of:						
- Plantation development expenditure	-	-	-	(600)	(687)	(583)
- Deferred expenditure	(6)	(6)	(6)	(3)	-	-
- Goodwill	(42)	(42)	(42)	(42)	(42)	(36)
Finance costs	(281)	(250)	(202)	(167)	(299)	(495)
Profit (Loss) before exceptional items and minority interests	(142)	(288)	320	4,417	4,989	6,823
Exceptional items	-	-	-	-	-	-
Profit (Loss) before taxation and minority interests	(142)	(288)	320	4,417	4,989	6,823
Taxation	(26)	55	(116)	(1,019)	(1,438)	(1,327)
Profit (Loss) after taxation but before minority interests	(168)	(233)	204	3,398	3,551	5,496
Minority interests	-	-	-	-	-	-
Profit (Loss) after taxation and minority interests	(168)	(233)	204	3,398	3,551	5,496
No. of ordinary shares assumed to be in issue ('000)	175,008	175,008	175,008	175,008	175,008	175,008
Gross EPS (loss per share) (sen)	(0.08)	(0.16)	0.18	2.52	2.85	3.90
Net EPS (loss per share) (sen)	(0.10)	(0.13)	0.12	1.94	2.03	3.14

Notes:

- (i) The results of Equator have been included in 2004 only as its first set of audited financial statements is prepared from 28 January 2004 (date of incorporation) to 31 October 2004.
- (ii) It is assumed that MSB is a wholly-owned subsidiary of Equator since 1 January 1998. MSB was acquired by EBSB in 2001.
- (iii) Gross EPS and net EPS are based on proforma profit before taxation and proforma net profit respectively over the number of ordinary shares assumed to be issued pursuant to the Acquisition of EBSB.

2. SUMMARY OF INFORMATION (cont'd)

(iv) The proforma consolidated results of the Equator Group have been prepared based on audited financial statements of EBSB and MSB after making relevant adjustments for the respective financial years as follows:

	Financial year ended 31 December					10-month period ended
	1999	2000	2001	2002	2003	31 October 2004
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue as stated in audited financial statements of:						
- EBSB	2,254	4,561	7,747	14,093	18,904	23,741
- MSB	2,846	1,871	-	-	-	-
Adjustments for inter-company transactions:						
Eliminated between EBSB and MSB	(2,023)	(1,660)	-	-	-	-
Previously not eliminated in the financial statements	-	(357)	(2,931)	-	-	-
Adjusted revenue	3,077	4,415	4,816	14,093	18,904	23,741
Other operating expenses as stated in audited financial statements of:						
- EBSB	3,742	4,206	7,938	3,024	12,797	13,418
- MSB	797	1,362	-	-	-	-
- Equator	-	-	-	-	-	4
Adjustments for inter-company transactions:						
Eliminated between EBSB and MSB	(2,023)	(1,660)	-	-	-	-
Previously not eliminated in the financial statements	-	(357)	(2,931)	-	-	-
Adjusted other operating expenses	2,516	3,551	5,007	3,024	12,797	13,422
Income tax expense as stated in audited financial statements of:						
- EBSB	-	-	(70)	(916)	(1,438)	(1,327)
- MSB	-	-	-	-	-	-
Adjustments to recognise deferred tax assets of MSB in the respective years in accordance to MASB 25, Income Taxes	(26)	55	(46)	(103)	-	-
Adjusted income tax credit (expense)	(26)	55	(116)	(1,019)	(1,438)	(1,327)

(v) (a) The increase in revenue derived from export market in European countries and Asia Pacific region was due to increase in demand for products such as "cycas" and "sansevieria". As represented by management, these products were reported to have proven therapeutic effects.

2. SUMMARY OF INFORMATION (cont'd)

(b) Loss before taxation was recorded for 1999 and 2000 due to cost incurred on the initial planting activities in order to achieve mass cultivation scale. Profit before taxation was recorded in subsequent financial years under review due to increase in revenue.

(c) Income tax credit in 2000 represents deferred tax credit of MSB. In 2001, the effective tax rate was higher than the statutory income tax rate mainly due to interest expense of MSB restricted under Section 33 (2) of Income Tax Act, 1967 which were not deductible for tax purposes. The lower effective tax rate in 2002 was due to certain non-assessable income of EBSB. In 2004, the effective tax rate was lower than the statutory income tax rate mainly due to certain temporary differences were not recognised as it will not reverse in the foreseeable future.

*(vi) Segment Reporting**Geographical segments*

The Group's operations are located in Malaysia and The Netherlands. The Group's cultivation activity is located in Malaysia, whereas the marketing activity is located in Malaysia and The Netherlands.

For management purposes, the Group is organised into the following geographical market based on location of customers:

- Malaysia
- Other Asia Pacific Region
- European countries

	<i>Financial year ended 31 December</i>					<i>10-month period ended 31 October</i>
	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<i>Revenue</i>						
<i>External sales:</i>						
<i>Malaysia</i>	414	904	608	1,146	2,096	2,184
<i>Other Asia Pacific region</i>	777	748	1,035	7,749	7,547	11,020
<i>European countries</i>	1,886	2,763	3,173	5,198	9,261	10,537
<i>Inter-segment sales:</i>						
<i>Malaysia</i>	1,412	1,017	1,917	3,088	1,494	67
<i>Other Asia Pacific region</i>	-	-	-	-	-	-
<i>European countries</i>	970	1,928	2,825	3,896	9,262	4,899
<i>Total revenue</i>	5,459	7,360	9,558	21,077	29,660	28,707
<i>Elimination</i>	(2,382)	(2,945)	(4,742)	(6,984)	(10,756)	(4,966)
<i>Consolidated</i>	3,077	4,415	4,816	14,093	18,904	23,741

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. SUMMARY OF INFORMATION (cont'd)

	Year Ended 31 December					10-month period ended 31 October
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
<i>Results</i>						
<i>Segment result:</i>						
<i>Other Asia Pacific region</i>	482	40	1,101	6,058	9,042	5,140
<i>European countries</i>	(301)	(36)	(537)	(1,062)	(1,021)	636
	181	4	564	4,996	8,021	5,776
<i>Elimination</i>	(42)	(42)	(42)	(412)	(2,733)	1,542
<i>Profit/(Loss) from operation</i>	139	(38)	522	4,584	5,288	7,318
<i>Finance costs</i>	(281)	(250)	(202)	(167)	(299)	(495)
<i>Profit/(Loss) before tax</i>	(142)	(288)	320	4,417	4,989	6,823
<i>Income tax credit (expense)</i>	(26)	55	(116)	(1,019)	(1,438)	(1,327)
<i>Profit/(Loss) after tax</i>	(168)	(233)	204	3,398	3,551	5,496
<i>Other Information</i>						
<i>Depreciation of property, plant and equipment:</i>						
<i>Malaysia</i>	77	81	110	131	367	525
<i>European Countries</i>	29	40	47	47	42	17
<i>Amortisation of plantation development expenditure:</i>						
<i>Malaysia</i>	-	-	-	600	687	583
<i>Amortisation of deferred expenditure:</i>						
<i>Malaysia</i>	5	5	5	-	-	-
<i>European Countries</i>	1	1	1	3	-	-

There is no disclosure of business segment information as the Group operates principally within one industry.

(vii) All significant intercompany transactions are eliminated on consolidation.

(viii) There were no exceptional or extraordinary items in all the financial years/period under review.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. SUMMARY OF INFORMATION *(cont'd)*

2.4.2 Proforma Consolidated Balance Sheets

The following table sets out the summary of proforma consolidated balance sheets of the Equator Group as at 31 October 2004 as if the Acquisition of EBSB, Public Issue and utilisation of proceeds had been effected on that date. More detailed proforma consolidated balance sheets of the Group are set out in Section 12.5 of this Prospectus:

	I	II	
	Audited balance sheet as of 31 October 2004 RM	After Acquisition of EBSB RM'000	After I and Public Issue and utilisation of proceeds RM'000
Assets			
Property, plant and equipment	-	13,954	26,354
Plantation development expenditure	-	5,023	5,023
Other investment	-	287	287
Current Assets			
Inventories	-	7,724	7,724
Trade receivables	-	10,066	10,066
Other receivables and prepaid expenses	494,245	1,891	1,397
Cash and bank balances	2	766	12,560
	494,247	20,447	31,747
Current Liabilities			
Trade payables	-	1,636	1,636
Other payables and accrued expenses	498,743	3,384	3,384
Amount owing to directors	-	218	218
Hire-purchase payables	-	98	98
Borrowings	-	7,393	5,004
Tax liabilities	-	865	865
	498,743	13,594	11,205
Net Current Assets / (Liabilities)	(4,496)	6,853	20,542
Long-Term Liabilities			
Hire-purchase payables	-	107	107
Borrowings	-	2,111	-
Deferred tax	-	868	868
	-	(3,086)	(975)
Net Assets / (Liabilities)	(4,496)	23,031	51,231
Represented by:			
Share capital	2	17,500	23,500
Share premium	-	-	22,200
Reserve on consolidation	-	5,535	5,535
Accumulated loss	(4,498)	(4)	(4)
Shareholders' Equity / (Capital Deficiency)	(4,496)	23,031	51,231
NTA / NTL per share (RM)	(224.80)	0.13	0.22

2. SUMMARY OF INFORMATION *(cont'd)*

2.4.3 Auditors' Qualifications

There has been no qualification in the audited financial statements of the Equator Group, throughout the financial years/period under review.

2.5 RISK FACTORS

There are a number of risk factors (which may not be exhaustive), both specific to the Equator Group and relating to the general business environment, which may impact the operating performance and financial position of the Group. To appreciate the risk factors associated with an investment in Equator, this Prospectus should be read in its entirety. Details of the risk factors of which investors should be aware are set out in Section 4 of this Prospectus:

- (i) No prior market for Equator Shares;
- (ii) Business risks;
- (iii) Dependence on key management or key technical personnel;
- (iv) Control by the Promoters;
- (v) Limited land supply;
- (vi) Shortage of labour;
- (vii) Biotechnology risks;
- (viii) Political, economic and regulatory conditions;
- (ix) Competition;
- (x) Quarantine regulations;
- (xi) Pest and disease control;
- (xii) Changes in market trends;
- (xiii) Profit estimate;
- (xiv) Foreign exchange risks;
- (xv) Failure/delay in the Listing; and
- (xvi) Disclosure regarding forward-looking statements.

2. SUMMARY OF INFORMATION *(cont'd)*

2.6 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE

2.6.1 Share Capital of Equator

	RM
<i>Authorised</i>	
500,000,000 ordinary shares of RM0.10 each	50,000,000
<i>Issued and fully paid-up as at the date of this Prospectus</i>	
175,008,000 ordinary shares of RM0.10 each	17,500,800
<i>To be issued and credited as fully paid-up pursuant to the Public Issue</i>	
60,000,000 ordinary shares of RM0.10 each	6,000,000
<i>Enlarged issued and paid-up share capital</i>	23,500,800

2.6.2 Issue Price RM0.50

2.6.3 Proforma Consolidated NTA as at 31 October 2004

	NTA RM'000	NTA per share RM
Proforma consolidated NTA after the Acquisition of EBSB	23,031	0.13 ¹
Proforma consolidated NTA per share after the Acquisition of EBSB, Public Issue and utilisation of proceeds	51,231	0.22 ²

Notes:

- Based on the enlarged issued and paid-up share capital of 175,008,000 Equator Shares after the Acquisition of EBSB.*
- Based on the enlarged issued and paid-up share capital of 235,008,000 Equator Shares after the Acquisition of EBSB, Public Issue, utilisation of proceeds and after deducting listing expenses.*

The detailed calculations of the proforma consolidated NTA of the Equator Group are set out in Section 12.5 of this Prospectus.

2.6.4 Classes of shares and ranking

There is only one class of shares in Equator, namely, ordinary shares of RM0.10 each, all of which rank pari passu with one another. The Public Issue Shares will rank pari passu in all respects with the other existing issued and fully paid-up ordinary shares of the Company and shall carry entitlement to voting rights and rights to all dividends and distributions that may be declared on the shares of the Company, the entitlement date of which is on or after the date of issue of the Public Issue Shares.

2. SUMMARY OF INFORMATION *(cont'd)*

Subject to any special rights attaching to any shares which may be issued by Equator in the future, the holders of ordinary shares in the Company shall, in proportion to the amount paid-up on the ordinary shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions. In respect of the whole of any surplus in the event of winding-up of the Company, such surplus shall be distributed among the members in proportion to the paid-up capital at the commencement of the winding-up, in accordance with the Articles of Association of Equator.

At any general meeting of Equator, 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 representative or proxy or attorney 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, a member of the Company.

2.6.5 Consolidated Profit Estimate

The Directors of Equator estimate that, the consolidated profit estimate of the Equator Group for the financial year ended 31 December 2004 will be as follows:

Financial year ended 31 December 2004	Estimate RM'000
Revenue	28,387
Consolidated profit before taxation and pre-acquisition profit	7,778
Less: Taxation	(1,657)
Consolidated profit after taxation but before pre-acquisition profit and minority interests	6,121
Less: Minority interests	-
Consolidated profit after taxation but before pre-acquisition profit	6,121
Less: Pre-acquisition profit ^a	(6,121)
Consolidated profit attributable to shareholders	-

Based on enlarged issued and paid-up share capital:

Net EPS ^b (sen)	2.60
Net PE Multiple (based on issue price of RM0.50 per Share) (times)	19.23

Notes:

The consolidated profit estimate has been prepared on bases and accounting policies consistent with those previously adopted by the Equator Group.

a Equator was incorporated on 28 January 2004 and the Acquisition of EBSB was completed on 24 March 2005. Therefore, the pre-acquisition profit relates to period from 1 January 2004 to 31 December 2004.

b Based on the consolidated profit after taxation but before pre-acquisition profit and the enlarged issued and paid-up share capital of 235,008,000 Equator Shares.

2. SUMMARY OF INFORMATION *(cont'd)*

2.7 UTILISATION OF PROCEEDS

Based on an Issue Price of RM0.50 per share, the Company expects the gross proceeds arising from the Public Issue to be RM30 million. The proceeds are expected to be utilised in the following manner:

Purpose	RM'000	Expected timeframe for proposed utilisation
Setting-up of corporate office	1,500	Within two (2) years from date of listing of Equator Shares
Upgrading of information systems	900	Within two (2) years from date of listing of Equator Shares
Marketing campaigns in promoting products	2,000	Within three (3) years from date of listing of Equator Shares
Expansion of R&D activities and facilities	6,500	Within three (3) years from date of listing of Equator Shares
Working capital	7,800	Within three (3) years from date of listing of Equator Shares
Repayment of loans	4,500	Within six (6) months from date of listing of Equator Shares
Acquisition of land	5,000	Within three (3) years from date of listing of Equator Shares
Estimated listing expenses	1,800	Within six (6) months from date of listing of Equator Shares
	30,000	

Further information on the utilisation of proceeds is set out in Section 3.7 of this Prospectus.

2.8 MATERIAL LITIGATION, MATERIAL COMMITMENT, BORROWINGS AND CONTINGENT LIABILITIES

2.8.1 Material Litigation

As at 15 April 2005 (being the latest practicable date prior to the registration of this Prospectus), neither Equator nor its Subsidiary Companies are engaged in any material litigation either as plaintiff or defendant which has a material effect on the financial position of Equator or any of its Subsidiary Companies and the Directors of the Company have no knowledge of any proceedings pending or threatened against the Company and its Subsidiary Companies or of any facts likely to give rise to any proceedings which might materially affect the position and business of the Company and its Subsidiary Companies.

2. SUMMARY OF INFORMATION *(cont'd)*

2.8.2 Material Commitment

As at 15 April 2005 (being the latest practicable date prior to the registration of this Prospectus), Equator does not have any material commitment in respect of acquisition of land and building, plant and machinery and other fixed assets.

2.8.3 Borrowings

As at 15 April 2005 (being the latest practicable date prior to the registration of this Prospectus), the total outstanding borrowings of the Equator Group from financial institutions amounted to approximately RM13.42 million comprising the following:

	Amount Outstanding RM'000
Short term (interest bearing)	
Term loan (due within next 12 months)	1,725
Trade financing	5,692
Hire-purchase (due within next 12 months)	72
Overdraft	962
	<hr/> 8,451
Long term (interest bearing)	
Term Loan	4,885
Hire-purchase	83
	<hr/> 4,968
Total	<hr/> <hr/> 13,419

2.8.4 Contingent Liabilities

As at 15 April 2005 (being the latest practicable date prior to the registration of this Prospectus), the Directors of the Company are not aware of any contingent liabilities, which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group.

2.9 SYARIAH STATUS

Equator has voluntarily submitted an application to the SC for the Syariah compliance review to be carried out by the SAC of the SC as part of the process to obtain its Syariah status at the Public Issue stage.

The SAC of the SC has classified Equator as Syariah-approved based on the latest 12-month audited financial year and the Syariah criteria adopted by the SAC of the SC.

3. PARTICULARS OF THE PUBLIC ISSUE

This Prospectus is dated 28 April 2005.

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus together with the Application Form has also been lodged with the ROC, who takes no responsibility for its contents.

Approvals from the SC and Bursa Securities have been obtained for the Public Issue on 27 January 2005. Approval from Bursa Securities has been obtained for admission to the Official List of the MESDAQ Market and for permission to deal in and for the listing of and quotation for the entire issued and paid-up share capital of Equator including the Public Issue Shares which are the subject to this Prospectus. These ordinary shares will be admitted to the Official List of the MESDAQ Market and official quotation will commence after receipt of confirmation from the Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment will be despatched to all successful applicants.

Pursuant to the Listing Requirements, the Company needs to have at least 25% but not more than 49% of the total number of shares for which listing is sought, in the hands of a minimum number of 200 public shareholders upon admission to the MESDAQ Market. The Company is expected to achieve this at the point of Listing. However, if the above requirement is not met pursuant to the Public Issue, the Company may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all applications will be returned without interest.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act 1991, Bursa Securities has prescribed the Equator Shares as a prescribed security. In consequence thereof, the Public Issue Shares offered through this Prospectus will be deposited directly with the Depository and any dealings in Equator Shares will be carried out in accordance with the aforesaid act and the Rules of the Depository. No share certificates will be issued to successful applicants.

To apply for the Public Issue Shares, an applicant must have a CDS account. Applicants using Application Forms should state his/her CDS account number in the space provided in the Application Form and he/she shall be deemed to have authorised the Depository to disclose information pertaining to the CDS account to MIH/Equator for the purpose of crediting the Public Issue Shares allotted to him/her into his/her CDS account. In the case of an application by way of Electronic Share Application, the applicant shall furnish his CDS account number to the Participating Financial Institutions by way of keying his/her CDS account number according to the instructions on the ATM screen at which he/she enters his/her Electronic Share Application. A corporation/institution cannot apply for the Public Issue Shares by way of Electronic Share Application.

We have not authorised any person to give any information or represent us in relation to the Public Issue. Bear in mind also that this Prospectus shall not represent or imply that there have been no change in the Company's affairs since the issuance of this Prospectus.

The distribution of this Prospectus and the sale of the Public Issue Shares are subject to Malaysian law and Avenue and the Company take no responsibility for the distribution of this Prospectus and/or sale of the Public Issue Shares outside Malaysia, which may be restricted by law in other jurisdictions. This Prospectus will not be registered under any securities legislation of any jurisdiction except Malaysia and the Public Issue Shares will not be sold in any country other than Malaysia. Persons who may be in 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 of an offer to buy any Public Issue Shares 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.

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

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

3.1 OPENING AND CLOSING OF APPLICATION LISTS

The Application for the Public Issue will open at 10.00 a.m. on 28 April 2005 and will remain open until 5.00 p.m. on 12 May 2005 or for such further period or periods as the Directors and/or Promoters of Equator and the Underwriter/Placement Agent in their absolute discretion may mutually decide. Late applications will not be accepted.

3.2 DATES OF SPECIAL EVENTS

The important events and their dates or tentative dates are as follows:

Event	Date
Date of Prospectus	28 April 2005
Opening of Application for the Public Issue Shares	28 April 2005
Closing of Application for the Public Issue Shares*	12 May 2005
Event	Tentative Date
Date of balloting of Application for the Public Issue Shares	16 May 2005
Despatch of notices of allotment for the Equator Shares to successful applicants	24 May 2005
Listing of and quotation for Equator's entire issued and paid-up share capital on the MESDAQ Market	25 May 2005

Note:

- * *The Directors and/or Promoters of Equator and the Underwriter/Placement Agent 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, allotment and listing of Equator's entire issued and paid-up share capital on the MESDAQ Market would be extended accordingly. Equator will notify the parties via an advertisement in a widely circulated Bahasa Malaysia and English newspaper in Malaysia if there is an extension of time on the closing date of the application.*

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

3.3 PURPOSES OF THE PUBLIC ISSUE

The purposes of the Public Issue are as follows:

- (i) To raise funds for the Equator Group's operations and expansion, details of which are elaborated in Section 3.7 of this Prospectus;
- (ii) To enable the Equator Group to gain access to the capital markets to raise funds for future expansion and continued growth of the Equator Group;
- (iii) To provide an opportunity for the eligible Directors, employees, customers and suppliers of the Equator Group as well as the Malaysian Public to participate in the continuing growth, of the Equator Group by way of equity participation; and
- (iv) To obtain the listing of and quotation for the entire issued and paid-up share capital of 235,008,000 Equator Shares on the MESDAQ Market, which is expected to enhance the business profile and future prospects of the Equator Group.

3.4 NUMBERS AND TYPES OF SECURITIES TO BE ISSUED

	RM
Authorised	
500,000,000 ordinary shares of RM0.10 each	50,000,000
Issued and fully paid-up as at the date of this Prospectus	
175,008,000 ordinary shares of RM0.10 each	17,500,800
To be issued and credited as fully paid-up pursuant to the Public Issue	
60,000,000 ordinary shares of RM0.10 each	6,000,000
Enlarged issued and paid-up share capital	23,500,800
Issue Price	RM0.50

There is only one class of shares in Equator, namely, ordinary shares of RM0.10 each, all of which rank *pari passu* with one another. The Public Issue Shares will rank *pari passu* in all respects with the other existing issued and fully paid-up ordinary shares of the Company and shall carry entitlement to voting rights and rights to all dividends and distributions that may be declared on the shares of the Company, the entitlement date of which is on or after the date of issue of the Public Issue Shares. Subject to any special rights attaching to any shares which may be issued by Equator in the future, the holders of ordinary shares in the Company shall, in proportion to the amount paid-up on the ordinary shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions. In respect of the whole of any surplus in the event of winding up of the Company, such surplus shall be distributed among the members in proportion to the paid-up share capital at the commencement of the winding up, in accordance with the Articles of Association of Equator.

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

At any general meeting of Equator, 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 representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or by other duly authorised representative shall have one vote for each ordinary share held. A proxy may, but need not be, a member of the Company.

3.5 DETAILS OF THE PUBLIC ISSUE

The Public Issue Shares issued at an Issue Price of RM0.50 per share are payable in full upon application. The Public Issue is subject to the terms and conditions of this Prospectus and upon acceptance, the Public Issue Shares will be allocated in the following manner:

(i) Malaysian Public

12,000,000 of the Public Issue Shares will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions.

(ii) Eligible Directors, Employees, Customers and Suppliers

6,000,000 of the Public Issue Shares have been made available for application by the eligible Directors, employees, customers and suppliers of the Equator Group. Any Public Issue Shares not allocated to or subscribed by the eligible Directors, employees, customers and suppliers of the Equator Group, will be made available for private placement to identified investors.

The abovementioned Public Issue Shares were allocated based on the following criteria:

(a) Directors

The Directors of the Equator Group who are eligible for pink form allocation and their respective entitlements are as follow:

Directors	Designation	Number of Public Issue Shares Allocated
Koh Ah Keng	Executive Chairman	200,000
Koh Yueh Leong	Managing Director	200,000
Wang Chi-Ti	Executive Director	200,000
Weng Chin-Fan	Executive Director	200,000
Siew Kah Ngwong	Non-Executive Director	100,000
Wee Chong Yan	Non-Executive Director	100,000
Goh Ah Teu @ Goh Keng Chiew	Independent Non-Executive Director	100,000
Huang Shih-Yen	Independent Non-Executive Director	100,000
Chua Syer Cin	Independent Non-Executive Director	100,000
Koh Yueh Lai	Director of EBSB and MSB	100,000
Abdallaziz Belboukhari	Director of EPBV/Country Manager	100,000

3. PARTICULARS OF THE PUBLIC ISSUE (cont'd)

(b) Employees

Eligible employees must be at least 18 years of age and must be confirmed in service. Allocation for eligible employees are based on job grades, with the allocation ranging from 2,000 Equator Shares for general workers/clerical staff to 100,000 Equator Shares for senior management. The total number of employees entitled for the pink form is 303.

(c) Customers and Suppliers

Based on the length of relationship and contribution to the success of the Equator Group.

(iii) Identified Investors

42,000,000 of the Public Issue Shares have been made available for private placement to identified investors.

12,000,000 of the Public Issue Shares to be made available to the Malaysian Public referred to in sub-section (i) above have been fully underwritten at an underwriting commission of two percent (2%) of the Issue Price.

42,000,000 of the Public Issue Shares made available for private placement referred to in sub-section (iii) above will not be underwritten. The potential investors will be pre-identified by the Placement Agent to take up the said Public Issue Shares.

3.6 BASIS OF ARRIVING AT THE ISSUE PRICE

The Issue Price of RM0.50 per share was determined and agreed upon by the Company and Avenue, as the Adviser and Underwriter, based on various factors after taking into account, inter-alia, the following factors:

- (i) The Equator Group's financial operating history and conditions and financial position as outlined in Section 12 of this Prospectus;
- (ii) The prospects of the industry the Equator Group operates as outlined in Section 5.6.7 of this Prospectus;
- (iii) The Equator Group's biotechnology, business growth potential and revenue prospects; and
- (iv) The proforma consolidated NTA of the Equator Group as at 31 October 2004 of RM0.22 per share, based on the enlarged issued and paid-up share capital of Equator.

However, investors should also note that the market price of Equator Shares upon Listing are subject to the vagaries of market forces and the uncertainties, which may affect the price of Equator Shares being traded. Investors should bear in mind the risk factors as set out in Section 4 of this Prospectus and form their own views on the valuation of the Public Issue Shares before deciding on whether or not to invest in the Public Issue Shares.

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

3.7 UTILISATION OF PROCEEDS

The Public Issue of 60,000,000 new Equator Shares at an Issue Price of RM0.50 per share would raise RM30 million and will be utilised in the following manner:

Purpose	Notes	RM'000	Expected timeframe for proposed utilisation
Setting-up of corporate office	1	1,500	Within two (2) years from date of listing of Equator Shares
Upgrading of information systems	2	900	Within two (2) years from date of listing of Equator Shares
Marketing campaigns in promoting products	3	2,000	Within three (3) years from date of listing of Equator Shares
Expansion of R&D activities and facilities	4	6,500	Within three (3) years from date of listing of Equator Shares
Working capital	5	7,800	Within three (3) years from the date of listing of Equator Shares
Repayment of loans	6	4,500	Within six (6) months from date of listing of Equator Shares
Acquisition of land	7	5,000	Within three (3) years from date of listing of Equator Shares.
Estimated listing expenses	8	1,800	Within six (6) months from date of listing of Equator Shares
		30,000	

Notes:

1. *Setting-up of the Equator Group's new corporate office in Johor Bahru, Johor Darul Takzim. RM950,000 is earmarked for the purchase of an office building, whilst RM330,000 and RM220,000 will be utilised for renovation and purchase of office furniture and equipment, respectively.*
2. *Upgrading of information systems to achieve better inventory control and to conduct administrative activities with greater efficiency. RM500,000 will be utilised for purchase of hardware such as computers and servers. Whilst RM250,000 will be utilised for purchase of software such as inventory control software and logistic system software. The Group also proposes to utilise RM150,000 for the purchase of computer accessories such as printers, bar code scanners and back-up power supply.*

3. PARTICULARS OF THE PUBLIC ISSUE (cont'd)

3. The Equator Group proposes to utilise RM490,000 and RM460,000 for participating in exhibitions in The Netherlands and Japan respectively, and RM550,000 for advertising in The Netherlands, US and UK based horticulture and floriculture magazines. This is in line with its marketing strategy to expand its market in Europe and Japan as well as penetrating into the US market. The Group also proposes to utilise RM500,000 for registration of trademark in countries of the European Union, North America, Middle East and Australia.

4. Breakdown of R&D expenses of RM6,500,000:

	RM'000
Expansion of existing micro propagation laboratory and R&D in genetic engineering	3,200
R&D equipment [^]	1,800
R&D staff costs, purchase of raw material for R&D purposes and upkeep of R&D facilities	1,500
	<u>6,500</u>

[^] R&D equipment includes autoclave, laminar flow, temperature control cabinet, media cooker, media boiler and media storage rack.

5. The allocated sum of RM7.8 million will be utilised to fund the working capital requirements of the Equator Group. In view of the Equator Group's plan to expand its operations, Equator Group anticipates that they would require higher working capital to carry out its expansion plan.
6. As at 15 April 2005, Equator Group's total bank borrowings is approximately RM13.42 million. The Group intends to utilise approximately RM4.50 million for the repayment of bank borrowings which will result in interest savings of approximately RM349,000 per annum based on an average interest rate of 7.8% per annum. Set out below are the details of repayment of bank borrowings:

	Amount to be repaid RM'000	Interest savings per annum RM'000
<u>OCBC Bank (Malaysia) Berhad</u>		
Term Loan	1,507	118
Overdraft	1,500	116
Trade financing	500	39
	<u>3,507</u>	<u>273</u>
<u>Malayan Banking Berhad</u>		
Term Loan	971	76
	<u>4,478</u>	<u>349</u>

7. The Equator Group intends to increase its capacity in production of ornamental plants by proposing to acquire additional land bank measuring approximately 60 hectares located in either Muar or Batu Pahat, Johor Darul Takzim. This land will be used for mass propagation of *Dracaena deremensis*, *Dracaena Marginata* and *Dracaena Massangeana*, which are expected to contribute positively to the Group's revenue in the future.

3. PARTICULARS OF THE PUBLIC ISSUE (cont'd)

8. Set out below is the breakdown of the estimated listing expenses:

	RM'000
<i>Professional fees</i>	760
<i>Fees of the authorities</i>	41
<i>Underwriting commission^a</i>	120
<i>Placement fee^b</i>	420
<i>Brokerage fees^c</i>	60
<i>Printing and advertising fees</i>	250
<i>Issuing house</i>	50
<i>Miscellaneous expenses</i>	99
	1,800

Notes:

- a* Based on underwriting commission of two percent (2.00%) on 12,000,000 of the Public Issue Shares available for application by the Malaysian Public at RM0.50 per share.
- b* Based on placement fee of two percent (2.00%) on 42,000,000 of the Public Issue Shares available for placement to the identified investors at RM0.50 per share.
- c* Based on brokerage fees of one percent (1.00%) on 12,000,000 of the Public Issue Shares available for application by the Malaysia Public at RM0.50 per share.

There is no minimum subscription to be raised from the Public Issue as the Public Issue Shares are either fully underwritten or the irrevocable undertaking to subscribe for the Public Issue Shares have been obtained from the identified investors.

3.8 BROKERAGE FEES, UNDERWRITING COMMISSION AND PLACEMENT FEE

The Underwriter has agreed to underwrite the 12,000,000 of the Public Issue Shares to be issued to the Malaysian Public. Underwriting commission is payable by the Company in respect of the Public Issue Shares at the rate of two percent (2.0 %) of the total underwritten shares at the Issue Price of RM0.50 per share.

Brokerage relating to the 12,000,000 of the Public Issue Shares made available for application by the Malaysia Public is payable by the Company at the rate of one percent (1.0%) of the Issue Price of RM0.50 per Share in respect of successful applications which bear the stamp of Avenue, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

Placement fee is payable by the Company to Avenue in respect of the 42,000,000 of the Public Issue Shares to be placed out by the Placement Agent, at the rate of two percent (2.0%) of the Issue Price of RM0.50 per share.

3.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

The following are extracts of some of the salient terms contained in the underwriting agreement dated 18 April 2005 ("Underwriting Agreement"), including terms which allow the Underwriter to withdraw from the underwriting obligation after the opening of the Public Issue:

3. PARTICULARS OF THE PUBLIC ISSUE (cont'd)Clause 4.1

The obligations of the Underwriter under this Underwriting Agreement shall further be conditional upon:

- (a) the SC having approved the Prospectus and Bursa Securities having agreed in principle on or prior to the listing of and quotation for all the issued share capital of the Company on the MESDAQ Market on terms satisfactory to the Underwriter and the Underwriter being reasonably satisfied that such listing and quotation will be granted two (2) Market Days (defined as which Bursa Securities is opened for business) (or such other period as Bursa Securities may permit) after Bursa Securities has received all the necessary supporting documents and receipt of confirmation from the Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants;
- (b) the issue of the Public Issue Shares having been approved by the shareholders of the Company in an extraordinary general meeting;
- (c) there having been, as at any time hereafter up to and including the Closing Date (defined as the last date for the receipt of the application for the Public Issue which will be ten (10) Market Days from the date of issuance of the Prospectus or such later date as agreed by the Company and the Underwriter), no material adverse change or any development involving a prospective material adverse change in the condition, financial or otherwise of the Company or its subsidiary companies (which in the reasonable opinion of the Underwriter is or will be material in the context of the Public Issue) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect an extent which is or will be material in any of the representations, warranties and undertakings contained in the Underwriting Agreement if they are repeated on and as of the Closing Date;
- (d) the issue and subscription of the Public Issue Shares in accordance with the provisions of this Underwriting Agreement is 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);
- (e) the Prospectus having been lodged with the ROC and registered with the SC;
- (f) all necessary approvals and consents required in relation to the Public Issue Shares including but not limited to governmental approvals having been obtained and are in full force and effect;
- (g) the Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the cost and expenses referred to in the Underwriting Agreement; and
- (h) all agreements/letters of undertaking in relation to the private placement in a form acceptable to the Underwriter have been duly executed before the issuance of the Prospectus, if required.

If any of the conditions set out in clause 4.1 above are not satisfied on or before the Closing Date, the Underwriter shall be entitled to terminate this Underwriting Agreement by notice given to the Company not later than the Closing Date and upon such termination, the Company and the Underwriter shall be released and discharged from their respective obligations under this Underwriting Agreement PROVIDED THAT the Company shall remain liable for the payment of the underwriting commission and of all other costs and expenses including but not limited to those referred to in the Underwriting Agreement. The Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriter's rights under this Underwriting Agreement.

3. PARTICULARS OF THE PUBLIC ISSUE (cont'd)Clause 13.1

Notwithstanding anything contained in this Underwriting Agreement, the Underwriter may at any time be entitled to terminate its obligations under this Underwriting Agreement with a notice in writing delivered to the Company on the occurrence of all or any of the following matters, on or before the Closing Date if the success of the Public Issue is, in the opinion of the Underwriter, seriously jeopardised by:

- (a) any Government requisition or other occurrence of any nature whatsoever, which in the opinion of the Underwriter seriously affects or will seriously affect the business and/or financial position of the Company or any of its subsidiary companies; or
- (b) any change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange rates, as would in the reasonable opinion of the Underwriter, prejudice materially the success of the Public Issue and their distribution or sale (whether in the primary or in respect of dealings on the secondary market); or
- (c) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, which in the opinion of the Underwriter has or is likely to have a material adverse effect on the condition (financial or otherwise) or the earnings, business affairs or business prospects (whether or not arising in the ordinary course of business) of the Company and/or its subsidiary companies; or
- (d) any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of government, strikes, lockouts, fire, explosion, flooding, civil commotion, acts of war, sabotage, acts of God or accidents) which has or is likely to have the effect of making any material part of this Underwriting Agreement incapable of performance with its terms or which prevents the processing of application, crediting of accounts and/or payments pursuant to the Public Issue or pursuant to the underwriting hereof; or
- (e) the Bursa Securities composite index falling below 600 points and remains below 600 points for five (5) consecutive Market Days at any time between the date of this Underwriting Agreement and the Closing Date based on the closing market price.

On delivery of such a notice by the Underwriter to the Company and confirmation of such a notice by hand or facsimile, this Underwriting Agreement shall be terminated and the Underwriter and the obligations of the Underwriter under this Underwriting Agreement shall be discharged accordingly. If any such termination under the situations set out clause 13.1 above, the Company shall bear all the costs and expenses incurred under this Underwriting Agreement.

Clause 3.3

Upon any breach of the said warranties, representations or agreements or any failure to perform any of the said warranties, representations or agreements or any change rendering any of the said warranties, representations or agreements inaccurate in a material respect coming to the notice of the Underwriter prior to the Closing Date, the Underwriter shall be entitled (but not bound) by notice to the Company to elect to treat such breach, failure or change as releasing or discharging itself from its obligations under this agreement PROVIDED THAT the Company shall remain liable for the payment of the costs and expenses referred to in the Underwriting Agreement, which are incurred prior to or in connection with such release and discharge AND PROVIDED FURTHER THAT failure to make such election as aforesaid shall be without prejudice to the right of the Underwriter to treat any further or other breach, failure or change as releasing and discharging the Underwriter from its obligations as aforesaid.

4. RISK FACTORS

IN EVALUATING AN INVESTMENT IN THE PUBLIC ISSUE SHARES, PROSPECTIVE INVESTORS SHOULD EVALUATE AND CONSIDER CAREFULLY ALL THE INFORMATION CONTAINED HEREIN (WHICH MAY NOT BE EXHAUSTIVE) INCLUDING BUT NOT LIMITED TO THE GENERAL AND SPECIFIC RISKS WHICH MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF THE EQUATOR GROUP BEFORE APPLYING FOR THE PUBLIC ISSUE SHARES.

4.1 NO PRIOR MARKET FOR EQUATOR SHARES

Prior to this Public Issue, there has been no public market for Equator Shares. There can be no assurance that an active market for Equator Shares will develop upon its Listing or, if developed, that such market will be sustained. There can also be no assurance that the Issue Price will correspond to the price at which the Equator Shares will be traded on the MESDAQ Market upon or subsequent to its Listing or that an active market for Equator Shares will develop and continue upon or subsequent to its Listing.

The Issue Price of RM0.50 per share has been determined after taking into consideration a number of factors, including but not limited to, the Equator's financial and operating history and condition, its prospects and the prospects of the industry within which the Equator Group operates. There is no assurance that the Issue Price will correspond to the price at which the Equator Shares will be traded on the MESDAQ Market upon or subsequent to its Listing or that an active market for Equator Shares will develop and continue upon or subsequent to its Listing. The price at which Equator Shares will trade on the MESDAQ Market upon or subsequent to the Listing will be dependent upon market forces beyond the control of Equator.

4.2 BUSINESS RISKS

The Equator Group is not insulated from general business risks and is subject to certain business risks inherent in the horticulture industry. This may include increase in labour and overhead costs, foreign exchange rate fluctuations, increase in the prices of imported and local raw materials, fluctuation in ornamental plants prices, entry of new players, demand for ornamental plants, unfavourable changes in the government and international policies and changes in general economic, business and credit conditions and other business risks include credit risks, financing risks and risks of over expansion.

In order to mitigate such risks, the Equator Group has implemented various strategies such as continuous R&D on new plants and product groups for both local and export markets, creation of a large pool of highly skilled and qualified staff, diversifying the pool of suppliers and expanding the business through increasing its range of customers. However, no assurance can be given that these measures will have its desired effects and any change in the business environment will not have a material adverse effect on the Group's business.

4. RISK FACTORS *(cont'd)*

4.3 DEPENDENCE ON KEY MANAGEMENT OR KEY TECHNICAL PERSONNEL

The success of the Group could be attributed to the strong leadership and stewardship of its experienced Directors and senior management team. A team of well-trained and knowledgeable technical staff and workers provide technical support to the Group. The Equator Group's ability to attract and retain its skilled technical personnel, especially qualified and experienced professionals are crucial to sustain an efficient level of operations within the Equator Group. If the Equator Group is unable to attract and retain its skilled personnel, the performance and future prospects of the Equator Group may be affected. Further, the Equator Group believes that its continued success depends to a significant extent upon the abilities and continued efforts of its existing key management or key technical personnel. The existing key management or key technical personnel, with their wealth of experience in the horticulture industry as well as biotechnology, are valuable assets of the Equator Group. The loss of any key management or key technical personnel could affect the Equator Group's performance and/or the Equator Group's continued ability to compete effectively in the horticulture industry. For this reason, the Equator Group is making continuous efforts to improve on their plans for human resource development with a systematic career progression plan especially for its key technical staff to ensure continuity in their R&D programme in enhancing their biotechnology.

Every effort is presently made to attract and retain experienced personnel through, inter-alia, maintaining a conducive working environment and comprehensive human resource management. Members of the management team are being groomed to ensure continuity of the management team, smooth transition in the management team and to maintain the Equator Group's continued ability to compete in the horticulture industry. This is evident that Mr. Koh Yueh Leong, who has vast exposure in horticulture industry, the son of the co-founder of Equator Group, Mr. Koh Ah Keng has been groomed and is at the helm of the Equator Group.

4.4 CONTROL BY THE PROMOTERS

Upon completion of the Public Issue, the Promoters will effectively and collectively hold an aggregate of 163,024,356 Equator Shares (direct shareholding) which represents approximately 69.37% of the enlarged issued and paid-up share capital of Equator, of 235,008,000 Equator Shares, upon completion of the Public Issue and hence will be the controlling shareholders of the Company.

As a result, it is likely that the said Promoters will be able to effectively control the outcome of certain matters requiring shareholders' approval including the constitution of the Board. Depending on how they choose to vote and because of the size of their collective shareholdings, the controlling shareholders will have a significant influence over matters requiring the passing of ordinary resolutions from the Company's shareholders, unless they are required to abstain from voting by law and/or the relevant authorities.

The introduction of corporate governance that requires the formation of audit committee, which includes two (2) independent non-executive directors, may effectively help to promote transparency in any future transactions involving related parties, if any, are entered into on arms-length terms, thereby safeguarding the interest of the minority and general public at large. The Promoters would also be required to abstain from voting if there is any related-party transaction, which may pose as a conflict to the interest of the Company.

4. RISK FACTORS *(cont'd)*

4.5 LIMITED LAND SUPPLY

Land shortage is an imminent problem in the agriculture sector in Malaysia; this is particularly true for accessibility to suitable land for farming. With the economy expanding and continued emphasis on the manufacturing and services sectors as the engine of growth, land use for the agriculture sector is limited. In addition, rising per capita income and population have increased the demand for residential housing, and this has made the land shortage a bigger problem.

The Ministry of Agriculture and Agro-Based Industry has proposed several measures to overcome this problem. Among the measures adopted by the Ministry are permanent food production zone, crop zoning and marginal land utilisation system. Under permanent food production, the Government has identified 75,000 hectares of land throughout the country to be designated as permanent food production zone for the commercial cultivation of fruits, vegetable, fish farms, poultry and livestock. Once designated, the land will not be used for any other purposes. Crop zoning basically means that selected sites will be chosen to grow certain strategic and economic crops. Meanwhile, marginal soils are soils where high yields are not possible with normal agronomic practices. These soils include acid sulfate soils, peats and ex-mining lands used for agriculture. By improving methods and new technology in soil rehabilitation, these soil lands can be conserved for agriculture farming (*Source: Independent Market Research Report by Infocredit dated 9 July 2004*).

4.6 SHORTAGE OF LABOUR

The agriculture sector is the economic sector that is facing shortages of labour. This is due to the attractiveness of the manufacturing sector and the city's brightlights with promises of better working conditions, higher income and more fringe benefits. As a result, most of the labour employed in the agriculture sector are foreigners.

The Equator Group seeks to mitigate this risk by outsourcing cultivation of mother plants to growers within the proximity of the Group's nurseries via various growing sub-contracts entered into between Equator Group and the growers. So far, the Equator Group has not encountered any shortages of labour.

4.7 BIOTECHNOLOGY RISKS

The market for the mass propagation of ornamental products is characterised by the changing biotechnology, creativity and continuing process development. It is therefore a challenge for cultivators to have flexibility in the mass propagation process and a strong backing from the R&D to cope with such changes. At present, biotechnology in horticulture industry is the most discussed topic among the horticulture scientists. There have been various techniques being developed from applied biotechnology such as genetic engineering, propagation by tissue or cell culture, bio-conditioning of plants, seed stimulation to increase germination time and hydro culture. The capability to cope with rapid changes in biotechnology is also an important success factor in securing new customers and to remain competitive.

The Equator Group is fully aware of the rapid changes in biotechnology, the management constantly keeping abreast with the latest development in this area by attending seminars and conferences and participating in various trade fairs and exhibitions overseas to keep track of the latest trends and developments.

4. RISK FACTORS *(cont'd)*

4.8 POLITICAL, ECONOMIC AND REGULATORY CONDITIONS

The Equator Group being a primarily an export based company, exporting to European and Asia Pacific countries would be susceptible to the economic downturn of not only Malaysia but the economies of the importing countries. Adverse developments in the political, economic and regulatory conditions in Malaysia and other countries where Equator market its products could materially and adversely affect the prospects of the Equator Group. Political and economic uncertainties include (but not limited to) changes in general economics, business and credit conditions, government legislation and policies affecting manufacturers, inflation, interest rates, taxation, political or social developments both within and outside Malaysia. Other political uncertainties that could unfavourably affect the Group include changes in political leadership, expropriation, nationalisation, re-negotiation or nullification of existing sales orders and contracts.

Whilst the Group strives to continue to take effective measures such as prudent financial management and efficient operating procedures, there is no assurance that adverse political, economic and regulatory factors will not materially affect the Group.

4.9 COMPETITION

Equator Group faces competition from various companies including private and public listed companies more on the international markets rather than local players as the Equator Group exports more than 90% of its products to more than 12 countries globally as at 31 October 2004. As such, there is no assurance that its market share can be maintained at the current level. The Company's competitive edge is in its in-house laboratory, testing facilities, capabilities to meet customers' requests and its ability to meet high and stringent standards set by its customers such as Japan particularly in the areas of delivery and quality. As such, the Company is confident that it will not be easily replaced by new players.

In addition, barriers to entry for cultivation of ornamental plants are relatively high, consisting of high capital investment, biotechnology, crop management knowledge, skilled manpower, access to reliable and sources of raw materials, effective distribution channels and strict demand conditions imposed by buyers, all of which must be considered before venturing into the horticulture industry.

4.10 QUARANTINE REGULATIONS

Another vulnerable factor that the horticulture industry faces is in relation to quarantine restrictions and requirements imposed by different countries. For instance in April 2004, a pest specie that attacks oak trees known as "Sudden Oak Death Pathogen" was discovered in California. An order was issued restricting movement of nursery stock from California nurseries resulting nursery and cut flowers in California were hit hard by the quarantine regulations to control the spread of the sudden oak death pathogen (*Source: Independent Market Research Report by Infocredit dated 9 July 2004*).

From the above example, it is clear that a change in the quarantine regulations will have different impact on growers from different countries as they have to abide to changes from time to time. In order to mitigate this risk, Equator has close contact with the Ministry of Agriculture and Agro-Based Industry of which in the event of changes in quarantine restrictions and requirements, Equator will be informed immediately and proper procedures and protocols in relation to exporting of ornamental plants to such countries could be derived.

4. RISK FACTORS *(cont'd)*

4.11 PEST AND DISEASE CONTROL

Pest and disease control are protection efforts aiming at minimising crop losses due to ravages of insects, pest, disease, weed, nematode and rodent. It has been one of the major problems in the cultivation of flowers, fruits and vegetables. In fact, it is a primary concern to the horticulture industry as a whole. The most common type of pest found in plants is known as nematode which normally attacks the roots. Other types of pest are snail, grasshopper, moth, white flies and spider which attack and destroy different parts of the plants.

As of 2002, Equator has implemented various pest and disease control measures such as bio-security (a preventative measure) to prevent pest and disease attack in the nurseries. The Group periodically monitors the nurseries and samples taken to analyse the condition of the plants, as well as to determine the specific pest and disease if infected. Bio-security is a practice designed to prevent the spread of disease on the land. It is accomplished by maintaining the facilities in such a way that causes minimal traffic of biological organisms (virus, bacteria, rodent etc.) across its borders. Bio-security is the cheapest, most effective means of disease control available. No disease prevention program would function effectively without it.

4.12 CHANGES IN MARKET TRENDS

Ornamental plants are the primary tool in developing functional and beautiful home grounds due to its alluring appearances, forms and colours as well as it comes with various sizes. It is also because of these characteristics, ornamental plants are suitable for house and office decorations, be it interior decoration or exterior landscaping. As these plants are mainly used for decorative purposes, demand tends to be inclined towards the trend surrounding customers' preferences of the plants. As a mitigating factor, Equator has been responding to changes in market trends and consumers' preferences by participating in various horticulture/floriculture exhibitions and trade fairs to obtain feedback and observe the latest trend in the market. From the feedback collated and market observation, Equator would develop and produce plants that are exceptional in terms of distinct characteristics and ornamental value.

4.13 PROFIT ESTIMATE

This Prospectus contains the consolidated profit estimate of Equator Group that are based on assumptions which the Directors deem to be reasonable, but which nevertheless are subject to uncertainties and are contingent in nature. Due to the inherent uncertainties of the consolidated profit estimate and as events and circumstances frequently do not occur as expected, there can be no assurance that the consolidated profit estimate contained herein will be realised and actual results may be materially different from the estimate. Investors will be deemed to have read and understood the assumptions and uncertainties underlying the consolidated profit estimate that are contained herein.

Investors are advised to read carefully the assumptions made in this Prospectus of the consolidated profit estimate as set out in Section 12.3.1 of this Prospectus.

4. RISK FACTORS *(cont'd)*

4.14 FOREIGN EXCHANGE RISKS

In the horticulture industry, a very high percentage of the raw materials such as peat moss and seedling are imported whilst most of the produce is on export basis. As these commodities are denominated in a currency other than RM in the world market, any fluctuation in the foreign currency will have an impact on the cost of procurement of these raw materials. Although, the Company does not engage in foreign currency hedging in respect of its foreign currency exposures, the management monitors these exposures closely on an ongoing basis.

4.15 FAILURE/DELAY IN THE LISTING

The occurrence of any one or more of the following events (which may not be exhaustive) may cause a delay in or non-implementation of the Listing:

- (i) the Underwriter fails to honour its obligations under the underwriting agreement dated 18 April 2005; or
- (ii) the Company is unable to meet the public spread requirement, that is, at least 25% but not more than 49% of the total number of shares for which listing is sought to be in the hands of the public at the point of its admission to the MESDAQ Market.

Although, the Board will endeavour to ensure compliance by Equator of the various listing requirements, including, inter-alia, the public spread requirement imposed by the Bursa Securities, for the successful Listing, no assurance can be given that the abovementioned factors will not cause a delay in or the non-implementation of the Listing.

4.16 DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are based on historical data, which may not be reflective of the future results, and any statements which are forward-looking in nature are subject to uncertainties and contingencies. All forward-looking statements are based on forecasts and assumptions made by the Equator Group, and although believed to be reasonable, are subject to unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially for 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 and the impact of new laws and regulations affecting the Company. In the light of these risks and other uncertainties, the inclusion of any forward-looking statements in this Prospectus should not imply that the plans and objectives of the Company will be fully implemented and satisfied.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK