

5. INFORMATION ON THE EQUATOR GROUP

5.1 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 commenced business on 14 June 2004. Equator is principally involved in investment holding whilst its Subsidiary Companies are involved in the following principal activities:

Subsidiary Companies	Date/Country of Incorporation	Date of Commencement of Business	% Effective Equity Interest	Issued and Paid-up capital	Principal Activities
<i><u>Subsidiary of Equator</u></i>					
EBSB	08.04.1997 Malaysia	23.06.1998	100.00	RM10,187,800	Bio-conversion, micro propagation, cultivation, importing and exporting of ornamental plants
<i><u>Subsidiaries of EBSB</u></i>					
MSB	23.11.1994 Malaysia	01.12.1995	100.00	RM1,700,000	Trading of ornamental plants
EPBV	13.10.1998 The Netherlands	13.10.1998	100.00	€18,151	Cultivating, importing, exporting and trading of ornamental plants

EBSB was incorporated under the name of Yi Hup Agriculture Development Sdn Bhd which was jointly founded by Mr. Koh Ah Keng and Mr. Wang Chi-Ti as a private limited company. Subsequently on 11 May 1999, it changed its name to EBSB. As EBSB envisaged great potential of its products in the European market, a wholly-owned subsidiary, EPBV was set up on 13 October 1998 in The Netherlands. Further to that, EBSB had on 14 February 2001 acquired MSB as another of its wholly-owned subsidiary.

The Equator Group is one of the leading biotechnology companies in 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.

5. INFORMATION ON THE EQUATOR GROUP (cont'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%

Since the early years of establishment, EBSB has been involved in mass propagation and exporting of ornamental plants to Europe. EBSB was also granted the "Pioneer Certificate" in July 1998 for the sole purpose of mass propagating ornamental plants which expired in June 2003. Over the years, EBSB has been mass propagating fast-moving ornamental plant species such as *Cycas revoluta*, *Sansevieria*, *Rhapis* and *Dracaena*. These species are sold in large quantity in the form of cut greens, young plants, pot plants and hydro culture to exporters, importers, traders, wholesalers, auctioneers, supermarkets and garden centres in Europe and Asia Pacific.

One of the founders of the Equator Group, Mr. Koh Ah Keng has more than 20 years of experience in the horticulture industry. Over the years, he obtained valuable in-depth knowledge of the vast market potential of the horticulture industry and knowledge of local environment condition. Meanwhile, the other founder, Mr. Wang Chi-Ti, has been instrumental in guiding the Equator Group in development of biotechnology techniques to mass propagate horticulture products.

EBSB's expertise in micro propagation of ornamental plants has enabled EBSB to successfully mass propagate ornamental plants with excellent uniformity. There are two (2) types of micro propagation techniques, namely tissue or cell culture. Under tissue culture, a small piece of plant material, from a leaf of a parent plant, is isolated and placed on a nutrient base after it has been treated. Several shoots would grow from the plant material, which is then further subdivided until the shoots can be individually propagated into seedlings that can be transferred to soil to grow. Tissue culture basically allows the accelerated propagation of plants in large quantity, carrying similar characteristics as the parent plant. Meanwhile, cell culture uses a single cell to multiply into cells. These cells are then reformed into new plant tissues to reproduce new plants. This technique allows even larger quantity of plants with improved and consistent quality to be propagated.

Besides improving its propagation methods, EBSB also increases its product variety through continuous R&D and application of biotechnology techniques such as bio-conditioning and acclimatisation. Since 2001, EBSB has expanded its markets to Japan and Korea. The management recognises this as a major milestone as these markets, in particular Japan, is known to be difficult to penetrate due to the regulatory environment, quarantine rules and demand for superior quality of plants.

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

A more detailed listing of the key achievements and milestones of the Equator Group is set out in Section 5.4.12 of this Prospectus.

5.2 SHARE CAPITAL

The authorised share capital of Equator is RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each, of which 175,008,000 ordinary shares of RM0.10 each have been issued and fully paid-up.

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

Date of Allotment	No. of Equator Shares	Par Value RM	Consideration	Total RM
28 January 2004	20	0.10	Subscribers' shares	2
24 March 2005	175,007,980	0.10	Consideration for the Acquisition of EBSB	17,500.800

5.3 LISTING SCHEME

In conjunction with, and as an integral part of the Listing, the Company undertook a Listing Scheme which involved the following:

(i) Increase in Authorised Share Capital

Equator increased its authorised share capital from RM100,000 comprising 1,000,000 Equator Shares to RM50,000,000 comprising 500,000,000 Equator Shares to facilitate the increase in issued and paid-up share capital.

(ii) Shareholders' Arrangements

The shareholders of Equator undertook the Shareholders' Arrangements to reward certain Promoters in view of their contribution to the Equator Group as detailed below:

(a) Shareholders' Arrangement-I

Pursuant to the letter of agreement dated 9 July 2004, Koh Yueh Lai transferred 549,171 ordinary shares of RM1.00 each in EBSB to Max Yang Wen Shiung for a total cash consideration of RM549,171 or RM1.00 per share.

(b) Shareholders' Arrangement-II

Pursuant to the letter of agreement dated 9 July 2004, Koh Ah Keng and Hec Hah Chie respectively each transferred 500,000 ordinary shares of RM1.00 each in EBSB to Wang Chi-Ti for a total cash consideration of RM1,000,000 or RM1.00 per share.

The Shareholders' Arrangements were completed on 17 March 2005.

5. INFORMATION ON THE EQUATOR GROUP (cont'd)

Upon completion of the Shareholders' Arrangements, the effects of the shareholdings are as follows:

	Acquired/(disposed) pursuant to:			
	Prior to Shareholders' Arrangements No. of shares	Shareholders' Arrangement-I No. of shares	Shareholders' Arrangement-II No. of shares	After Shareholders' Arrangements No. of shares
Koh Yuch Lai	899,171	(549,171)	-	350,000
Max Yang Wen Shiung	1,040,129	549,171	-	1,589,300
Koh Ah Keng	1,616,600	-	(500,000)	1,116,600
Hee Hah Chie	626,000	-	(500,000)	126,000
Wang Chi-Ti	1,089,300	-	1,000,000	2,089,300
Total	5,271,200	-	-	5,271,200

(iii) Acquisition of EBSB

On 9 July 2004, Equator entered into a conditional share purchase agreement with the Vendors to acquire EBSB (together with its wholly-owned subsidiaries, EPBV and MSB) for a purchase consideration of RM17,500,798 to be satisfied by the issuance of 175,007,980 new Equator Shares at an issue price of RM0.10 per share, all of which rank pari passu with one another. The purchase consideration for the Acquisition of EBSB was arrived at on a willing-buyer willing-seller basis after taking into consideration the adjusted NTA of EBSB as at 31 December 2003 of RM17,500,944.

The detailed computation of the adjusted NTA as at 31 December 2003 is as shown below:

	RM
Audited NTA of EBSB as at 31 December 2003	14,846,844
Issuance of 454,100 new ordinary shares of RM1.00 each to Weng Chin-Fan for the purpose of capitalisation of debt due to him for a consideration of RM1.00 per share*	454,100
Issuance of 1,100,000 new ordinary shares of RM1.00 each to identified investors for a consideration of RM2.00 per share*	2,200,000
Adjusted NTA	17,500,944

Note:

* Allotted and issued on 30 June 2004.

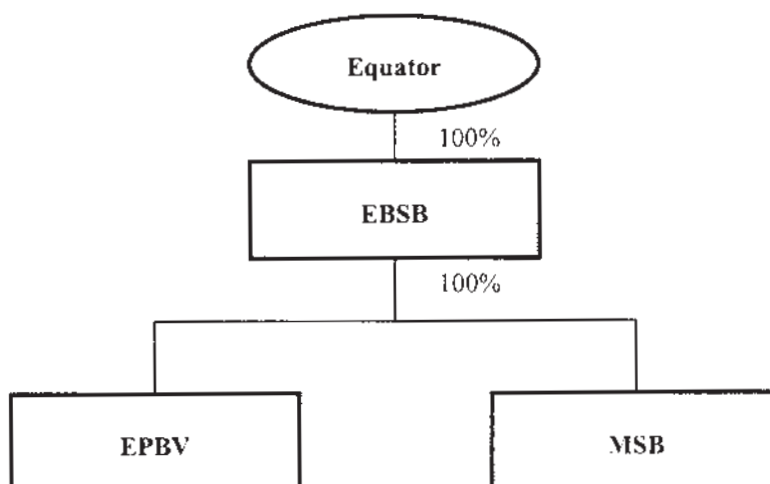
The Acquisition of EBSB was completed on 24 March 2005.

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

Avenue, as the Adviser is of the opinion that the Acquisition of EBSB which is based on the adjusted NTA of EBSB as at 31 December 2003 of RM17,500.944 is fair and reasonable.

Upon completion of the Acquisition of EBSB, the issued and paid-up share capital of Equator increased from RM2.00 comprising 20 Equator Shares to RM17,500.800 comprising 175,008,000 Equator Shares.

Set out below is the group structure of the Equator Group upon completion of the Acquisition of EBSB:



(iv) 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:

(a) Malaysian Public

12,000,000 of the Public Issue Shares will be made available for application by the Malaysian Public.

(b) 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.

(c) Identified Investors

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

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

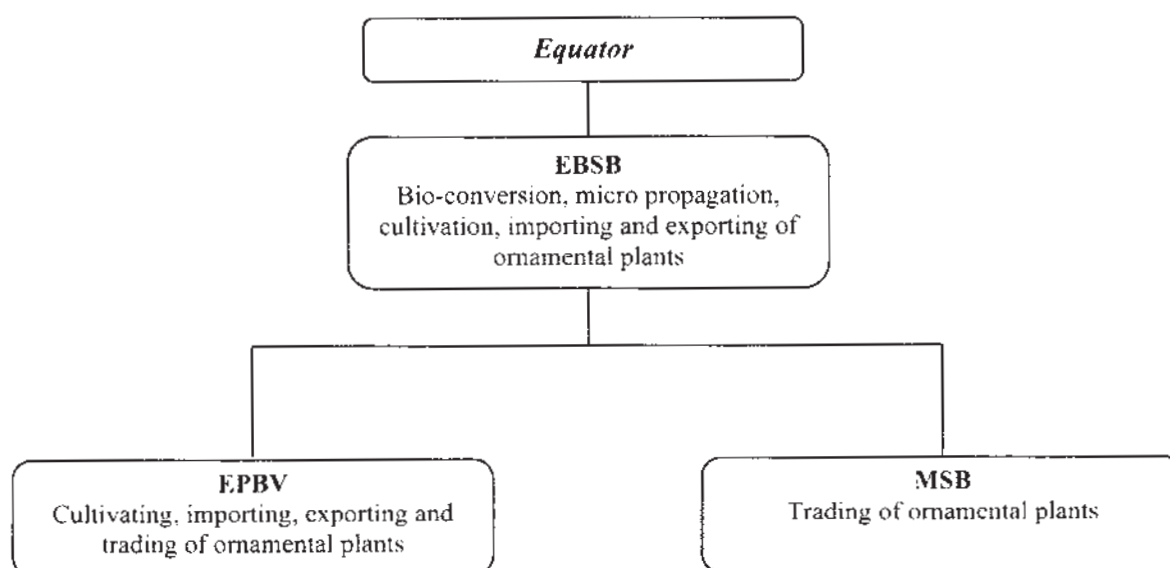
(v) Listing

Equator will seek a listing of and quotation for its entire issued and paid-up share capital of RM23,500,800 comprising 235,008,000 Equator Shares of RM0.10 each on the MESDAQ Market.

5.4 BUSINESS OVERVIEW OF THE EQUATOR GROUP

5.4.1 Principal Activities

Equator is an investment holding company. Meanwhile, the business activities of its Subsidiary Companies are listed in the diagram below:



The Group has a total of six (6) nurseries producing a wide variety of ornamental plants catered to both local and international markets. Essentially, this variety of plants can be classified into three (3) broad categories, namely cut greens, young plants and pot plants. Descriptions and variety of these ornamental plants are as follows:

Product Group	Cut Greens	Young Plants	Pot Plants
Description	Cut leaves, flowers or parts of the plants. Sold to florists for flower bucket arrangement	Seed, seedling and young plants for growing into pot plants. Sold to other growers	Finished pot plants that could be sold directly to the market (i.e. wholesalers, retailers, garden centres, exporters etc.)
Variety	Sansevieria Cycas	Sansevieria Cycas	Sansevieria Cycas

5. INFORMATION ON THE EQUATOR GROUP (cont'd)

Product Group	Cut Greens	Young Plants	Pot Plants
	Rhapis Dracaena Cordyline Polycias Other species	Dracaena Cordyline Polycias Other species	Rhapis Dracaena Cordyline Polycias Yucca Zamioculcas Other species
Target Major Market	Japan, Europe, Korea and Singapore	Europe, Japan and Korea	Europe, Korea, Japan and Singapore
Shipping Carrier	95% by air cargo; 5% by sea container	50% by air cargo; 50% by sea container	10% by air cargo; 90% by sea container

From 1 January 2004 to 31 October 2004, the Equator Group has shipped 330 containers to international destinations.

Among the wide variety of plants propagated by the Equator Group, the followings are the major ornamental plants sold in large quantity:

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5. INFORMATION ON THE EQUATOR GROUP (cont'd)

Category Description

Cut
Greens



Rhapis excelsa



Dracaena Song of Jamaica

Young
Plants



Dracaena Surcolusa



Dracaena Song of India

Pot
Plants



Cycas revoluta



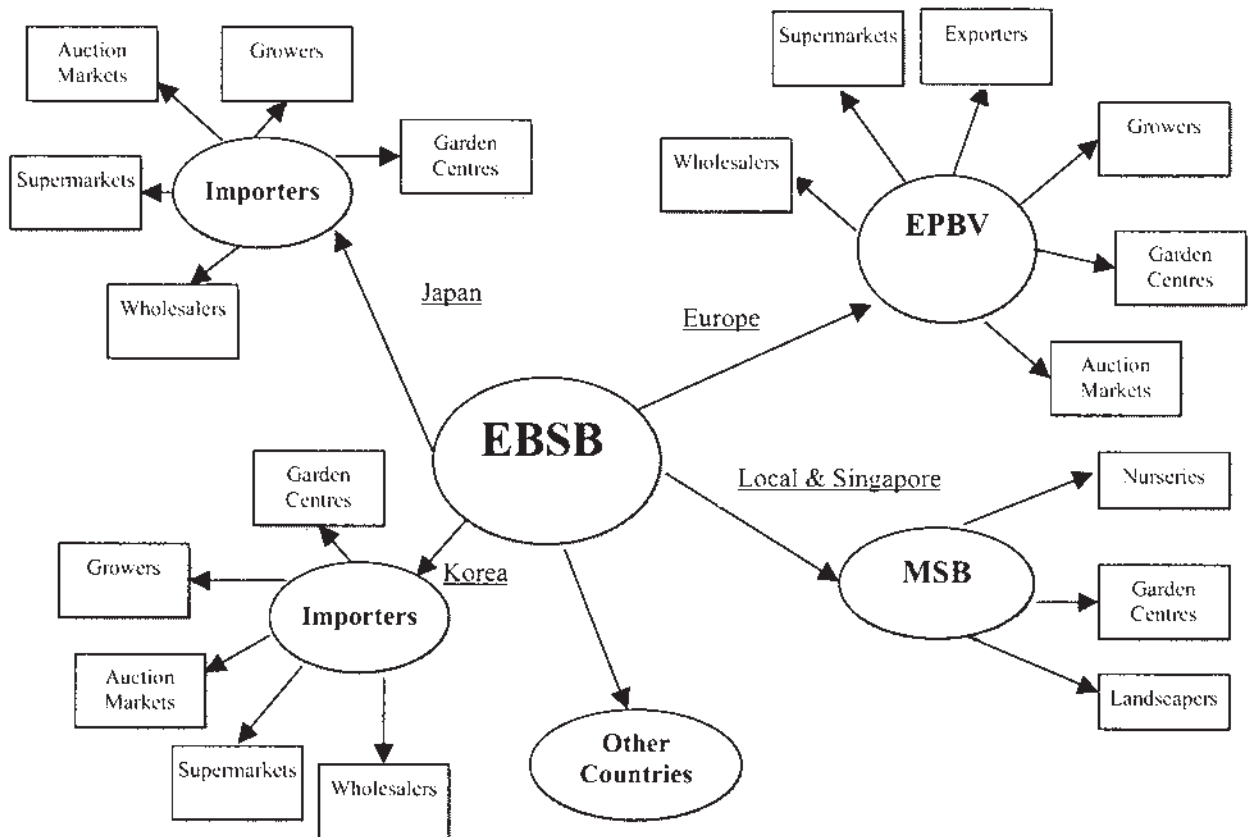
Sansevieria Superba

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5. INFORMATION ON THE EQUATOR GROUP (cont'd)

5.4.2 Marketing and Distribution Channels

The Equator Group's marketing and distribution flow chart is as follows:



The Equator Group supplies large quantity of products at competitive prices to exporters, importers, wholesalers, auctioneers, traders, supermarkets, garden centres and to any destination in the world. The various sales channels categorised by type of products are depicted below:

Sales Channel

- Importers/Wholesalers/Exporters
- Chain Stores/Garden Centres
- Auction Markets (Direct Sales)*
- Auction Markets (Auctions)
- Growers
- Others

Products

- Cut greens, young plants and pot plants
- Cut greens and pot plants
- Cut greens and pot plants
- Cut greens and pot plants
- Young plants
- Cut greens and pot plants

Note:

* Sales through showrooms located at auction markets.

5. INFORMATION ON THE EQUATOR GROUP (cont'd)

Auction markets in The Netherlands

The auction markets form the main link between the growers and the flower/plant trade in The Netherlands. Most growers in The Netherlands do not sell their products directly to the traders, but instead through the auction markets. Only 8.0% of the Dutch's floriculture products are sold by growers directly to the traders.

Structurally, the auction markets are the growers' cooperatives; in other words, the growers are co-owners of the auction markets. It is an obligation of the members/growers to sell all their products through the auction markets. As a result, the auction markets are the meeting place for growers and traders who trade flowers and plants within the vicinity of the area. Once the auction is completed, the wholesalers and exporters will redistribute the products to their customers.

There are four (4) main auction markets in The Netherlands, namely, FloraHolland, Aalsmeer, Oost Nederland and Vleuten. These auction markets are governed by the Association of Dutch Flower Auctions (VBN). The Equator Group exports and sells their plants through EPBV to Aalsmeer and FloraHolland, being two (2) of the largest flower auction markets in the world.

5.4.3 Biotechnology

The Equator Group strives hard to pursue technological advances through the use of biotechnology. It is committed in providing continuous R&D efforts to keep abreast with market developments, market trends and to enable it to tap into new markets as well as to ensure the long-term sustainability of its business.

The simplest definition of biotechnology is "applied biology" which refers to the application of biological knowledge and techniques to develop products. It may be further defined as the use of living organisms to make a product or run a process. By this definition, the classic techniques used for plant breeding, fermentation and enzyme purification would be considered biotechnology. Some people use the term only to refer to newer tools of genetic science. In this context, biotechnology may be defined as the use of biotechnical methods to modify the genetic materials of living cells so they will produce new substances or perform new functions. This application can range from artificial genetic manipulation to the slight modification of natural systems.

The Group uses biotechnology to propagate plants before they are delivered to their designated customers. The key to biotechnology is genetic engineering and micro propagation through the application of tissue culture and cell culture. 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 the propagation process, biotechnology involves a combination of the following:

(i) Micro propagation

In June 2003, the Group started the micro propagation laboratory as part of its Life Science Centre. This laboratory is able to mass propagate new variety of products as well as to improve the quality of plants. Selecting the best parental plant to propagate by tissue or cell culture would give uniform genetic formation to every plant. This step will reduce the variance of the plants' characteristics and contribute to high unity of production or propagation.

5. INFORMATION ON THE EQUATOR GROUP (cont'd)

(ii) Stimulation of seeds

This method uses external force or giving different environment condition to stimulate the seed to break its dormancy and speed up the germination time. When a seed first begins to grow, it is germinating. Seeds are germinated in a growing medium, such as peat moss (soil substitute), sand, perlite or combination of all. Several factors are involved in this process. First, the seed must be active and alive and not in dormancy. Most seeds have a specific temperature range that must be achieved. Moisture and oxygen must be present. And, for some seeds, specified levels of light or darkness must be met. Therefore, specifications of different seeds are checked to see their germination requirements.

In short, the seed germinates faster as various external forces such as increase in temperature and moist level act as growth regulators in inducing growth.

(iii) Bioconversion (also known as bio-conditioning) of plants

Conditioning involves plant from growing status to mature status. Essentially, it means assisting the plant to adapt to different environment conditions through harmonising the plant tissue and preparing for dormancy so that the durability of the shelve life and vase life can be prolonged.

(iv) Hydro culture

Hydro culture means that a plant is growing in non-biodegradable "soil" that support the plants and its roots instead of in an ordinary pot with ordinary soil. Because there are no nutrients available in the substratum, they have to be added via watering. As such, the plant is clean from soil and easy to maintain. In addition, hydro culture plants are easier to be transported and passed the quarantine inspection in Japan as nematode (pest) can be avoided due to the absence of soil.

(v) Acclimatisation

This method involves manipulation of factors such as environmental stress, quality and duration of light, temperature and ambient gaseous mixtures. Under this method, the plant is "trained" to adapt to the climate conditions during transportation so that it is able to survive a total transit time of 25 days in a reefer container.

Through continuous R&D efforts, the Equator Group has successfully developed an acclimatisation process in maintaining the freshness and quality of the plants even during long transit time of up to 25 days. This entails the use of effective packing methods such as the use of special containers equipped with air-conditioning and temperature control known as reefer containers to complement the existing acclimatisation process. This is used extensively in the operations and has also proven as a competitive edge for the Group in maintaining the optimal condition of ornamental plants.

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

The micro propagation activities undertaken in Equator's Life Science Centre are set out as below:

Production Process

Description



Cutting on Laminar Flow

Laminar flow is equipment that prevents/minimises fungus, bacteria and virus infections. This equipment blows clean air from the front wall (at the table) with constant speed and pressure, so that bacteria, fungus or virus would flow out from the table.



Isolated Culture Room

The indoor culture room is designed to control the environment of the propagation plant in a little bottle/test tube. Light density can be adjusted by adding more light or by reducing light. Furthermore, the length of day or night can also be controlled using an on/off timer, while a 24-hour air-conditioning controls the indoor temperature. Culture room is an environment-controlled space for micro propagation, and a good combination would contribute to a superior result.



Multiplication of Young Plants

Each bottle consists of growth regulators, such as auxin and cytokinen, which enable the multiplication of cell and tissue. This maximises the multiplication process and prevents the plants from mutating.

5.4.4 Licences, Trade Marks and Certifications

Presently, apart from the usual business licence, the Equator Group's business activities which involve the import and export of plants and other agricultural materials require certain special permits/licences which are set out in Section 11.1 (ii) of this Prospectus.

The Equator Group has applied for registration of "Equator" under the Trade Marks Act, 1976 in Class 31 on 2 July 2003, which is pending registration with the Registrar of Trademarks. This trade mark, when registered, provides protection to the Equator Group by preventing others in Malaysia from using its trade mark and increases the remedies should someone infringe upon the Equator Group's trade mark.



EQUATOR

The definition of Class 31 is as follows:

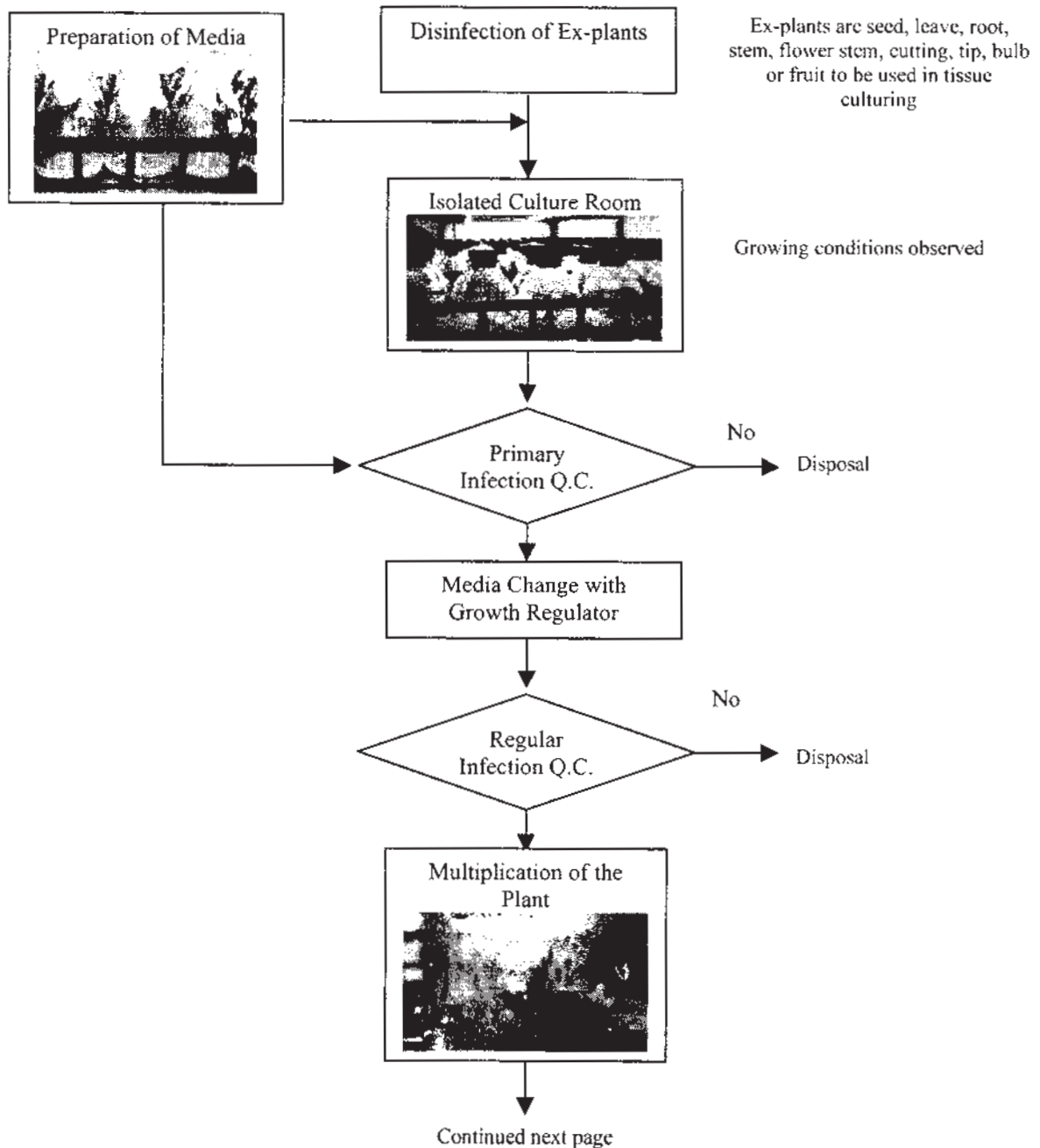
- Agricultural, horticultural and forestry products and grains not included in other classes; live animals; fresh fruits and vegetables; seeds, natural plants and flowers; foodstuffs for animals; malt.

5. INFORMATION ON THE EQUATOR GROUP (cont'd)

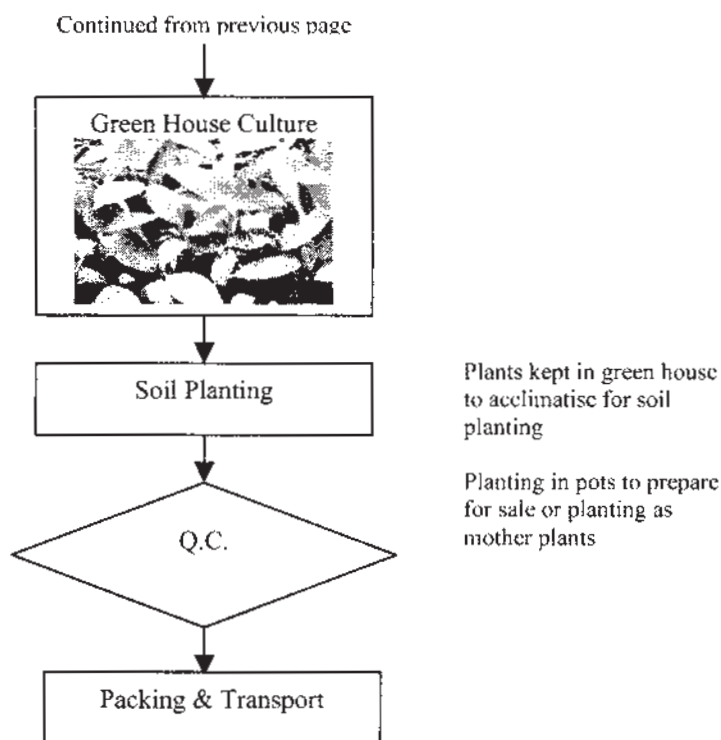
5.4.5 Production Process

In the conventional horticulture and floriculture industry, there are basically three (3) types of process flow in cultivating different types of plants namely cut greens, young plants and pot plants. However, due to the advancement in biotechnology, production process has gone through a new phase of evolution. Being a biotechnology company, the Group has adopted biotechnology application in their propagation process known as "micro propagation".

Micro Propagation Process



5. INFORMATION ON THE EQUATOR GROUP (cont'd)

**Description of Micro Propagation Process****i) Preparation of media**

- Macro nutrition, micro nutrition and growth regulators are boiled and mixed with agar and glucose
- Boiled media would then be sterilised by using autoclave
- After sterilisation, the media is poured into culture bottles
- It is then allowed to cool down and condense for approximately one (1) hour
- Kept in the dark, and is ready for use

ii) Disinfection of Ex-plants

- Tip, leave, stem, root, bulb, fruit or flower bud are collected as source for tissue culture
- The surface of Ex-plants is removed to minimise infection from insects, fungus, bacteria and virus
- The above Ex-plants are dipped into disinfecting solution (alcohol or chloride)
- Then, they are cleaned with distilled water

iii) Isolated culture room

- Ex-plants are placed into the media and then the lid is properly secured
- They are then placed into an isolated culture room to prevent infection from spreading

iv) Primary infection Q.C.

- The infected Ex-plants would then be removed immediately from the room
- Surviving Ex-plants would be kept in the room for the next step

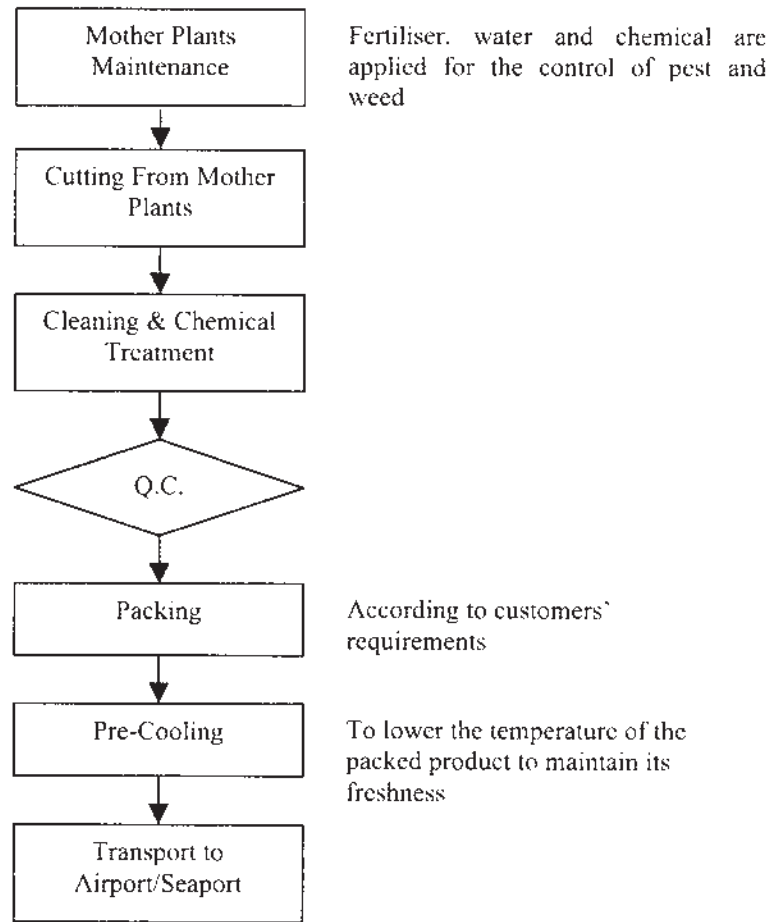
5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

- v) **Media changed with growth regulators**
- Non-infected Ex-plants are then taken out and placed into different bottles with media that are mixed with growth regulators
 - Growth regulators would promote plant multiplication and growth
- vi) **Regular infection Q.C.**
- Infected Ex-plants would be removed immediately from the room
 - Non-infected Ex-plants are sent for the next process
- vii) **Multiplication of the plants**
- Multiplied tissues are cut into smaller parts and re-potted in new media
 - Alternatively, multiplied tissues are sent for further multiplication if the quantity required is not met
- viii) **Green house culture**
- Plants are moved from the culture room into soil media in the green house
 - The outdoor climate is too strong for the young plants from the culture room. This is known as acclimatisation
- ix) **Soil planting**
- Plants would be moved from the green house and re-designated to a new planting area
 - Plants are planted into soil, pots or in bags for development into a strong young plants for delivery to customers
- x) **Q.C. process**
- Q.C. are conducted to ensure only good quality plants are delivered to customers
- xi) **Packing and transport**
- Plants are packed and shipped to the specific customers

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5. INFORMATION ON THE EQUATOR GROUP (cont'd)

Cut Greens Process



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5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

Description of Cut Greens Process

Mother plants maintenance

- Mother plants are cultivated for the purpose of cut greens
- Mother plants are maintained using optimal fertiliser and water
- Suitable chemicals are applied to mother plants to control pest and weed

Cutting from mother plants

- Good leaves or tips are selected and cut
- They are collected and kept in the packing area

Production process

i) Cleaning & Chemical Treatments

- The leaves are cleaned to ensure cleanliness of the cut greens
- Chemicals are used to treat the cut greens to minimise infection

ii) Q.C. process

- Q.C. process is implemented to ensure that only good quality cut greens are delivered to customers

iii) Packing process

- Cut greens are packed based on customers' requirements. If there were no specific customer's requirement, the packing would be based on Equator's packing standard

iv) Pre-cooling process

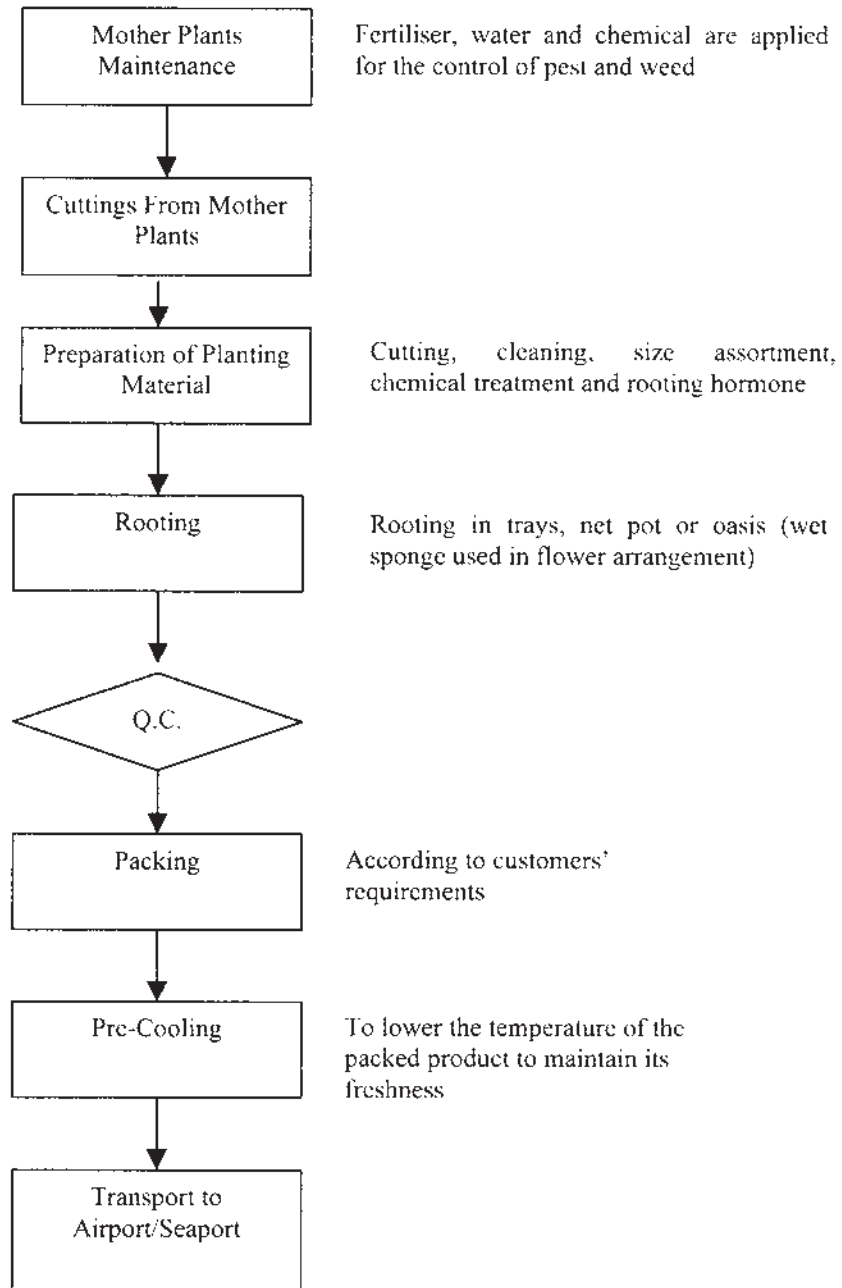
- Pre-cooling process is important for cut greens to maintain freshness

v) Transportation

- After the above processes, the packed cut greens are ready for air cargo or sea transportation

5. INFORMATION ON THE EQUATOR GROUP (cont'd)

Young Plants Process



5. INFORMATION ON THE EQUATOR GROUP (cont'd)

Description of Young Plants Process**Mother plants maintenance**

- Mother plants are cultivated for the purpose of young plant propagation
- Optimal fertiliser and water are used to maintain its growth
- Suitable chemicals are applied to the mother plants to control pest and weed

Cutting from mother plants

- Qualified cuttings are cut from mother plants to be sent to the processing area

Production process**i) Preparation of planting material**

- When the cuttings are received at the processing area, they are sorted by the size of the young plants
- After the size assortment, the cuttings would be cleaned
- Then chemicals are used to disinfect the cuttings
- Rooting hormone would also be applied to the cuttings to stimulate rooting

ii) Rooting

- Cuttings in tray, net pot or oasis would be placed in the shade house for rooting. Normally, it takes six (6) to eight (8) weeks to be rooted

iii) Q.C. process

- Non-qualified products would be rejected during the Q.C. process

iv) Packing process

- Packing of young plants would be based on the customers' requirements. If there were no specific customer's requirement, the packing would be based on Equator's packing standards

v) Pre-cooling process

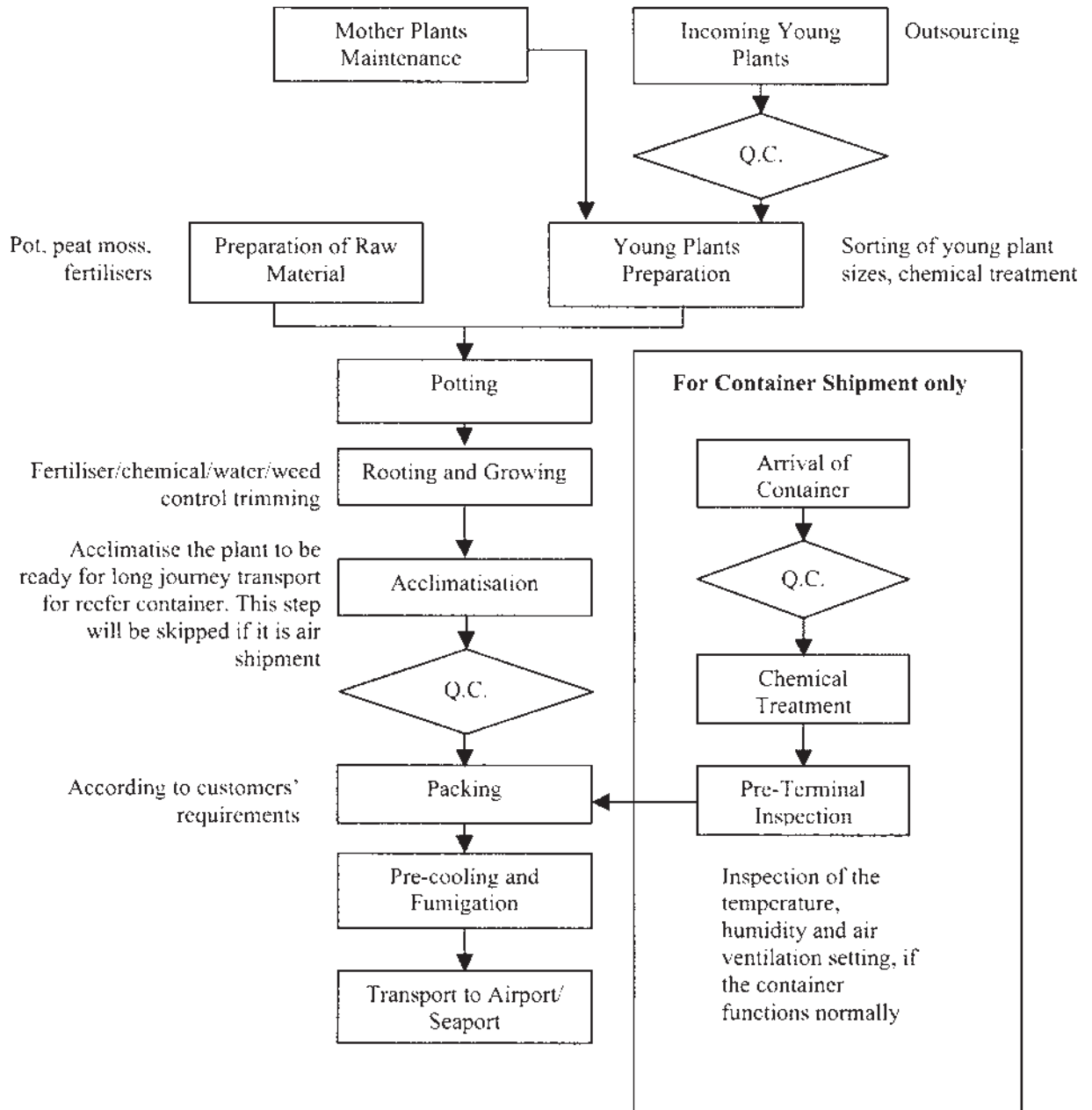
- Pre-cooling process is important for young plants to maintain freshness

vi) Transportation

- After that, the packed young plants are ready for air cargo or sea transportation

5. INFORMATION ON THE EQUATOR GROUP (cont'd)

Pot Plants Process



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5. INFORMATION ON THE EQUATOR GROUP (cont'd)

Description of Pot Plants Process**Material for pot plants process**

- Seed, seedling and cuttings are the main materials for pot plants process. These materials can be obtained either from the mother plants or purchase from third party (outsourcing)

i) Mother plants

- Mother plants are cultivated for the purpose of pot plants production
- Optimal fertiliser and water are used to maintain its growth
- Suitable chemicals are applied to mother plants to control pest and weed

ii) Incoming young plants

- Incoming young plants are sourced from other suppliers
- In order to ensure the quality of the young plants, an incoming Q.C. process is conducted to determine either to accept or reject the young plants

iii) Preparation of raw materials

- Peat moss, flower pot and fertiliser are prepared for pot plants process

iv) Preparation of young plants

- The young plants are sorted according to size and chemical treatments are applied to these young plants before pot plant cultivation

Production process**i) Potting**

- After the preparation of young plants and raw materials, the young plants are potted into the flower pots

ii) Rooting and growing

- After potting, the pot plants would be placed in the shade house for the growing and rooting process. To maintain the growing condition, chemical, fertiliser and water are utilised

5. INFORMATION ON THE EQUATOR GROUP (cont'd)

iii) Acclimatisation

- Acclimatisation process is only necessary for plants to be transported by sea via shipment container to ensure that these plants are ready for long journeys

iv) Q.C. process

- Q.C. process is implemented to ensure only good quality pot plants are sent to customers

v) Packing process

- Packing of pot plants would be based on customers' requirements

vi) Pre-cooling and fumigation

- The fumigation process would depend on customers' requests, and it would be conducted together with the pre-cooling process. Fumigation would minimise the risks of insects and pest infection in the container

vii) Transportation

- Container shipment would be available once the processes above are completed. Containers would be hauled to the ports

Container handling**i) Arrival of container**

- The container would be delivered to Equator's packing area

ii) Q.C. process

- All arriving containers are sent for Q.C. process to make sure the containers are programmed according to specific humidity, temperature and air ventilation
- Containers delivered by transporters that are not in accordance to required standards would be rejected

iii) Chemical treatments

- Chemical treatments are applied to minimise the risks of insects and pest infection in the container

iv) Pre-terminal Inspection

- Temperature, humidity and air ventilation settings are inspected to ensure that the container is functioning accordingly

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

5.4.6 New or Proposed Product/Services

The following table illustrates the current product group and future product group of the Equator Group:

Product Group	Current Product Group			Additional Product Group in the Future	
	Cut Greens	Young Plants	Pot Plants	Hydro Culture Plants	Aqua Culture Plants
Description	Cut leaves, flowers, or parts of the plants. Sold to florists for flower bouquet arrangement	Seed, seedling and young plants for growing into pot plants. Sold to growers	Finished pot plants that could be sold directly to the market (i.e. wholesalers, retailers, garden centres and exporters)	Growing the plants with hydro-corn, with nutrients added to the water. It adds value to the end users, as it is clean and easy to maintain. It can also be used to avoid nematode (pest on the roots), for quarantine inspection	Growing plants with only water and nutrients. Sold in glass bottles of different shapes and sizes, depending on customers' requirements
Varieties	Sansevieria Cycas Rhapis Dracaena Cordyline Polycias Other species	Sansevieria Cycas Dracaena Cordyline Polycias Other species	Sansevieria Cycas Rhapis Dracaena Cordyline Polycias Yucca Zamioculcas Other species	Sansevieria Cycas Rhapis Dracaena Cordyline Polycias Zamioculcas Philodendron Other species	Sansevieria Cycas Rhapis Dracaena Cordyline Polycias Zamioculcas Philodendron Other species
Target Major Market	Japan, Europe, Korea and Singapore	Europe, Japan and Korea	Europe, Korea, Japan and Singapore	Europe, Japan, Singapore and Malaysia	Europe, Korea, Japan, Singapore and Malaysia
Shipping Carrier	95% by air cargo; 5% by sea container	50% by air cargo; 50% by sea container	10% by air cargo; 90% by sea container	50% by air cargo; 50% by sea container	50% by air cargo; 50% by sea container

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5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

New Product Group

Involves advance biotechnology technique of developing new product group such as hydro culture plants. Development of new product group normally takes at least two (2) years.



An example of hydro culture plant, Rhipis excelsa

New Product

In addition, new products of the Equator Group can be categorised into new sizes, shapes, variety and species which are further illustrated below:

- **New sizes** - where existing products are developed into different new sizes



Conventional Size: Normally, growers prepare Cycas revoluta in bulb and pot it from 12 cm pots to 35 cm pots.



New Size: The new size of Cycas revoluta is planted in 6 cm pots to 9 cm pots. This is due to demand from consumers, who prefer buying smaller plants.

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

- **New shapes** - where existing products are developed into different new shapes or formation



Conventional Shape: An example would be Sansevieria Superba, which is normally one (1) plant potted in one (1) pot. Sansevieria is an exclusive item (not available in large quantity).

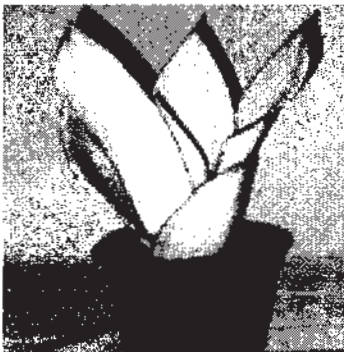


New Shape: New exclusive shapes, such as "Bonsai Type" or "Mini Garden" are created to target exclusive customers. The Mini Garden is created using seven (7) pieces of plants with different shapes to create a mountain shape.

- **New variety** – where existing products are developed into new forms and/or colours



Conventional Variety: An example would be Sansevieria Superba, which is normally green in colour with yellowish lining.



New Variety: An example would be Sansevieria Moonshine which have different colour and texture.

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*



New Variety: An example would be Sansevieria Twister which have different formation of leaves.

- **New species** - which involves extensive research and study on the characteristics and growing pattern of plants. Normally it takes at least one (1) year from research to production.



An example of new specie, Zamio-culcas

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5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

5.4.7 Principal Markets for Products

Approximately 91% of the Group's products are exported to international markets, including the European and Asia Pacific regions. The regions that the Group markets to are listed as follows:

Regions	% of Sales [^]
Europe	44
Asia Pacific	47
Local	9
Other Countries	*

Notes:

* *Negligible*

[^] *As at 31 October 2004*

5.4.8 Sources and Availability of Supplies

Raw materials are mostly procured and sourced by the Equator Group from the local market. The procurement process runs under tight monitoring and quality control by the management to ensure high quality product. The ability of the Equator Group in meeting suppliers' payment terms enhances its credibility and its relationship with suppliers, allowing the Equator Group to enjoy more favourable terms. Some raw materials are sourced from foreign countries such as The Netherlands, Germany, Taiwan, Japan and Korea. These materials are imported in consideration of their high quality or if they are not readily available locally.

5.4.9 Quality Management

The Equator Group considers quality assurance ("QA") programmes as an important aspect of its operations, especially in achieving the best quality of products in line with future growth. The Equator Group continues to improve on the management of its QA programmes for all its incoming raw materials, processes and pre-shipment finished products. The Equator Group's QA department has a total of four (4) personnel, headed by Mr. Ho Kok Wah, the Assistant Manager (QA).

The QA programmes were assigned to provide continuous improvements to the Equator Group's product as well as manage the quality in order to satisfy customers' requirements and needs. The Equator Group's commitment to quality is evidenced by the international accreditation received by EBSB from the QAS SIRIM International in January 2005 certifying that the quality system of EBSB meets the requirement of ISO 9001:2000 Quality Management System. The ISO 9001:2000 system illustrates the strength and quality improvement of a company's products and marketing instruments, as well as shows its ability to maximise customers' satisfaction and achieve management effectiveness and efficiency.

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

5.4.10 R&D

Being a non-conventional grower that applies biotechnology throughout its production process starting from initial development stage to delivering/exporting the products to customers, the Equator Group places strong emphasis on R&D. This can be evident from the Equator Group's R&D focus for the past five (5) years which encompasses implementation of R&D objectives, policies and strategies for process improvements and new product group/product developments. Through extensive R&D, the Equator Group has been producing plants with distinct characteristics which give optimal ornamental value to its customers such as unique shapes, appearances and colours as well as longer vase life. The Equator Group invested an estimated RM1.1 mil in R&D activities over the last five (5) years (from 1999 to 2003).

(a) R&D milestones/achievements

The following table demonstrates the R&D milestones/achievements of the Equator Group for the past five (5) years.

Date	Event
March 1999	Establishment of R&D for application of biotechnology in growing plants and transportation technique for plants to be delivered at optimal condition especially by container
November 1999	Continuous trial on programming the reefer container to find the correct temperature and humidity level for optimal condition of various plants
April 2000	Established R&D for bio-conditioning of plants to enhance quality
August 2000	Developed optimal growing techniques for <i>Cycas revoluta</i> bulb as pot plant by using combination techniques of shade house, media and fertiliser
February 2001	Developed young plants rooted in oasis, which is suitable for hydro culture grower
July 2001	Developed combination of bio-conditioning and acclimatisation methods to enable young plants to be shipped by sea container
November 2001	Established R&D for hydro culture, assisted by Dutch hydro culture specialist, Forsteriana BV
December 2001	Developed Macot Technique (Airlayer rooting technique -- using rooting hormone and media (peat moss) to grow root from the stem of the plant) to produce young plants
January 2002	Established R&D for seed stimulation, to speed up germination period
December 2002	Developed seed stimulation technique for <i>Cycas</i> seed, shorten the germination time
December 2002	Developed good hydro system for <i>Rhapis excelsa</i>
March 2003	Developed new products, such as mini-garden type of <i>Sansevieria Superba</i> , <i>Moonshine</i> and <i>Laurentii Compacta</i>
June 2003	Set-up Life Science Centre for micro propagation development

5. INFORMATION ON THE EQUATOR GROUP (cont'd)

Date	Event
October 2003	Developed Banana young plants through micro propagation
December 2003	R&D on Debdrobium and Sansevieria through micro propagation
January 2004	Established R&D for hydro culture plants, namely Sansevieria and Cycas. Previously, only Rhapsis was developed via hydro culture process
January 2004	Established R&D for fermentation (reproduction) of bio-pesticide
March 2004	Established R&D for elimination of nematode in the media using bio-pesticide
May 2004	Developed hydro culture system for Sansevieria and Cycas
June 2004	Established R&D for Sansevieria new species and Cycas revoluta through micro propagation (as opposed to the previous development by seed stimulation)
October 2004	Appointed Dr Ruslan Abdullah of University Kebangsaan Malaysia as a R&D technical adviser to the Equator Group. Kindly refer to Section 7.1.6 for his profile.
November 2004	Established R&D for mutation of Sansevieria new species through cell suspension technology (a type of micro propagation)
December 2004	Established R&D for cell suspension system for Banana and Sansevieria

(h) R&D Team

The achievement of the Equator Group's previous milestones can be attributed to its R&D staff as well as its facilities. Details of the Equator Group's R&D team members and its facilities are highlighted as below:

Year	Number of R&D Staff	Description of R&D Committee
1999	2	As at 15 April 2005, the Group's R&D team consists of 28 staff.
2000	4	This R&D team is headed by the Managing Director and assisted by the Assistant Manager of R&D. Overall, it is overseen by the R&D committee, which consists of Mr. Wang Chi-Ti, Mr. Koh Yuch Leong, Mr. Goh Sau Chong, Mr. Yap Kim Siong, Ms. Chin Pocy Yuen, Ms. Lee Kwee Siang, Cik Asmah Bt. Baharom and Mr Yap Kyun Chin.
2001	9	
2002	11	
2003	19	
2004	27	
2005	28	

5. INFORMATION ON THE EQUATOR GROUP (cont'd)

(c) R&D Facilities

R&D Facilities	Details
Laboratory	<ul style="list-style-type: none"> - Tissue culture room - Clean room - Isolated culture room
Isolated Nursery	<p>Isolated area for research which consists of the following:</p> <ul style="list-style-type: none"> - Shade with different light density - Different ventilation - Different soil and media - Different chemical - Different fertiliser
Equipment	<ul style="list-style-type: none"> - Laminar flow - Autoclave - Compound stereo and microscope - Humidity and temperature recorder - PH tester (test of soil acidic character) - EC meter (test of cleanliness of water) - Ion activity tester (test for fertiliser efficiency) - Lux meter (test of light density) - Rain gauge (record of rain fall) - Moisture meter - Seed viability tester

(d) R&D Objectives

Enhancing Product Features In order to compete in a continuously evolving biotechnology industry, the Equator Group plans to employ extensive R&D and market intelligence to maintain its competitiveness and position in the market. The Equator Group has in the past allocated an estimated RM1.1 million for R&D expenses. In the near future, the Equator Group intends to increase its R&D expenses for the purpose of creating value-added products and also to create new products to target to different customers in order to expand its reach in the global market. The Equator Group already has cut greens for flower arrangers, young plants for growers and potted plants for wholesalers to sell directly to the consumer market. Hydro culture and aqua culture have also been identified as potential product groups.

In order to fulfil consumers' preferences in different parts of the world, the design attribute of new products (new shape and form) are crucial as the market is highly competitive in other parts of the world.

Technology Improvement The Equator Group has embarked on R&D collaboration initiatives with several international partners dealing in agricultural products, which are in line with its business focus and competencies. To improve the technology, the Equator Group intends to work together with more universities.

Locally, the Equator Group intends to have joint collaborative projects

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

with local universities, to carry out research projects for students, in order to promote the use of biotechnology in the areas of agriculture. This will also be complemented by practical training programmes from university students, which is also expected to contribute to the Equator Group's R&D in terms of technology improvements. On record, the Equator Group has been providing venue for post-graduate students specialising in life science and agriculture from the University Malaya Sabah and Universiti Teknologi Malaysia for their three (3) months practical training.

Benchmarking of Projects for Process Improvement

The Equator Group is focused on process improvement by studying and benchmarking the process, design and implementation of agriculture projects related to the horticulture industry. During the design stage of a new product, staff from different divisions is placed in a common project-team where information and knowledge are shared between project team members. The R&D members of the Equator Group then record the projects in the knowledge database of the Equator Group and analyse the requirements of the new projects based on precedent cases. This method of benchmarking is to allow corrective actions to be put in place before the actual implementation of projects.

The Equator Group studies and assesses the advanced knowledge and automation from The Netherlands to improve the process and quality of its products. Continuous studies of new knowledge in the market will enable the Equator Group to conduct further research and understanding of the development of new concepts. Besides that, the Equator Group's R&D team also benchmark its R&D against Japan, who is noted to have strong production process design and concepts.

(e) R&D Policies

Management Policy

- The Group is committed to responsible management and accountability of the funds allocated.
- The R&D Department under the Head of R&D is responsible for reporting all matters, including records of all R&D activities, to the Board.
- The Group's R&D policy is to create value for its stakeholders.

Intellectual Property Policy

- All employees of the Group shall not disclose any confidential information or inventions made in the course of employment in the Group.
- The confidentiality policy had also been in place to prevent any leakages of information that involved sourcing of raw materials to new development of process flow of the Group.
- New product development record shall be recorded and documented properly in order to protect the Group's intellectual property rights.

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

- Product Development Policy**
- Product Appearance and Attractiveness – All products should have a minimum level of appearance and at least be alluring in order to be able to attract customers.
 - Product Durability– All products should have a minimum level of expected shelf life as well as vase life.
 - Product Ornamental Value – All products must be special in terms of shape, colour and form in order to have its value.
 - New product ideas are generated by demand pull.

- Product Quality Policy**
- Product Visual – All plants must be clean, be of similar sizes from one to another and have no visual damages.
 - Product Measurement – All pots and plants must be in accordance to specifications.
 - Quarantine – Pest, insects, disease and fungus must be removed and media must be free from soil and meet the requirements of the quarantine rule.

(f) R&D Strategies

In order to ensure successful achievement of the above R&D objectives based on the established policies, the Equator Group is set to move forward with its R&D plans by implementing the following R&D strategies:

Increasing R&D manpower and facilities The R&D staff force in the Group is expected to increase from the 28 staff as at 15 April 2005 to 32 staff by 31 December 2005. The Equator Group plans to allocate RM6.5 mil for its R&D facilities in the future, in order to cope with the extensive R&D expansion programmes which will include additional laboratories with advance facilities and equipments.

Keeping abreast with the trend and biotechnology The Equator Group has allocated funds for the R&D team to travel and attend exhibitions, conferences, seminars, product launches and workshops with vendor partners, purchase new tools and other R&D related activities. In addition, the R&D team is encouraged to keep in contact with the industry players within the horticulture industry be it local or overseas, to keep abreast with new development and participate in brainstorming sessions within the organisation.

Meeting the needs of customers Effective communication between R&D team and customers are expected to improve with the use of information technology (IT) equipment such as local area network (LAN) and Broadband access points. This facilitates the communication between team members, customers and production sites. The Equator Group also plans to use multimedia communications such as videoconferencing and Internet voice calls.

(g) Continuous R&D Efforts

The Equator Group is committed to continuous R&D efforts to keep abreast with market developments and trends. As such, in addition to the R&D team and R&D committee, Equator Group also works with external consultants to tap on their expertise in various fields. The Equator Group is assisted by Mr. Martinus Bernasus Van Dijk, Dr. Kevin Weng Chun-I, Mr. Chen Yung-Te and Dr. Ruslan Abdullah who are the technical advisors. The four (4) technical

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

advisors are specialists in specific fields, which are illustrated in their respective profiles as set out in Section 7.1.6 of this Prospectus.

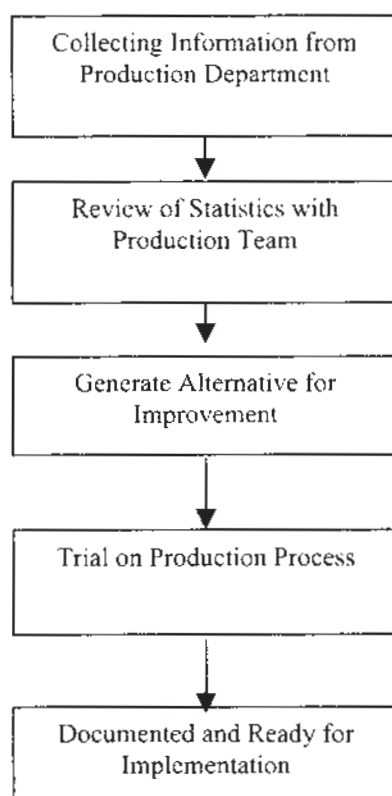
(h) R&D Expenditure

The amount spent by the Group on R&D over the last five (5) financial years ended 31 December 2003 and ten (10)-month financial period ended 31 October 2004 is as follows:

	Financial year ended 31 December					10-month period financial period ended
	1999	2000	2001	2002	2003	31 October 2004
Amount spent on R&D (RM'000)	116	108	268	279	331	460
Amount spent as a percentage of revenue (%)	3.77	2.45	5.56	1.98	1.75	1.94

(i) R&D Processes

Process Improvement



5. INFORMATION ON THE EQUATOR GROUP (cont'd)

Description of Process Improvement

i) Collection of information from production department

- Collection of data and information from the production department, such as output report, Q.C. report and productivity analysis report

ii) Review of statistics with production team

- Review of report and statistic, together with marketing department, production department, QA department and R&D department
- Analyse the effectiveness of the process

iii) Generate alternative for improvement

- Brainstorming for an alternative improvement mechanism
- Analysing and selecting a few alternatives for trial and error

iv) Trial on production process

- Trial run on few alternatives
- Research, study and record the result from the trial session
- Report to R&D and QA dept

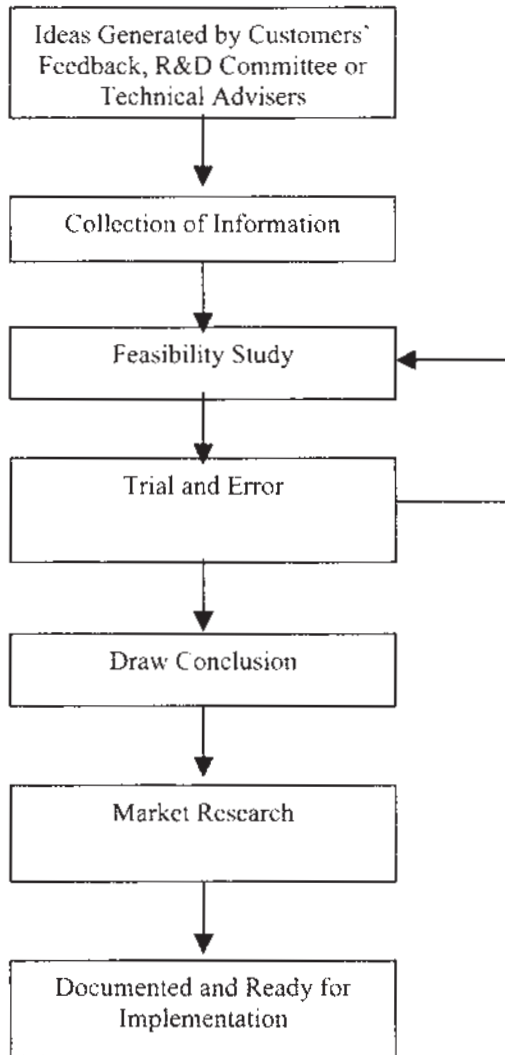
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5. INFORMATION ON THE EQUATOR GROUP (cont'd)

v) Documented and ready for implementation

- Final analysis and review of the production trial report
- Selecting the best alternative
- Properly document the alternative and send for management's approval
- Ready for implementation, after obtaining approval

New Product Development Process



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5. INFORMATION ON THE EQUATOR GROUP (cont'd)

Description of New Product Development Process

- i) Ideas generated by customer feedback, R&D committee or technical advisors**
 - Ideas for new products are generated from customers' feedback. R&D committee or technical advisors
 - Occasionally, new product ideas are generated through brainstorming session amongst R&D committee members
- ii) Collection of information**
 - Collection of relevant information
 - Classify, analyse and consolidate the information for a feasibility study
- iii) Feasibility study**
 - The new product idea would be presented to R&D committee to determine the viability of the new product
 - To obtain customers' feedback on the new product idea
 - All members would then meet again to finalise the viability of the new product
 - If it is viable, the development of the new product will commence
- iv) Trial and error**
 - Trial of the new product is carried out by R&D staff. Research is conducted, with trial and error runs, until optimal result is obtained
 - Result would be recorded
- v) Draw conclusion**
 - Final R&D committee meeting to consider the newly developed product
- vi) Market research**
 - New product samples, pictures and brochures are distributed to potential customers
 - Collecting feedback from customers, via surveys and telephone interviews
 - Review reaction and feedback from customers
 - Making decision to start production
- vii) Documented and ready for production**
 - R&D department would document the result and commence production

5. INFORMATION ON THE EQUATOR GROUP (cont'd)

The Equator Group's R&D activities for the past and present (2000 to 2004) as well as for the future (2005 to 2009) are illustrated below:

R&D	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
New Product Development	Collecting variety of plants, grow them in different areas, observe the growing condition and record the environment factors, analyse potential for new product, getting market opinion									
Acclimatisation	Train variation of new products and new product groups to be able to adapt to the required environment condition, especially for long transportation in the reefer container									
Reefer Container Programming	Research for the optimal programming of the reefer container's temperature, air exchange rate (ventilation) and humidity to optimise the freshness of the plant									
Bioconversion	Conditioning the plant from growing to mature status to enhance plant quality, durability and longer shelve life in order to withstand long transportation period									
Hydro Culture	Growing plant with hydro-corn, and add only nutrients to the water. It adds value for the end users, as it is clean and easy to maintain. Hydro culture plant is able to avoid nematode (pest on the root) due to the absence of soil									
Seed Stimulation	Using external force or giving different environment condition to stimulate the seed to break its dormancy and speed up the germination time									
Micro Propagation	Using plant tissue, cell or multiple bio-organism to achieve mass propagation of plant. The advantage of mass propagation is that it can be achieved with a small amount of mother plant and able to maintain minimum variation of the plant gene									
Aqua Culture	Growing plants with only water and nutrient									
Genetic Engineering	Physically removes the DNA from one organism and transfers the genes(s) for one or a few traits into another.									

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

5.4.11 Employees

As at 15 April 2005, the Equator Group has a total of 340 employees (including 14 managerial and professional staff). A breakdown of the employees is illustrated as follows:

Employees Categories	Less than 1 year	1 to 5 years	More than 5 years	Total
Managerial & Professional	-	10 ^a	4	14
R&D Personnel	22	6	-	28
Executive/Assistant	3	8	-	11
Supervisory	6	14 ^b	7 ^c	27
Technician	6	13	2	21
Clerical & Related Occupation	4	3	-	7
General Workers	104 ^d	120 ^e	8 ^f	232
Total	145	174	21	340

Notes:

- a* There is one (1) contractual employee under this category.
b There are two (2) contractual employees under this category.
c There are three (3) contractual employees under this category.
d There is one (1) contractual employees under this category.
e There are ten (10) contractual employees under this category.
f There are three (3) contractual employees under this category.

The management of the Equator Group maintains a close and cordial relationship with its employees. Together with its employees, the Equator Group creates a healthy and comfortable working environment. The Equator Group regularly organises recreational events and get-togethers such as family day, gathering and soccer matches for its employees and their families.

In addition, the Equator Group promotes a safe and healthy working environment by providing information and advice about occupational health and safety. Safe work conditions for all workers are only possible when basic occupational health and safety practices and procedures are followed. Typically, accidents are prone to happen in laboratory as chemicals and other hazardous materials are normally stored here. As such, the management had taken steps to implement various precautionary measures by placing great emphasis on good housekeeping, quality of walking surfaces (flooring) and; selection of proper attire and footwear. Besides that, only trained workers are allowed to deal with chemicals. All these precautions must be followed strictly by workers to reduce the probability of accidents from happening.

Life Science Centre Staff

The laboratory staff are selected based on their educational level and require a minimum secondary level education. As part of the selection process, potential laboratory staff are tested on their ability to perform dedicate functions involving hand and finger coordination and control. Dexterity is important as the work requires careful handling and cutting of fragile and minute leaves which can be as small as two (2) millimetres in length.

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

Upon selection, they would first undergo a three (3) months in-house training programme. In the first month, they would be given an orientation of the general working environment, the Equator Group's quality requirements and company policies. Particular emphasis is placed on topics such as the production process, aseptic standards, production techniques and quality control procedures. During the second month, the staff are given supervision on practical aspects of the tasks in the Life Science Centre that may be expected and concurrently undergo practical training to familiarise themselves with their assigned tasks such as handling and cutting the leaves for the tissue/cell culture.

Enter the third month, the staff would focus on increasing their productivity and maintaining a consistent standard of quality.

Nursery Staff

For production staff in various nurseries, they are given on-the-job training on how the seedlings are to be treated, for example, the procedures for transplanting of the tissue cultural seedlings from the nurseries, how to detect pest or diseases which may affect the seedlings and the care that should be taken whilst the seedlings are being nurtured in the nurseries and during propagation.

Training and Development

Equator provides constant training and development programmes for its employees. Training and development programmes provided by the Group include in-house training programmes or seminars to update all the employees on new developments in the Group.

Besides that, the Group engages external professionals to conduct seminars and workshops to keep staff informed about recent developments and to enhance their knowledge. Types of external programmes that the employees have participated are propagation and reproduction, agriculture management and genetic transformation seminars.

Training Programme/Seminar	External/Internal	Consultant	Month/Year
Horticulture & Economics	Internal	Lai King Ku (Master of Horticulture, University of Houston, US)	September 1998
Propagation & Reproduction	External	Xu Chao Xi (Master of Horticulture, University of Taiwan)	June 1999
Agriculture Management	External	Zhang Shi Zhu (General Manager of Known-You Seedlings Corp, Taiwan)	March 2001
Genetic Transformation	External	Richard Su (Department of Life Science, Fu-Jen University, Taiwan)	October 2003
Total Quality Management & Six Sigma	Internal	Weng Chin-Fan (Director of Equator, Bachelor of Agriculture Economic, University of Taiwan)	December 2003
Soil Management	External	Tan Kien Peng (Technical Manager of Chiap Hup)	June 2004
Application of Biotechnology on Agriculture Practices	External	Dr. HM Yang (Specialised in Agriculture Chemistry, University of Taiwan)	September 2004
Soil Management/Water	External	Peter Wang (Managing Director of	September 2004

5. INFORMATION ON THE EQUATOR GROUP (cont'd)

Training Programme/Seminar	External/ Internal	Consultant	Month/Year
Management Pest & Disease Management Nutrition Management		Agriculture Co. Ltd. Taiwan)	
Internal Quality Audit Practices	External	Benson Tan (An experienced ISO Consultant)	October 2004
Bio-pesticide	External	Chou Chun-Chi (Ph.D. in Agriculture, National Chung-Hsing University Taiwan)	March 2005

The employees of Equator are not members of any labour unions. There have been no industrial disputes in the past between the employees and the management.

5.4.12 Key Achievements/Milestones/Awards of the Equator Group

Summarised below are the milestones of the Equator Group since 1997:

Date	Event
April 1997	Founded Yi Hup Agriculture Development Sdn Bhd ("Yi Hup")
January 1998	Palm Nursery was rented to commence cut greens production
March 1998	Banana Nursery commenced operations to expand mother plants plantation
July 1998	Granted 'Pioneer Certificate' for the period from July 1998 to June 2003
July 1998	Started cultivation and sale of ornamental plants to Europe
October 1998	Set up a wholly-owned subsidiary in The Netherlands, EPBV as a nursery and marketing arm for European Union
January 1999	Young plants were developed and sold directly to growers in Europe
March 1999	Establishment of R&D for application of biotechnology in growing plants and transportation technique for plants to be delivered at optimal condition especially by container
May 1999	Yi Hup changed name to EBSB to reflect its principal activity in the provision of biotechnology
September 2000	EPBV relocated its address and expands its green house surface from 4,500 sq. m. to 6,500 sq. m.
February 2001	Acquired MSB as a wholly-owned subsidiary
February 2001	Cycas has been developed into a major product, EPBV being the first company to import Cycas pot plants and to deliver it directly to auction markets and wholesalers
July 2001	Products successfully penetrated Japanese and Korean markets
November 2001	Establishment of R&D for hydro culture assisted by Forsteriana BV (a Dutch company) and successfully developed hydro culture products and supplied to Forsteriana BV

5. INFORMATION ON THE EQUATOR GROUP (cont'd)

Date	Event
February 2002	Being the 1 st Malaysian company to pass the Japan's Quarantine Inspection of pot plants shipment and providing innovative service in delivering directly to the wholesaler as opposed to conventional sales channel of delivering pot plants via grower to wholesaler/auction in Japan
June 2002	Bukit Mor Nursery commenced operations
September 2002	Layang-Layang new packing area and green house commenced operations
December 2002	EBSB shipped more than 100 containers to Japan within the first two (2) years from the date of penetration into the Japanese market
February 2003	Muar Nursery processing centre for cleaning, drying and cutting commenced operations
May 2003	Received Plaque of Appreciation from Goyang City Mayor during World Flower Exhibition Goyang in Korea (one of the few non-Korean participants)
June 2003	Set-up Life Science Centre for micro propagation development
October 2003	Developed Banana young plants through micro propagation
August 2004	Ranked number 3 in the Golden Bull Award 2004 - The 2nd Malaysia 100 Outstanding SMEs, which was jointly organised by Expomal Sdn Bhd and the Chinese daily Nanyang Siang Pau
October 2004	Began collaboration with a local university to create a new commercial-academy cooperation with regards to the latest biotechnology application in the horticulture industry
November 2004	Received the Silver Medal for Best Pot Plant Standing Award during the Horti Fair 2004 in The Netherlands
December 2004	Achieved the Best Overall Award in the Malaysian SMI Recognition Award Series 2004 organised by SMI Association Malaysia
January 2005	Received international accreditation from QAS SIRIM International certifying that the quality system of EBSB meets the requirements of ISO 9001:2000 Quality Management System
January 2005	Received MPS-A certificate (the highest standard environmental friendly cultivation) from MPS organisation. The Netherlands.

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5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

5.4.13 Location

In total, the Group has six (6) nurseries with a combined land area of approximately 1,706,500 sq. m.. Each nursery has its special characteristics that are suitable for producing specific type of products or plants. Information regarding these nurseries and premises are listed below:

Premise	Location	Area of Land (sq. m.)
Layang Nursery (Operating Headquarters including Life Science Centre)	Layang-Layang, Johor Darul Takzim	426,000
Rijsenhout Nursery	The Netherlands	6,500
Muar Nursery	Batu Pahat, Johor Darul Takzim	240,000
Banana Nursery	Kulai, Johor Darul Takzim	600,000
Bukit Mor Nursery	Parit Jawa, Johor Darul Takzim	94,000
Palm Nursery	Layang-Layang, Johor Darul Takzim	340,000
Total		1,706,500

Layang Nursery

Location	Lot 1039, Jalan Kampung Murni Jaya, 81850 Layang-Layang, Johor Darul Takzim
Function	Operating Headquarters, Life Science Centre (Micro Propagation Laboratory and Isolated Nursery for R&D) and Nursery for cut greens, young plants, pot plants and hydro culture
Facilities	<ul style="list-style-type: none"> Operating Headquarters – Administration and Finance, Sales and Marketing, Inventory Control and Central Storage Life Science Centre - Fully equipped laboratory with air cleaning facilities, temperature control and programmable day and night environment Nursery – Packing area, container bay, shade house, water irrigation system, store, office media mixture centre, shade house and pre-export treatment area
Characteristics of Land	Sandy-soil, moderate characteristic
Crops Growing	<ul style="list-style-type: none"> Life Science Centre – Banana, Cycas, Sansevieria, Papaya and others Nursery - Dracaena, Cycas, Rhapsis and others
Number of Workers	<ul style="list-style-type: none"> Operations – 2 directors, 4 managers, 11 executives/assistants, 6 clerical staff and 1 workers Life Science Centre – 28 R&D personnel Nursery – 3 managers, 9 supervisors, 10 technicians and 80 workers

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

Rijsenhout Nursery, The Netherlands

The Rijsenhout Nursery under EPBV in The Netherlands is a sales channel to fulfil orders from The Netherlands and other European countries. It is also a nursery equipped with an automated climate control green house, which allows air circulation, ventilation, heating, cooling and humidity to be controlled.

Location	Grote Poellaan 9A, 1435 GA Rijsenhout, The Netherlands
Function	Sales office and sells directly to the auction market, mainly Aalsmeer Auction Market. Also sells to other auctions and customers directly as well as acts as a distributor to receive plants in container load and break them into small bulk for resellers and growers
Facilities	Fully computerised climate control green house nursery which allows for air ventilation, heating and cooling to be controlled, 500 sq. m. loading hall and 5,000 sq. m. for storage and propagation
Land	Approximately 10 minutes to Amsterdam Schipol Airport, and 10 minutes from Aalsmeer Auction Market (the largest flower auction market in the world)
Crops Growing	Pachira, Dracaena and others
Number of Workers	1 manager, 1 clerical staff and 3 workers

Muar Nursery

Location	SSD 682, Sungai Sudah Darat, 83000 Batu Pahat, Johor Darul Takzim
Function	Nursery for mother plants and cuttings
Facilities	Processing centre for cleaning, drying and packing of cuttings. Shade house (15,000 sq. m.) for shade loving varieties such as Sansevieria Superba
Characteristics of Land	Peat-soil, soft, moist, slightly acidic
Crops Growing	Mainly variation of Sansevieria such as Superba, Moon Shine, Laurentii
Number of Workers	1 manager, 5 supervisors, 6 technicians and 60 workers

Banana Nursery

Location	PTD 9374, Mukim Sedenak, 81000 Kulai, Johor Darul Takzim
Function	Nursery for mother plants
Facilities	Planting area
Characteristics of Land	Few types of soil, including peat, sandy, and stony soil
Crops Growing	Mainly Dracaena, Polycias, Yucca and Cordyline
Number of Workers	1 manager, 1 supervisor and 10 workers

5. INFORMATION ON THE EQUATOR GROUP (cont'd)

Bukit Mor Nursery

Location	Lot 3219, Jalan Bukit Mor, 84150 Parit Jawa, Johor Darul Takzim
Function	Nursery for young plants and pot plants
Facilities	Processing centre for cleaning, drying and packing of cuttings. Shade house (40,000 sq. m.) for shade loving varieties
Characteristics of Land	Sandy-soil, moderate characteristics
Crops Growing	Mainly variation of Sansevieria
Number of Workers	1 manager, 11 supervisors, 5 technicians and 70 workers

Palm Nursery

Location	Lot 1037 & 1038, Jalan Kampung Murni Jaya, 81850 Layang-Layang, Johor Darul Takzim
Function	Nursery for mother plants
Facilities	Natural shade house by oil palm trees
Characteristics of Land	Sandy-soil, with oil palm trees (7 to 10 metres high)
Crops Growing	Mainly variation of Draccana
Number of Workers	1 manager, 1 supervisor, and 8 workers

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5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

5.4.14 Production Output

The combined six (6) existing production sites of the Equator Group have the following average annual production output:

Plant Categories	Total Plantable* Area sq.m.	Total Area Planted sq.m.	Total Output^ units	Area Utilised %
Cut Greens	39,211	26,598	553,532	68%
Young Plants	352,901	243,707	2,582,237	69%
Pot Plants	392,113	250,494	1,662,372	64%
Total	784,225	520,799	4,798,141	66%

Notes:

* *The total land area is 1,706,500 sq.m. However, only 784,225 sq.m. is plantable as 500,000 sq.m. is currently unused in the Banana Nursery due to the short period and expiring of tenancy and the balance is reserved for road, drainage and pipe line.*

^ *Period from January to October 2004.*

Area outsourced to growers

As the horticulture industry is experiencing local workforce constraint, the Equator Group outsourced approximately 240,000 sq. m. of land (plantable area of 160,000 sq. m.) to local contract growers for a period ranging from one (1) to three (3) years, for the purpose of planting mother plants to be supplied to the Equator Group. These farms are located in close proximity to the Equator Group's nurseries. As these mother plants will be nurtured into either cut greens, young plants or pot plants in accordance to the Equator Group's standard of production process, the Equator Group also provides advice and technical support to these contract growers in order to ensure consistency in quality of the produce.

5.4.15 Interruptions to the operations of the Equator Group

The Equator Group has not experienced any disruptions in business which had a significant effect on its operations during the 12-month period prior to the date of this Prospectus.

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

5.5 INFORMATION ON THE SUBSIDIARY COMPANIES

Details of the Subsidiary Companies are as follows.

5.5.1 Information on EBSB

(a) History and business

EBSB was incorporated on 8 April 1997 as a private limited company under the Act. It was incorporated under the name of Yi Hup Agriculture Development Sdn Bhd. Subsequently, it changed its name to the present name on 11 May 1999. EBSB is principally involved in bioconversion, micro propagation, cultivation, importing and exporting of ornamental plants.

(b) Share capital

The present authorised, and issued and fully paid-up share capital of EBSB are as follows:

Type	No. of ordinary shares	Par value RM	RM
Authorised	25,000,000	1.00	25,000,000
Issued and paid-up	10,187,800	1.00	10,187,800

Changes in the issued and paid-up share capital of EBSB since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
08.04.1997	2	1.00	Subscribers' shares	2
04.08.1997	200,000	1.00	Cash	200,002
14.02.2001	2,799,998	1.00	Cash	3,000,000
24.12.2002	3,856,124	1.00	Cash	6,856,124
08.09.2003	1,777,576	1.00	Cash	8,633,700
30.06.2004	1,554,100	1.00	Cash and otherwise	10,187,800

(c) Subsidiary and Associated Companies

EBSB has two (2) subsidiary companies, EPBV and MSB. EBSB does not have any associated company.

5. INFORMATION ON THE EQUATOR GROUP (cont'd)**5.5.2 Information on EPBV****(a) History and business**

EPBV was incorporated in The Netherlands on 13 October 1998 as a private limited company. It is principally involved in cultivating, importing, exporting and trading of ornamental plants.

(b) Share capital

The present authorised, and issued and fully paid-up share capital of EPBV are as follows:

Type	No. of ordinary shares	Par value €	€
Authorised	2,000	45.37	90,750
Issued and paid-up	400	45.37	18,151

Changes in the issued and paid-up share capital of EPBV since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value €	Consideration	Cumulative issued and paid-up share capital €
13.10.1998	400	45.37	Subscriber's share	18,151

(c) Subsidiary and Associated Companies

EPBV does not have any subsidiary or associated company.

5.5.3 Information on MSB**(a) History and business**

MSB was incorporated on 23 November 1994 as a private limited company under the Act. It is principally involved in trading of ornamental plants.

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5. INFORMATION ON THE EQUATOR GROUP (cont'd)**(b) Share capital**

The present authorised, and issued and fully paid-up share capital of MSB are as follows:

Type	No. of ordinary shares	Par value RM	RM
Authorised	5,000,000	1.00	5,000,000
Issued and paid-up	1,700,000	1.00	1,700,000

Changes in the issued and paid-up share capital of MSB since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
23.11.1994	4	1.00	Cash	4
27.02.1995	99,996	1.00	Cash	100,000
16.06.1995	100,000	1.00	Cash	200,000
10.01.1996	800,000	1.00	Cash	1,000,000
18.07.1996	700,000	1.00	Cash	1,700,000

(c) Subsidiary and Associated Companies

MSB does not have any subsidiary or associated company.

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5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

5.6 INDUSTRY OVERVIEW *(Source: Independent Market Research Report by Infocredit dated 9 July 2004)*

5.6.1 Overview of the Malaysian Economy

Main Indicators of the Malaysian Economy, 1996-2005 (f)

MAIN INDICATORS (%)	1996	1997	1998	1999	2000	2001	2002	2003	2004p	2005f
GDP at Constant Price	8.6	7.7	-7.4	5.8	8.3	0.3	4.1	5.3	7.1	6.0
Agriculture	4.5	0.7	-3.3	3.8	6.1	-0.6	2.6	5.7	5.0	3.3
Manufacturing	18.2	10.1	-13.4	13.5	18.3	-5.9	4.1	8.3	9.8	4.5
Mining and quarrying	2.9	1.9	0.8	-3.1	0.3	-1.5	4.0	5.9	4.1	5.0
Construction	16.2	10.6	-23.0	-5.6	0.6	2.1	2.3	1.9	-1.9	-1.0
Services	8.9	9.9	-0.7	3.3	6.7	6.0	6.4	4.4	6.7	5.7

Notes:

p Preliminary

f forecast

Source : Bank Negara Malaysia

With the more robust growth in global trade and domestic demand, the momentum of economic expansion in Malaysia, which began in the second half of 2003, gathered steam in 2004. Real GDP increased by 7.1% in 2004, registering the fastest growth since 2000. The economy benefited from the rapid growth of global trade in manufactured products and higher prices for primary commodities. Although global growth moderated somewhat in the second half of the year, the Malaysian economy remained resilient with stronger domestic demand providing the impetus for sustained expansion. The private sector was the main force of economic expansion, while the government continued with fiscal consolidation.

The prospects for the Malaysian economy in 2005 remain sound. Real GDP is expected to grow by at least 5%. The sustained global growth, the modest downturn in the global semiconductor industry as well as relatively favourable prices for primary commodities are expected to provide support for exports. While the global electronics industry is beginning to consolidate after reaching a peak in mid-2004, the cyclical downturn is forecast to be modest in view of the strong Asian demand, fast product life cycle and the relatively rapid inventory adjustments. In the domestic economy, the private sector would remain as the main driver of growth, as the government remains committed to optimising expenditure in order to strengthen the fiscal position. Both household consumption and business outlays are projected to remain resilient, thereby cushioning some of the effects of lower public investment spending arising from the government's gradual fiscal consolidation programme.

As a small net oil exporter, Malaysia benefits to a degree from the higher world oil prices as crude oil accounts for around 5% of exports. Since the 2001 economic slowdown, most industrial countries, but notably the US, have pursued highly expansionary macroeconomic policies. As a result, world interest rates are close to historical lows and many countries have high fiscal deficits. Low interest rates have

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

fuelled housing and asset price rises, at the same time supporting consumption and leading to a sharp deterioration in the current account in the US. As global GDP accelerated over the past year, inflationary pressure started to mount, albeit remaining very mild. However, higher oil prices, if sustained over a long period of time, will feed inflationary pressures, possibly forcing interest rates to rise faster than expected. This could trigger a sudden reversal in consumption and savings behaviour, leading to a substantial slowdown in world economic growth and affecting, in particular, non-oil exports from the Asian economies, including Malaysia. A slowdown in the US economy would have both heavy direct and indirect negative effects on exports, since the US is by far Malaysia's biggest export market. The signing of a Malaysia-US Trade and Investment Framework Agreement in May 2004 may help to mitigate this.

Inflation is likely to nudge up in 2005, as budgetary consolidation may lead the government to reduce its subsidies on consumer energy. Due to a slowdown in exports, particularly electronics and electrical products, private consumption is expected to remain the main source of GDP growth. The 2005 budget targets a modest reduction in the deficit to 3.8% of GDP. Going forward, the government's plan for a new broad-based goods and services tax in 2007 adds credibility to its commitment to fiscal balance, and may pave the way for a long-anticipated cut in business income taxes, which is critical in attracting more direct foreign investments.

5.6.2 Industry Assessment

At the forefront, cultivation of cut flowers, pot plants and ornamental plants are widely spread throughout the world. In Malaysia, floriculture industry is an export based industry whereby local growers/suppliers are competing with international players. This is supported by the demand in the developed countries of Europe, America, Australia, Japan and Singapore. The climatic condition in most of these countries does not favour year round cultivation of these flowers and many of them import flowers from other countries. As such, it is more appropriate to look at the supply and demand of the global exporting and importing countries.

In 2003, Singapore was the largest importer of Malaysia's horticulture produce, with RM34.7 million worth of produce purchased. This is followed by Japan and The Netherlands, which purchased RM26.9 million and RM12.9 million worth of horticultural produce respectively from Malaysia. Based on the Equator Group's revenue in 2002 of RM14.1 million, it accounted for approximately 18% of the total exports value of the same year. In 2003, the figure increased to 23% based on RM19 million of the total exports value of RM82 million.

Fast, efficient transportation systems tie together floricultural production on a worldwide basis. Over-production or changes in production in one country can affect markets in other countries. Countries with warmer climate and lower labour cost routinely sell their product to other countries with higher disposable incomes and production costs. A cash-and-carry floral bouquet in local supermarket could be made of miniature spray carnations from Israel, spray chrysanthemums from Colombia, boxwood from Oregon and statice from California. However, floriculture trade is bi-directional; Malaysia grown product is shipped across North America and into Europe and the Asia Pacific.

Climate and low wages have made some South and Central American countries important producers of floriculture crops. Even when transportation costs are included, the lower production costs of these countries have displaced domestic production of cut carnations, roses and chrysanthemums in North America and Europe. In fact, Colombia is the second largest cut flower exporter after The Netherlands. Flowers rank fourth behind petroleum, coffee and bananas in export earnings. In US and Canada, growers are moving away from traditional flowers such as carnations and chrysanthemums to different

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

specialty cut flowers such as gerbera, lizianthus, snapdragons and alstroemeria that are usually more difficult to grow and to ship.

Worldwide trade in floriculture products was estimated at over USD7.9 billion in 2001. By and large, cut flowers accounted for 50% of sales, plants were 41%, bulbs made up 9% and cut foliage accounted for 9%. Seven (7) countries export 73% of the value of the world's floriculture crops: The Netherlands, Columbia, Italy, Belgium, Denmark, US and Ecuador. The Netherlands continues to dominate the world floricultural industry: it is becoming the epicentre for world flower trading. It was estimated that in 2000 almost 50% of exported floriculture products came from The Netherlands, this figure includes crops that are grown domestically and crops that are imported, brokered and then resold. Columbia was the second largest exporter at 7.5%, Italy, Belgium, Denmark, US, Ecuador and Germany followed with approximately 3% each of exported products. Kenya, Costa Rica, Israel and Spain produced about 2% each. Major markets are Germany, US, Britain, France and The Netherlands. These five (5) countries account for almost 70% of all imports of floriculture products.

5.6.3 Industry Life Cycle

By and large the agriculture sector within Malaysia is enjoying a resurgence, riding high on the growth phase of the new S-curve of the industry, with the advent of horticulture and its seemingly and potentially limitless range of produce.

Prior to the dominance of the manufacturing and services sectors in the economy, Malaysia was very much a primary-based economy, relying heavily on the agriculture and mining sectors. Nonetheless, the primary sectors continue to play pivotal roles in the economy despite its lower contribution. The agriculture sector, in particular, remains crucial to the economy – as a means for exports as well as domestic consumption.

In the sub-sector of horticulture, domestic consumption continues to be robust, especially for fruits and vegetables. Malaysia remains a net importer of both commodities, running a combined deficit of RM1.0 billion in 2003. Although, productions are at various stages of advancement, output continues to fall short of demand. In essence, growth in this area continues to be favourable. In terms of ornamental plants and foliage, the growing number of house-owners coupled with rising affluence will continue to assure the demand for ornamental plants and foliage.

In the orchids segment, the degree of hybridizing continues to be encouraging, while the hobby of orchids collection has been promising. While the demand for “easy-to-maintain” orchids remains favourable, the demand for hobbyist plants is also rapidly picking up. While hobbyist plants can be expensive, to the serious hobbyist it does not pose a problem, to maintain the exclusivity of the particular specie or hybrid. Therefore, the orchid segment remains an area with growth potential, with strong domestic and external demand. In the non-orchid segment, its cut flower potentials is particularly encouraging, especially for roses and chrysanthemum. The cut flower industry is a lucrative industry, as most of the cut flowers are either packed or used as gifts, decorations or for prayers. Overall, the demand for cut flowers remains strong.

Overall, the agriculture sector has advanced fairly rapidly in the area of R&D in recent decades, due to the thrusts of national policies. The sector has matured with better line of commodities, which are higher yielding. Despite the higher output, demand continues to be strong, both domestically and internationally.

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

5.6.4 Dependency on Other Industries

Like the broad agriculture sector, the horticulture business is dependent on critical ancillary services and input for its well being. The supply of external inputs such as fertilizers, agricultural chemicals, seeds, planting materials, feeds and agricultural machinery and equipment will profoundly affect the competitiveness of agricultural production.

Based on recent agriculture-related data, the prices of the inputs have been increasing steadily and this has to a large extent contributed to higher cost of productions and influenced the competitiveness of the Malaysian agriculture sector. While strategic considerations like improving the efficiency of these inputs to minimise the increase in the input prices are appropriate, the Government is expected to play a pivotal role by providing an attractive environment and incentives for the development, expansion and modernisation of the inputs.

To buttress efficiency and strengthening of the competitiveness of the agricultural sector, the capacity and quality of support services are also important influencing factors. Towards this ends, support services like agricultural marketing, extension, advisory and consultancy, credit, insurance, information and logistic services such as warehousing, distribution and transportation are critical success factors as well.

5.6.5 Barriers to Entry

The local horticulture industry is populated by mainly small and medium size operators as they normally falls under the conventional growers group. As such, the barrier to entry for the industry is average to fairly low. The technology/know-how can normally be acquired via the MARDI and other relevant associations. However, due to the industry is experiencing evolution over the last two (2) decades, would-be entrepreneurs need to conduct extensive R&D on developing new techniques and better breeds to compete in this industry. For instance, with the advanced development in the biotechnology area, a lot of horticulture producers in most developed countries have been adopting these techniques. It is a new aspect of biological and agricultural science which provides new tools and strategies in the overall production process by providing new strains of plants, supply of planting material, more efficient and selective pesticides and improved fertilizers.

Notwithstanding that, horticulture is a mature industry in certain parts of the world, especially Europe and US. It is very vital that the horticulture entrepreneurs know how this market works and the latest biotechnology development in the horticulture industry, to open up the boundaries. Without understanding the need of the consumers and the strengths of the competitors, these factors would prove to be a major stumbling block.

5.6.6 Government Legislation, Policies and Incentives

By and large, policy measures directed at the broad agriculture sector will inadvertently impact on the horticulture sub-sector. To this extent, the recent shift of development attention towards agriculture-based activities will have positive spill over on the horticulture sub-sector. Listed below are some of the promulgated measures that will benefit the agriculture sector in general and the horticulture in particular.

Policies

While Malaysia continues to chart its course towards industrialisation, the overall agriculture sector continues to be an emphasis of the Government, as evident from the continuing policy embraced in the

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

Third Natural Agriculture Policies ("NAP3"), which outlined the path for agricultural and forestry sectors for the period from 1998-2010. Under the NAP3, the objectives are:

- To enhance food security;
- To increase productivity and competitiveness of the sector;
- To deepen linkages with other sectors;
- To create new sources of growth for the sector; and
- To conserve and utilise natural resources on a sustainable basis.

In line with these policy objectives, two (2) approaches are employed. The first is the agroforestry approach, whereby this approach is aimed at addressing the increasingly scarce resources including land and raw material availability. Within this approach, agriculture and forestry are viewed as mutually compatible and complementary, thereby providing a scope for joint development. In essence, the integration of agriculture and forestry is also aimed to create a larger productive base for both sectors.

The second new strategic approach outlined in the NAP3 is the product-based approach. This approach is adopted to strengthen both inter and intra-sectoral linkages including the development and expansion of intermediate and supporting industries. This approach focuses in satisfying the specific needs of niche markets and consumers worldwide who are increasingly demanding products that are more specific to their needs and preferences. Furthermore, key products and markets are identified based on market demand, preferences and potential; these market demand and preferences are translated into strategies for upstream primary agricultural production so as to enhance production and marketing of the agricultural produce.

Incentives

To further encourage the development of this sector the Government is providing various incentives to the private sector. The incentives are pitched at private sector's R&D, provisioning of warehouse facilities, human resource development and commercialisation of R&D outputs. In addition to that, incentives will also be given for the export of consultancy services, provision of quality and safety testing services and usage of information technology system in agriculture. The existing incentives given in the promotion of investments in food production and new and emerging areas of agriculture and agriculture related activities would be maintained.

Current promotional activities and products will be reviewed so as to ensure that they are aligned with the new developmental direction of the agricultural sector. Other complementary policy measures on credit facilities, soft loans given to food production, mechanisation and automation, commercialisation of agricultural R&D output and bumiputera participation in commercial agriculture shall be continued. A detailed guideline to promote foreign investment in the agriculture sector will also be formulated.

Funds

There are also various funds provided by the Government through the Central Bank and developmental financial institutions such as Bank Pertanian and Bank Pembangunan to encourage the development in this industry. Among the funds available are the Fund for Food ("3F") and Bumiputera Entrepreneur Financing Scheme ("MPPB").

The purpose of 3F programme is to encourage more investment in food production and also to create a productive and efficient distribution system. The maximum amount of fund allocated for each project is RM5 million. The fund will finance approximately 90.0% of the total cost of the project. Projects

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

that are approved under this scheme include those related to the cultivation of fruits and vegetables, livestock and fisheries.

The MPPB is set up to encourage more bumiputera entrepreneur in the agriculture sector. Area of focus will be given to projects in commercialisation of agriculture, livestock and fisheries products. The fund will be allocated a maximum amount of RM5 million and each project will not exceed ten (10) years. Projects approved under this fund are floriculture especially orchids, poultry and livestock and aquaculture

5.6.7 Prospect and Outlook on the Industry

The prospects of the floriculture industry are dependant on the global consumption as the main characteristics of this industry is its global competitiveness. Malaysian growers not only compete locally but with the rest of the world as well. As for Equator, by and large, they are already competing internationally with one of its subsidiary being set up in The Netherlands, being a major floriculture trading country. In view of these factors, it is worthwhile to look at the prospect in The Netherlands.

The Netherlands

Flower production is burgeoning across the globe and trading of flowers internationally is rising. The trading of flowers is more concentrated in markets with strong purchasing power; these included Europe, US and Japan. Among them, The Netherlands is a major player both in production and distribution of floriculture products. Dutch flower auction markets play an intermediary role between the Dutch growers and the traders. In addition, foreign flowers and plants are increasingly sold at auction markets in The Netherlands.

The cultivation of flowers and plants accounts for only around 4.0% of horticultural land use in The Netherlands. However, floriculture under glass is extremely intensive. Thus, its floriculture industry generates over €3.0 billion annually, which represents half of the total production value of Dutch horticulture. The rapid expansion in the market for flowers and plants has induced many vegetable growers to switch to floriculture and in particular, growing flowers for the cut flower market. This in turn encourages cut flowers growers to venture into production of potted plants.

Production of Floriculture Crops

The main centres of production for floriculture crops are situated in the west of The Netherlands located in the area around Schiphol airport and in the greenhouse district, Westland, between the cities of the Hague and Rotterdam. Flowers and plants are largely produced by family firms where the owner themselves play an active role. The growers do not sell their products themselves but are affiliated to one of the flower auction markets. The market auctions will concentrate on supply and demand in the same location to ensure problem free sales. As such, the growers are entirely free to concentrate solely on production and this has led to far reaching specialisation at the nurseries themselves. By growing only one crop, or sometimes just one variety, growers can optimise their production.

The Netherlands: Production Area of Floriculture

Production Area	2002 hectares	2003 hectares	% Change
Ornamental plants under glass consists of:			
• Floricultural products	5,824	5,756	-1.2
• Arboricultural products	390	379	-2.8
	6,214	6,135	

5. INFORMATION ON THE EQUATOR GROUP (cont'd)

Production Area	2002 hectares	2003 hectares	% Change
Ornamental plants outdoor consist of:			
• Floricultural products	2,684	2,607	-2.9
• Flower bulbs	24,221	24,538	-1.3
• Arboricultural products	13,401	13,151	-1.9
	40,306	40,296	

The Netherlands: Production of Ornamental Plants

Production	2002 €'million	2003 €'million	% Change
Ornamental plants:	4,616	4,690	-1.6
Floricultural products	3,450	3,545	-2.8
Flower bulbs	613	575	-6.2
Arboricultural products	553	570	+3.1

The Netherlands: Number of Cut Flowers and Plant Nurseries

Number of Cut Flowers and Plant Nurseries	2003
Ornamental plants under glass	6,745
Ornamental plants outdoors	8,386

*External Trade***(I) Exporters And Wholesalers**

Almost three-quarters of all Dutch production of flowers and plants are exported. Their main export markets in Europe are Germany, UK and France. Other important European markets include Italy, Belgium, Switzerland and Austria while the Eastern European markets are also expanding. Besides that, the Dutch exporters also serve destinations such as US, Japan and Middle East and most Dutch floriculture products are sold to florists, garden centres and market and street traders, sometimes through the local wholesale trade. Sales through supermarkets and do it yourself (DIY) centres are growing in significance. As of 2002, there were 1,156 exporters in The Netherlands.

The Netherlands: Export of Floriculture Products

Floriculture Products	2002 €'million	2003 €'million	% Change
Cut flowers	2,990	3,009	-0.6
Pot and garden plants	1,394	1,547	-11.0
Propagation material	185	208	-12.4
Flower bulbs	689	645	-6.4
Arboricultural	415	425	+2.4

5. INFORMATION ON THE EQUATOR GROUP (cont'd)

Cut flowers remained as the most exported floriculture products. Export value of cut flowers as of 2003 was €3.0 billion or a marginal increase of 0.6% compared to the previous year. However, propagation material showed a strong increase in export for 2003. It rose 12.4% to €208 million from €185 million a year earlier. Export of pot and garden plants and arboricultural products also grew by 11.0% and 2.4% respectively over the same corresponding period. Meanwhile export of flower bulbs, being the most recognised cut flower from The Netherlands dropped marginally by 6.4% in 2003 to €645 million from €689 million in the previous year.

The Netherlands: Export of Cut Flowers By Country of Destination

Country of Destination	2002 €' million	2003 €' million	% Change
Germany	922.4	915.0	-0.8
UK	554.7	564.5	+1.8
France	420.4	442.5	+5.3
Italy	153.9	175.7	+14.2
US	134.8	103.5	-23.2
Belgium	89.2	96.5	+8.2
Switzerland	96.0	86.0	-10.4
Austria	81.3	81.0	-0.4
Russia	65.9	78.8	+19.5
Denmark	68.9	70.8	+2.7
Others	402.5	394.3	-2.1
TOTAL	2,990.0	3,008.6	-0.6

The Netherlands: Export of Pot and Garden Plants By Country of Destination

Country of Destination	2002 €' million	2003 €' million	% Change
Germany	549.6	625.2	+13.8
France	166.7	183.6	+10.1
UK	152.9	152.8	-0.1
Italy	110.5	122.6	+11.0
Belgium	65.3	75.9	+16.2
Austria	44.3	49.9	+12.6
Switzerland	42.9	45.3	+5.5
Denmark	32.0	44.5	+39.1
Spain	32.9	38.9	+18.2
Sweden	29.3	36.0	+22.9
Others	167.4	172.7	+3.2
TOTAL	1,393.8	1,547.4	+11.0

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

(II) Imports

In addition to being a major producer of floriculture products in the world, The Netherlands is also the major distribution centre for flowers and plants from other parts of the world. Many foreign producers choose to sell their products through the Dutch flower auctions and wholesale trade despite their high transportation cost in view of the fact that the Dutch market is the only centre of distribution of floriculture products in the world.

5.7 MAJOR CUSTOMERS

Top (10) customers of the Equator Group as at 31 October 2004 are as follows:

	Customer Name	Country	Total Sales RM'000	Total Sales %	Length of Relationship	Products Purchased
1	Nara Horticultural Co. Ltd	Korea	9,308	39.20	5 years	Cut greens, young plants and pot plants
2	Bloemenveiling Aalsmeer [^]	The Netherlands	4,591	19.34	8 years	Pot plants and cut greens
3	FloraHolland [^]	The Netherlands	2,635	11.10	8 years	Pot plants and cut greens
4	Brother International Corporation	Japan	1,771	7.46	4 years	Young plants and pot plants
5	Hiew Sze Leong	Malaysia	1,334	5.62	5 years	Young plants and pot plants
6	Goh King Joua	Malaysia	774	3.26	2 years	Young plants and pot plants
7	JPM ^{TT} Hoen	The Netherlands	703	2.96	7 years	Young plants
8	Postage Haeffs	The Netherlands	397	1.67	5 years	Young plants
9	Adomex	The Netherlands	351	1.48	7 years	Cut greens
10	Tact Co Ltd	Japan	162	0.68	5 years	Young plants and pot plants

Note:

[^] *Bloemenveiling Aalsmeer and FloraHolland ("Flower Auction Markets") play an intermediary role between the Group and the wholesale trade. As such, the Equator Group is entirely free to concentrate solely on production and this has led to far-reaching specialisation at its nurseries. A major benefit of selling through the auction is that the Flower Auction Markets pay Equator Group directly. It eliminates the necessity for the Group to grant extended credit to wholesale traders and more importantly, it reduces the risk of bad debts. Therefore, the Flower Auction Markets are deemed customers of the Equator Group.*

Nara Horticultural Co. Ltd is engaged in the importing and marketing of ornamental plants. Approximately 39% of the Group's total sales for the ten (10)-month financial period ended 31 October 2004 was derived from sales of cut greens, young plants and pot plants to Nara Horticultural Co. Ltd. The Equator Group has a long and established relationship with Nara Horticultural Co. Ltd and going

5. INFORMATION ON THE EQUATOR GROUP (cont'd)

forward in line with its expansion plan for the Korean market, Equator Group will continuously source for new Korean importers.

The Group also maintains long-term relationships with other customers. Two (2) of its major customers, namely Bloemenveiling Aalsmeer and FloraHolland have been in business with the Group for more than eight (8) years.

5.8 MAJOR SUPPLIERS

Top ten (10) suppliers of the Equator Group as at 31 October 2004 are as follows:

	Supplier Name	Country	Total Purchase RM'000	Total Purchase %	Length of Relationship	Products Supplied
1	JJPSB	Malaysia	950	13.16	1 year	Young plants
2	Jeo Jeo Plantation*	Malaysia	823	11.40	4 years	Young plants
3	Pachira Corp.	Taiwan	476	6.60	3 years	Young plants
4	Ta Wey Gardening Co. Ltd	Taiwan	404	5.60	3 years	Young plants
5	Joe Tech Trading	Malaysia	376	5.21	3 years	Potting materials
6	Chee May Trading	Malaysia	221	3.06	4 years	Packing materials
7	Lai Seed Company	China	201	2.78	8 years	Young plants
8	Agrokimia Yunian	Malaysia	167	2.32	7 years	Chemical
9	Biolan OY	Germany	154	2.13	3 years	Packing materials
10	Nara Horticultural Co. Ltd	Korea	123	1.71	6 years	Seeds and seedling

Note:

* *The supply agreement was terminated on 30 June 2004.*

The Equator Group has two (2) major suppliers which contributed to more than ten percent (10%) of the Group's total purchases. EBSB has entered into a supply agreement with JJPSB on 1 July 2004 whereby JJPSB will grow the young plants supplied by EBSB and subsequently sell them back to EBSB. As such supplies from JJPSB are secured.

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5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

5.9 PROSPECTS OF THE EQUATOR GROUP

The Equator Group's competitive advantage is in its strong technical expertise and its existing marketing network, which will provide the Group with the additional push factor, in terms of marketing and distribution. In addition, the Equator Group's emphasis on R&D to upgrade and improve its technology. improve quality of products and enhance its technology processes will also create value in the supply chain. A comparison between the Equator Group and other competitors is as follows:

Description	Equator's Products/Services	Comparative Products/Services
Value-Added Services	<ul style="list-style-type: none"> ▪ Wide selection of new designed fashion pots ▪ Conversion from outdoor to indoor plant 	Usually deliver to growers only. As such the value added services are done by the grower/importer
Customer Base	Florist, growers, auctioneers, wholesalers, importers, supermarkets and chain stores	Importers, growers and florists
Product Assortment	<p>Wide variety of ornamental plants includes:</p> <ul style="list-style-type: none"> ▪ 20 variations of Sansevieria, Cycas, Rhaps and Dracaena ▪ Pot sizes from 3 cm pot to 39 cm pot or 10 cm to 180 cm 	Specialised in young plants with sizes from 10 cm to 50 cm (starting plant), 50 cm to 100 cm (consumer plant) and 120 cm to 200 cm
Packing	Tower type, palletize, easy to handle (recyclable iron pallets)	Loose type using wood box

As mentioned earlier, the Group's competitive advantage lies on its strong technical expertise, existing marketing and distribution network and a well informed management team which is constantly keeping abreast with the changing market trends. These advantages have contributed to the Group's critical success factors as set out below:

➤ **Alluring and unique products**

Accredited to the Group's continuous R&D efforts and well informed management team, the Group is able to introduce new products/product groups with unique characteristics in terms of shapes, mixture of colours and variation of species that are rare in the market.

➤ **Competitive pricing among the unique range of products**

The Group offers competitive selling price among the industry players both locally and overseas for the same range of products.

➤ **Variety and complete range of products**

Going in line with the Group's geographical expansion plan, the management is fully aware of the constant evolution of market trends. As such, the Group always introduces and adds on to its present range of products to cater to different market segments.

➤ **Optimal quality of products**

By nature, plants are highly perishable more so when these plants are being exported in view of long transportation period. The Group has been applying biotechnology techniques such as bio-conditioning and acclimatisation to maintain optimal condition of the plants.

5. INFORMATION ON THE EQUATOR GROUP *(cont'd)*

➤ **Reliable delivery of products**

The Group always ensures their products are delivered on a timely basis and at optimal condition.

➤ **Vast marketing and distributing networks**

The Group's wide marketing and distribution networks can be observed from its presence in The Netherlands through its subsidiary, EPBV, as well as direct export from Malaysia to customers in Japan and Korea. EPBV acts as a base for the Group to penetrate into other countries within the Europe region whilst EBSB concentrates on the Asia Pacific and the US markets.

➤ **Continuous R&D**

The Group has been continuing relentlessly on its R&D activities such as adopting new biotechnology techniques to nurture and develop new product/product group. Additionally, the Group believes that with sufficient funding to be raised from the capital market, they are able to realise its future plan in expanding the R&D facilities for aqua culturing and genetic engineering.

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6. SUMMARY OF THE FIVE (5)-YEAR BUSINESS PLAN

Business Objectives

The Equator Group aims to be the leading “Biotechnology Company” in the horticulture industry in Asia within the next five (5) years. The Group’s strategic driving force is built around strategies focused on innovation and creativity. Armed with the right resources, funds and innovation, the Equator Group believes that they are able to continue to equip themselves with contemporary techniques and remain competitive in the international market.

In achieving this mission, the Equator Group will strive to:

- apply its effective management style that incorporates its manpower resources, experience, expertise, innovation and creative approach;
- continuously seek new biotechnologies that meet clients’ requirements;
- create a workplace that motivates employees;
- continually improve the effectiveness of the quality management system; and
- maximise value of its stakeholders.

R&D Plan

The Equator Group strives hard to pursue technological advances through the use of biotechnology. It is committed in providing continuous R&D efforts to keep abreast with market developments, market trends and to enable it to tap into new markets as well as to ensure the long-term sustainability of its business.

In recognising the importance of R&D, the Equator Group is expected to increase the number of its R&D staff to 32 by end of 2005. It also plans to allocate RM6.5 million for its R&D facilities in the future to facilitate its extensive R&D expansion of existing micro propagation laboratory and R&D in genetic engineering. In addition, the Equator Group has appointed technical advisors namely, Mr. Martinus Bernasdas Van Dijk, Dr. Kevin Weng Chun-I, Mr. Chen Yung-Te and Dr. Ruslan Abdullah to provide technical input in biotechnology application in the area of aqua culture, cell culture and genetic engineering.

The Equator Group is currently applying various techniques being developed from biotechnology such as propagation by tissue or cell culture, bio-conditioning of plants, seed stimulation to increase germination time and hydro culture. In 2005, the Group has commenced R&D on genetic engineering of ornamental plants. The research performed in this area focuses on the application of plant molecular genetic techniques, which can be used to create added value anywhere in the chain from the development stage to the delivery stage where plants are delivered to retailers and consumers. It involves purposeful addition of a foreign gene or genes to the genome of an organism. A gene holds information that will give the living organism a trait. Hence, by modifying the genes through physically removing and adding it to the genome, a new type of characteristic is created. A plant can therefore be genetically modified to have resistant to certain pest and disease attack, the ability to adapt to certain climate conditions and to certain extent, changes the appearance in terms of size and colour. The Equator Group aims to commercialise its R&D in genetic engineering by 2006 and committed to continuously advance its biotechnology in the area of genetic engineering.

6. SUMMARY OF THE FIVE (5)-YEAR BUSINESS PLAN (cont'd)

Expansion Plan

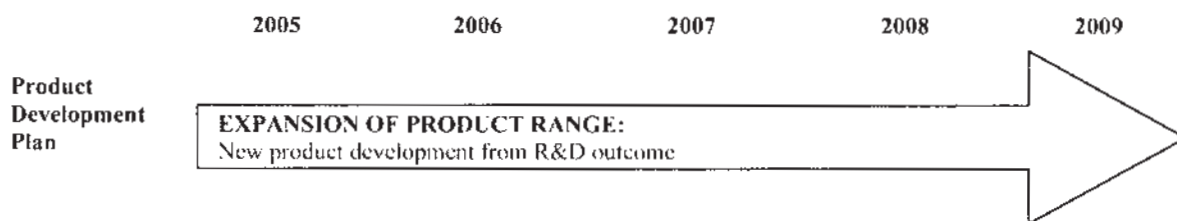
Equator Group's primary goal is to leverage on its existing experiences and capabilities to expand its capacity and introduce new product group as well as variety of plants in the next five (5) years:

	2005	2006	2007	2008	2009
Product Development Plan	EXPANSION OF PRODUCT RANGE: New product development from R&D outcome				
Expansion into Advance Biotechnology	MICRO PROPAGATION: Using plant tissue, cell or multiplied bio-organism to achieve mass propagation of plants				
	AQUA CULTURE: Growing plants with only water and nutrition				
	GENETIC ENGINEERING: Modification of the generic properties of plants				
Geographical Expansion	Penetration to Eastern Europe and China	Penetration to Russia and Middle East	Penetration to Australia	Penetration to North America	Penetration to India and Africa
Continuous Growth	Continuously to: Belgium, Denmark, France, Japan, Korea, Germany, Italy, The Netherlands, Singapore, Turkey and UK				

6. SUMMARY OF THE FIVE (5)-YEAR BUSINESS PLAN (cont'd)

The Company intends to employ the following strategies as part of its expansion plans explained as follows:

(i) Broader range of products through product development



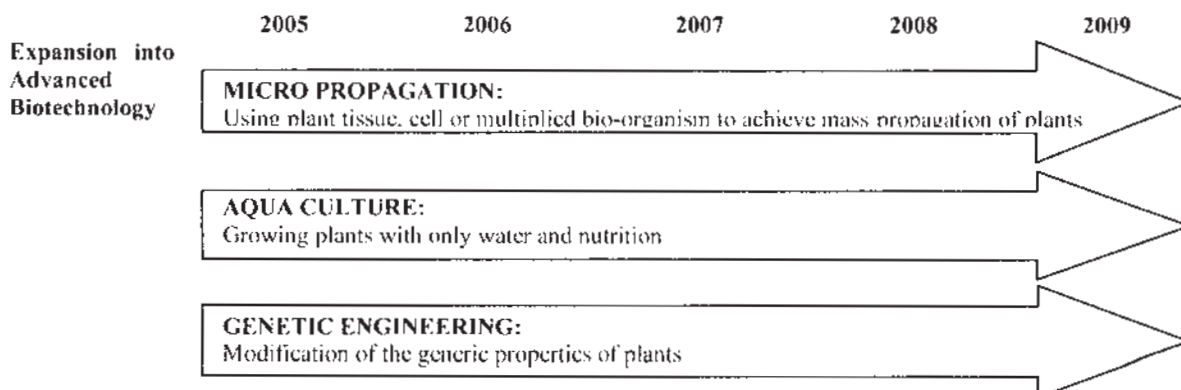
The number of new products under development is usually an indicator of the growth and direction of a biotechnology company. The length of time taken for various product development processes, from start to end, dictates the efficiency and competitive advantage of a company.

Equator Group's focus is to extend its product range of ornamental plants through new product/product group development. The Group's new products are categorised into new sizes, shapes, varieties and species whilst new product groups, at this juncture, aqua culture plant has been identified.

The Group is looking at developing its current plants into a new product group known as aqua culture. Among the variation of plants, the Group has identified Sansevieria species which has proven therapeutic effects, as the potential for immediate future development. In addition, the Group intends to produce novel plants through the application of genetic engineering. This will help diversify its current portfolio and represent huge growth potentials for the Group.

(ii) Expansion into Advanced Biotechnology

Since its establishment, the Equator Group uses biotechnology to propagate, cultivate and acclimatise the plants from the beginning stages of its production process to before they are delivered to its designated customers. Going forward, the Equator Group intends to further improve its product quality by moving into advanced biotechnology particularly in the area of cell culture and genetic engineering.



6. SUMMARY OF THE FIVE (5)-YEAR BUSINESS PLAN *(cont'd)*

Micro Propagation (Cell Culture)

Before a company is able to venture into genetic engineering, the fundamentals of micro propagation must be identified and established. Since 2003, Equator Group had started applying micro propagation technique through tissue culture to mass propagate its plants. The alternate method to tissue culture is cell culture. The difference between these culturing techniques is, tissue culture uses Ex-plants (plant's tissue) to multiply and reproduce new plant tissue to new plant whilst cell culture uses single cell to multiply and reform new plant tissue to reproduce new plant. Using cell culture to propagate plants will allow maximum multiplier to be achieved. Selecting the best parental plant to propagate by tissue or cell culture would give uniform generic formation to every subsequent new plant. This method reduces the variance of the plant growing and contributes to high unity of cultivation.

The Equator Group is in the advanced stage of R&D for cell culture. A technical advisor, Mr. Chen Yung-Te, specialising in micro propagation has been engaged to assist and enhance the process in this area.

Aqua Culture

The Equator Group intends to broaden its biotechnology by introducing aqua culture in 2005. Plants will be nurtured with only water and nutrient specific for different variation of plants. Aqua culture plant has unique characteristic that appeals to consumer. This type of plant can be sold in glass bottles of different shapes and sizes, depending on customers' requirements. It is clean from soil and minimises pest and disease attacks.

Genetic Engineering

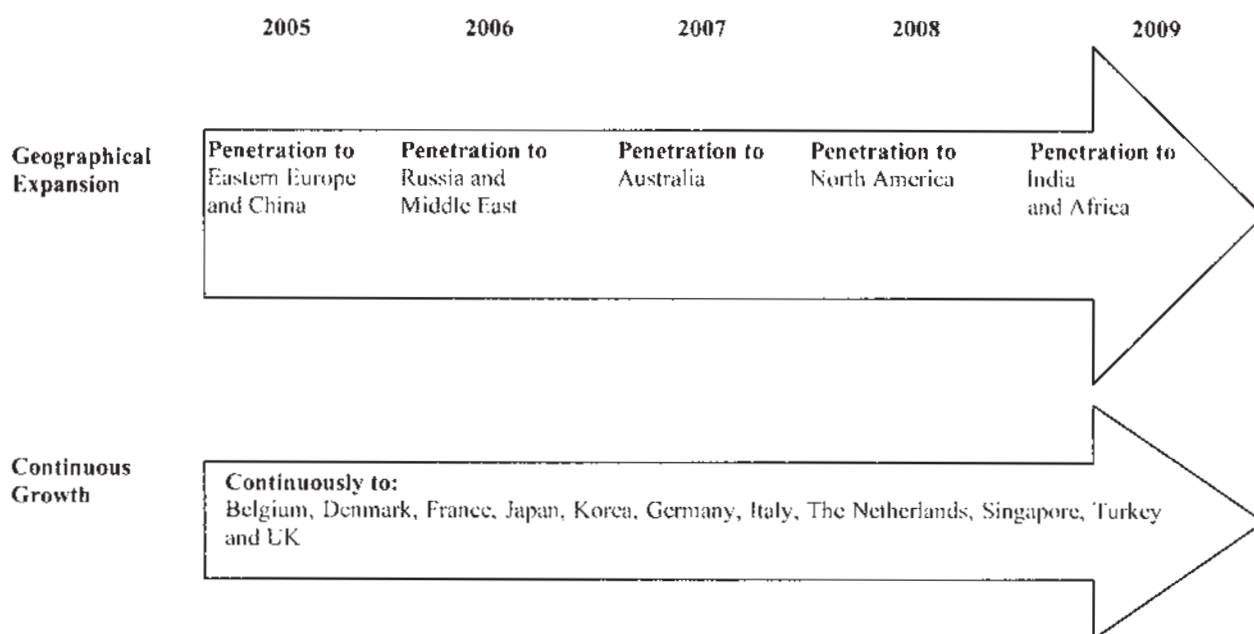
In 2005, the Group has commenced research in genetic engineering of ornamental plants. The research performed in this area focuses on the application of plant molecular genetic techniques, which can be used to create added value anywhere in the chain from the development stage to the delivery stage where plants are delivered to retailers and consumers. It involves purposeful addition of a foreign gene or genes to the genome of an organism. A gene holds information that will give the living organism a trait. Hence, by modifying the genes through physically removing and adding it to the genome, a new type of characteristic is created. A plant can therefore be genetically modified to have resistant to certain pest and disease attack, the ability to adapt to certain climate conditions and to certain extent, changes the appearance in terms of size and colour.

To venture into genetic engineering, it requires intensive capital expenditure for setting up a well equipped laboratory and employs skilled workers such as lab assistants and academician for R&D. The Group is honoured to be able to engage a technical expertise, Dr. Kevin Weng Chung-I and Dr Ruslan, who has extensive qualifications and experiences in this area.

6. SUMMARY OF THE FIVE (5)-YEAR BUSINESS PLAN (cont'd)

(iii) Geographical Expansion and Continuous Growth in Key Markets

Equator Group is also looking at growth via geographical expansion. Presently, the Group is already exporting to more than 11 countries, which include Belgium, Denmark, France, Japan, Korea, Germany, Italy, The Netherlands, Singapore, Turkey and UK. The Group will continue to expand its range of ornamental plants to countries highlighted as follows:



The Group targets to extend its distribution network to more than 20 countries (including existing markets) by the year 2009. Presently, the Group is active mainly in the European and Asia-Pacific markets.

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