



# PROSPECTUS

THIS PROSPECTUS IS DATED **28 SEPTEMBER 2010**



(Company No. 642994-H)  
(Incorporated in Malaysia under the Companies Act, 1965)

CYPARK RESOURCES BERHAD PROSPECTUS

PUBLIC ISSUE OF 30,000,000 NEW ORDINARY SHARES OF RM0.50 EACH COMPRISING:-

- 7,250,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 3,000,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES OF CYPARK RESOURCES BERHAD AND ITS SUBSIDIARIES; AND
- 19,750,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR PRIVATE PLACEMENT TO SELECTED INVESTORS;

AND

OFFER FOR SALE OF 28,000,000 ORDINARY SHARES OF RM0.50 EACH COMPRISING:-

- 13,500,000 ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR PRIVATE PLACEMENT TO SELECTED INVESTORS; AND
- 14,500,000 ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY;

AT AN ISSUE/OFFER PRICE OF RM1.10 PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION PURSUANT TO ITS LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD.

Adviser, Sole Underwriter and Sole Placement Agent

**AmInvestment Bank Berhad**

(Company No.: 23742-V)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)  
A member of



**AmInvestment Bank**  
Group



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TURN TO PAGE 30 FOR "RISK FACTORS".**

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**INDICATIVE TIMETABLE**

The indicative timing of events leading up to the listing of and quotation for Cypark Resource Berhad's entire enlarged share capital on the Main Market of the Bursa Malaysia Securities Berhad is set out below: -

| <u>Date</u>                   | <u>Events</u>   |
|-------------------------------|---|
| 28 September 2010             | : Issue of Prospectus/Opening date of the application for the IPO |
| <b><u>Tentative Dates</u></b> |   |
| 5 October 2010                | : Closing date of the application for the IPO                     |
| 7 October 2010                | : Date for balloting of application for the IPO Shares            |
| 12 October 2010               | : Date for allotment of the IPO Shares to successful applicants   |
| 15 October 2010               | : Date of Listing   |

**THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES.**

**THE APPLICATION PERIOD WILL REMAIN OPEN UNTIL 5.00 PM ON 5 OCTOBER 2010 OR FOR SUCH FURTHER PERIOD OR PERIODS AS THE DIRECTORS AND/OR PROMOTERS OF CYPARK RESOURCES BERHAD TOGETHER WITH THE SOLE UNDERWRITER IN THEIR ABSOLUTE DISCRETION MAY MUTUALLY DECIDE.**

**IN THE EVENT THAT THE CLOSING DATE OF THE IPO IS EXTENDED, THE DATES FOR THE BALLOTING, ALLOTMENT OF THE IPO SHARES AND THE LISTING OF CYPARK RESOURCES BERHAD'S ENTIRE ISSUED AND PAID-UP SHARE CAPITAL ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD WILL BE EXTENDED ACCORDINGLY. ANY EXTENSION OF THE ABOVEMENTIONED DATES WILL BE ANNOUNCED BY WAY OF ADVERTISEMENT IN A WIDELY CIRCULATED DAILY BAHASA MALAYSIA AND ENGLISH NEWSPAPERS.**

**DEFINITIONS**

In this Prospectus, unless where the context requires otherwise, the following words and abbreviations shall have the following meanings: -

|  |   |  |
|--|---|--|
| <b>Act</b>                                 | : | The Companies Act, 1965 or any statutory modification, amendment or re-enactment thereof for the time being in force   |
| <b>ADA</b>                                 | : | Authorised Depository Agent  |
| <b>ADA Code</b>                            | : | ADA (Broker) Code  |
| <b>AGV</b>                                 | : | 2006 Doha Asian Games Village/Hamad Medical City   |
| <b>AmInvestment Bank</b>                   | : | AmInvestment Bank Berhad (23742-V), a member of AmInvestment Bank Group  |
| <b>Application</b>                         | : | The application for the IPO Shares by way of Application Forms or by way of Electronic Share Application or Internet Share Application   |
| <b>Application Form(s)</b>                 | : | The printed Application Form(s) for the application for the IPO Shares   |
| <b>Artis Botanica</b>                      | : | Artis Botanica Corporation Sdn Bhd (511203-V), a wholly-owned subsidiary of CSB  |
| <b>ATM</b>                                 | : | Automated Teller Machine   |
| <b>Authorised Financial Institution(s)</b> | : | The authorised financial institution(s) participating in the Internet Share Application, with respect to payments for the Public Issue Shares made available for Application under the Public Issue                |
| <b>Board or Directors</b>                  | : | Board of Directors of Cypark   |
| <b>Bonus Issue</b>                         | : | The bonus issue of 34,999,996 new Shares to existing shareholders on the basis of approximately seven (7) bonus Shares for every sixteen (16) existing Shares held in Cypark which was completed on 23 August 2010 |
| <b>Bursa Depository</b>                    | : | Bursa Malaysia Depository Sdn Bhd (165570-W), a subsidiary of Bursa Securities   |
| <b>Bursa Securities</b>                    | : | Bursa Malaysia Securities Berhad (635998-W)  |
| <b>By-Laws</b>                             | : | The rules, terms and conditions of the ESOS (as may be amended, varied or supplemented from time to time), as set out in Section 13 of this Prospectus   |
| <b>CAGR</b>                                | : | Compound Average Growth Rate   |
| <b>CDS</b>                                 | : | Central Depository System  |
| <b>CEO</b>                                 | : | Chief Executive Officer  |
| <b>Central Depositories Act</b>            | : | The Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force  |
| <b>CIDB</b>                                | : | Construction Industry Development Board  |

**DEFINITIONS (Cont'd)**

|  |   |  |
|--|---|--|
| <b>Climate Change Group</b>                | : | Climate Change Group Sdn Bhd (655891-H)  |
| <b>CSB</b>                                 | : | Cypark Sdn Bhd (477910-K) a wholly-owned subsidiary company of Cypark  |
| <b>Cypark or Company</b>                   | : | Cypark Resources Bhd (642994-H)  |
| <b>Cypark Group or Group</b>               | : | Cypark and its group of companies namely CSB, Artis Botanica, Cypark International and Cypark Qatar  |
| <b>Cypark International</b>                | : | Cypark International Sdn Bhd (832148-T) a wholly-owned subsidiary of Cypark  |
| <b>Cypark Middle East</b>                  | : | Cypark Landscape Services Middle East L.L.C (75371)  |
| <b>Cypark Qatar</b>                        | : | Cypark Landscape Services Qatar W.L.L (30819)  |
| <b>COLARIS</b>                             | : | Contaminated land assessment, remediation and information management system  |
| <b>DBKL</b>                                | : | Dewan Bandaraya Kuala Lumpur   |
| <b>Deposited Security</b>                  | : | A security in our Company standing to the credit of a Securities Account of a Depositor subject to the provision of the Central Depositories Act and the Rules                   |
| <b>Depositor</b>                           | : | A holder of a Securities Account   |
| <b>DOE</b>                                 | : | Department of Environment, Malaysia  |
| <b>EBIDTA</b>                              | : | Earnings before interest, depreciation, taxation and amortisation  |
| <b>Electronic Prospectus</b>               | : | A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs or floppy disks |
| <b>Electronic Share Application or ESA</b> | : | An application for the IPO Shares through Participating Financial Institutions' ATM  |
| <b>EMCEL</b>                               | : | Environmental Management and Capacity Extension of Landfill  |
| <b>EPS</b>                                 | : | Earnings per Share   |
| <b>ESOS or Scheme</b>                      | : | Employees Share Option Scheme  |
| <b>ESOS Committee</b>                      | : | A committee by the Board to administer the ESOS  |
| <b>EQA</b>                                 | : | Environmental Quality Act, 1974 or any statutory modification, amendment or re-enactment thereof for the time being in force   |
| <b>FPE</b>                                 | : | Five (5) months financial period ended 31 March  |
| <b>FYE</b>                                 | : | Financial year ended/ending 31 October   |
| <b>GARIS</b>                               | : | Ground water assessment, remediation and information system  |
| <b>GCC</b>                                 | : | Gulf Cooperation Council   |



**DEFINITIONS (Cont'd)**

|   |   |  |
|---|---|--|
| <b>IMR</b>  | : | Independent Market Research Report by Protégé Associates Sdn Bhd   |
| <b>Internet Participating Financial Institution</b> | : | Participating organisation(s) in the Internet Share Application, as listed in Section 15.7(ii) in this Prospectus  |
| <b>Internet Share Application</b>                   | : | Application for the subscription of the Public Issue Shares through an Internet Participating Financial Institution  |
| <b>IPO</b>  | : | The initial public offering, comprising the Public Issue and Offer For Sale collectively   |
| <b>IPO Price</b>                                    | : | RM1.10 for each IPO Share, being the price payable by investors under the Public Issue and Offer For Sale  |
| <b>IPO Share(s)</b>                                 | : | The Public Issue Shares and Offer Shares, collectively   |
| <b>IT</b>   | : | Information Technology   |
| <b>ISO</b>  | : | International Organisation for Standardisation   |
| <b>KPKT</b>   | : | Ministry of Housing and Local Government   |
| <b>Listing</b>                                      | : | Admission to the Official List and the listing of and quotation for the entire issued and paid-up share capital of Cypark of RM72,500,000 comprising 145,000,000 Shares on the Main Market of Bursa Securities |
| <b>Listing Requirements</b>                         | : | Main Market Listing Requirements of Bursa Securities   |
| <b>Listing Scheme</b>                               | : | The Bonus Issue, Shares transfer, Public Issue, Offer for Sale and Listing collectively  |
| <b>LPD</b>  | : | 30 August 2010, being the latest practicable date prior to the publication of this Prospectus by our Company   |
| <b>Malaysian Public</b>                             | : | Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia   |
| <b>Market Day</b>                                   | : | A day on which Bursa Securities is open for trading  |
| <b>MI</b>   | : | Minority interest  |
| <b>MIA</b>  | : | Malaysian Institute of Accountants   |
| <b>MIH or Issuing House</b>                         | : | Malaysian Issuing House Sdn Bhd (258345-X)   |
| <b>MITI</b>   | : | Ministry of International Trade and Industry   |
| <b>MLTP</b>   | : | Mobile Leachate Treatment Plant  |
| <b>NDP</b>  | : | National Development Plan  |
| <b>NSWMD</b>  | : | National Solid Waste Management Department   |
| <b>NTA</b>  | : | Net tangible assets  |
| <b>NUP</b>  | : | National Urbanisation Policy   |
| <b>O&amp;M</b>                                      | : | Operation and maintenance  |

**DEFINITIONS (Cont'd)**

- Offer For Sale or Offer** : Offer for sale of 28,000,000 Shares by the Offerors at the IPO Price payable in full upon application, subject to the terms and conditions of this Prospectus.
- Offer Share(s)** : The 28,000,000 Shares which are the subject matter of the Offer For Sale
- Offerors** : The Offerors and their respective Offer Shares are as follows:-

| <b>Offerors</b>           | <b>No. of Offer Shares</b> | <b>% of Enlarged Share Capital</b> |
|---------------------------|----------------------------|------------------------------------|
| Tan Sri Razali bin Ismail | 15,086,400                 | 10.4                               |
| Daud bin Ahmad            | 4,093,600                  | 2.8                                |
| Siow Kwang Khee           | 8,820,000                  | 6.1                                |
| <b>Total</b>              | <b>28,000,000</b>          | <b>19.3</b>                        |
|                           |                            |                                    |

- P15** : Precinct 15, Putrajaya
- PAT** : Profit after taxation
- Participating Financial Institution(s)** : Refers to the participating financial institutions for Electronic Share Application as listed in Section 15.6(ii) of this Prospectus
- PBT** : Profit before taxation
- PE Multiple** : Price earnings multiple
- PKK** : Pusat Khidmat Kontraktor
- Prescribed Security** : Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depositories Act and the Rules
- Promoters** : Tan Sri Razali bin Ismail, Daud bin Ahmad and Siow Kwang Khee, collectively
- Public Issue** : Public issue of 30,000,000 new Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
- Public Issue Shares** : 30,000,000 new Shares, which are the subject matter of the Public Issue
- Putrajaya Holdings** : Putrajaya Holdings Sdn Bhd (364152-K)
- QAR** : Qatari Riyal
- R&D** : Research and development
- Record of Depositors** : A record provided by the Central Depository to our Company under Chapter 24.0 of the Rules
- RM and sen** : Ringgit Malaysia and sen respectively
- Rules** : The Rules of the Bursa Depository

**DEFINITIONS (Cont'd)**

|                               |   |   |
|-------------------------------|---|---|
| <b>SC</b>                     | : | Securities Commission   |
| <b>SC Guidelines</b>          | : | Equity Guidelines issued by the SC  |
| <b>Securities Account</b>     | : | An account established by Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor   |
| <b>SER</b>                    | : | Sustainable Engineered Restoration System   |
| <b>Share(s)</b>               | : | Ordinary share(s) of RM0.50 each in Cypark  |
| <b>SJJB</b>                   | : | Skim Jejak Jaya Bumiputera ke Bursa Malaysia  |
| <b>Sole Placement Agent</b>   | : | AmInvestment Bank   |
| <b>Sole Underwriter</b>       | : | AmInvestment Bank   |
| <b>SR</b>                     | : | Saudi Riyal   |
| <b>Sub-Contract Agreement</b> | : | The Agreement dated 13 June 2007 between CSB and Al-Nakheel Agriculture and Trading W.L.L in relation to the Pearl of Qatar project   |
| <b>UAE</b>                    | : | United Arab Emirates  |
| <b>UK</b>                     | : | United Kingdom  |
| <b>Underwriting Agreement</b> | : | The Underwriting Agreement dated 26 August 2010 entered into our Company and the Sole Underwriter for the underwriting of 10,250,000 Public Issue Shares upon the terms and subject to the conditions contained therein |
| <b>USA</b>                    | : | United States of America  |

Words referring to the singular shall, where applicable, include the plural and *vice versa*, and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include a company or a corporation.

Any enactment referred to in this Prospectus is a reference to that enactment for the time being amended or re-enacted.

All references to "our Company" and "Cypark" in this Prospectus are to Cypark Resources Berhad, references to "our Group" is to our Company, our subsidiaries and associate company and references to "we", "our", "us" and "ourselves" are to our Company, and save where the context requires, our subsidiaries and associate company. Unless the context otherwise requires, references to statements as to our beliefs, expectations, estimates and opinions are those of our Directors and key management.

**GLOSSARY OF TECHNICAL TERMS**

---

- COLARIS** : Contaminated Land Assessment, Remediation and Information System. COLARIS is an in-house developed systematic process in identifying the source of contamination, types and extent of contamination and remediation methods. Depending on the degree of contamination such as volume or types of contamination, remediation works can be carried out on site. Alternatively remediation works can be carried out off site, this however requires the removal and transporting the contaminants to an approved treatment facility. Information obtained throughout the process of remediation are gathered and stored in an information data base to be used as a reference for future land users or the authorities
- EMCEL** : Environmental Management and Capacity Extension for Landfill. EMCEL is an in-house developed systematic process of extending the life span or capacity of an unsanitary landfill for at least 2 years without further polluting the surrounding lands. The work involves maximising the volume of waste to be dumped within the given area, this can be achieved by advising the client to improve on the existing dumping methods. In addition environmental management systems is required to be installed among others includes the engineered capping system, leachate collection system, leachate treatment plant and landfill gas management system. The EMCEL approach is a much needed solution to the authorities whilst a new sanitary landfill is being planned
- GARIS** : Groundwater assessment, remediation and information system. GARIS is an in-house developed process whereby detailed assessment and testing are carried out on the impact of pollution to the groundwater system. Subsequently remediation work is carried out based on design developed using the assessment. Upon completion, continuous monitoring work is carried out and relevant information system is managed for reference. GARIS will provide critical environmental assessment and mitigation process to help protect groundwater resource from contamination
- Hardscape** : Man-made features used in landscape architecture e.g. paths, walls, fields as contrasted with vegetation
- Leachate** : Water that has percolated through a solid and leached out of some soluble constituents
- MLTP** : A mobile version of a conventional leachate treatment plant. The MLTP was developed as an alternative solution to treat leachate of a lower volume (flowrate) for landfill sites which do not warrant a permanent leachate treatment plant. This was developed while our Company undertook the Taman Beringin Landfill Restoration project where the leachate was readily available at the site for research and testing purposes. The MLTP is able to treat leachate of a few small landfills within a vicinity of a state

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**GLOSSARY OF TECHNICAL TERMS (Cont'd)**

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- SER** : Sustainable Engineered Restoration System is a combination of independent environmental management systems which are made up of engineered capping system, landfill gas management system, leachate management system and monitoring wells forming an integrated system
- SJJB** : Scheme Jejak Jaya Bursa Malaysia is a Malaysian Government initiated programme to identify potential Bumiputera companies to be further groomed and strengthen for eventual listing on the Bursa Securities. The Secretariat office of SJJB is currently the Ministry of Finance. Our Group have been chosen as a candidate under the SJJB since 2007
- Softscape** : Planting of trees, shrubs or grass to improve the appearance of an area of land



**CORPORATE DIRECTORY****BOARD OF DIRECTORS**

| <b>Name</b>                       | <b>Designation</b>                            | <b>Address</b>   | <b>Occupation</b> | <b>Nationality</b> |
|-----------------------------------|---|--|-------------------|--------------------|
| Tan Sri Razali bin Ismail         | Non-Independent Non-Executive Chairman        | Desa Kudalari 1802 No. 3, Lorong Kuda 50450 Kuala Lumpur   | Director          | Malaysian          |
| Daud bin Ahmad                    | Group CEO, Non-Independent Executive Director | 16, Jalan 4/4A 43650 Bandar Baru Bangi Selangor Darul Ehsan  | Director          | Malaysian          |
| Siow Kwang Khee                   | Non-Independent Executive Director            | A23-04, 23 <sup>rd</sup> Floor Triomphe Tower, Vista Kiara Jalan 1/61A, Bukit Kiara 50480 Kuala Lumpur | Director          | Malaysian          |
| Dato' Dr. Freezailah bin Che Yeom | Independent Non-Executive Director            | 6, Jalan Kent Enam Off Jalan Maktab 54000 Kuala Lumpur   | Director          | Malaysian          |
| Hasan bin Hamzah                  | Independent Non-Executive Director            | 65, Jalan SS19/5B 47500 Subang Jaya Selangor Darul Ehsan   | Director          | Malaysian          |
| Headir bin Mahfidz                | Independent Non-Executive Director            | 10, Jalan USJ 1/2A 47620 Subang Jaya Selangor Darul Ehsan  | Director          | Malaysian          |

**AUDIT COMMITTEE**

| <b>Name</b>                       | <b>Designation</b> | <b>Directorship</b>                    |
|-----------------------------------|--------------------|--|
| Dato' Dr. Freezailah bin Che Yeom | Chairman           | Independent Non-Executive Director     |
| Headir bin Mahfidz                | Member             | Independent Non-Executive Director     |
| Tan Sri Razali bin Ismail         | Member             | Non-Independent Non-Executive Chairman |

**CORPORATE DIRECTORY (Cont'd)**

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- COMPANY SECRETARY** : Low Kuan Wei (MAICSA 7025389)  
38D-2A, Jalan Radin Anum  
Bandar Baru Seri Petaling  
57000 Kuala Lumpur  
Tel: 03-9059 1355
- HEAD OFFICE** : Unit 13A-09, Block A  
Phileo Damansara II  
No. 15, Jalan 16/11  
46350 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7660 6170  
Fax: 03-7660 6169  
Email address: info@crbenv.com  
Website: www.crbenv.com
- REGISTERED OFFICE** : 38D-2A, Jalan Radin Anum  
Bandar Baru Seri Petaling  
57000 Kuala Lumpur  
Tel: 03-9059 1355  
Fax: 03-9056 1355
- REGISTRAR AND TRANSFER OFFICE** : Securities Services (Holdings) Sdn Bhd (36869-T)  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Tel: 03-2084 9000
- AUDITORS AND REPORTING ACCOUNTANTS** : Ernst & Young (AF: 0039)  
Chartered Accountants  
Level 23A Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur  
Tel: 03-7495 8000
- SOLICITOR FOR THE IPO** : Lee Choon Wan & Co.  
Advocates & Solicitors  
No. 12, Lorong Dungun  
Damansara Heights  
50490 Kuala Lumpur  
Tel: 03-2093 0078
- PRINCIPAL BANKERS** : Malayan Banking Berhad (3813-K)  
Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur  
Tel: 03-2070 8833
- : EON Bank Berhad (92351-V)  
11<sup>th</sup> Floor, Menara EON Bank  
288 Jalan Raja Laut  
50350 Kuala Lumpur  
Tel: 03-2694 1188

**CORPORATE DIRECTORY (Cont'd)**

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- INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANT** : Protégé Associates Sdn Bhd (675767-H)  
Suite C-06-06 Plaza Mont' Kiara  
2, Jalan Kiara, Mont' Kiara  
50480 Kuala Lumpur  
Tel: 03 – 6201 9301
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (258345-X)  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03 – 7891 8000
- ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT** : AmInvestment Bank Berhad (23742-V)  
22nd Floor, Bangunan AmBank Group  
55, Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel: 03 – 2036 2633
- LISTING SOUGHT** : Main Market of Bursa Securities
- SHARIAH STATUS** : Approved by Shariah Advisory Council of the SC

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## 1. SUMMARY INFORMATION

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**THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR GROUP AND YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN THE SHARES OF OUR COMPANY. THE SUMMARY INFORMATION SET OUT BELOW IS DERIVED FROM THIS PROSPECTUS AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS.**

### 1.1 OUR HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Companies Act, 1965 on 19 February 2004 under the name of Cypark Resources Sdn Bhd as a private limited company. On 23 March 2004, it was converted into a public limited company and was subsequently converted back into a private limited company on 29 March 2006. On 29 January 2008, it was converted into a public limited company and has assumed its present name since. Our Company is an investment holding company with a wholly owned subsidiary, CSB, which in turn is the holding company of Artis Botanica, and Cypark International.

Our Company has been selected by an Executive Committee of the SJJB in 2007, chaired by the Prime Minister, a scheme which was formed to identify and provide assistance to potential Bumiputera companies to be listed in Bursa Securities.

Today, our Group is primarily an environmental technology and engineering specialist and integrated landscape services expert that has a successful track record both locally as well as internationally. Our current major projects are located in throughout Peninsular Malaysia including Negeri Sembilan, Johor, Terengganu, Pahang, Perlis and Putrajaya.

We provide environmental technology and engineering solutions to both the private and public sectors. Our services include transforming neglected, 'degraded' or contaminated land into sustainable, beautiful and manageable fields, for a better and safer living environment. Some of the major environmental transformation projects we have completed include the restoration of a disused mining land in Cyberpark, Cyberjaya and restoration of the Taman Beringin Safe Landfill Restoration project in Kuala Lumpur. We provide environmental solutions focusing on the area of contaminated land through internally developed technology named COLARIS, landfill restoration, GARIS, environmental monitoring and management, and wastewater treatment.

Some of the major integrated landscape services projects we have successfully completed locally include design and build of the Putrajaya Waterfront - Core Island, the Cyberpark in Cyberjaya, the Taman Metropolitan Kepong, Kuala Lumpur, the maintenance of recreational fields and children's playgrounds in Kuala Lumpur, as well as the landscaping of a 6-star establishment, the Tanjung Rhu Resort Hotel (now known as Four Seasons Hotel) in Langkawi. Our Group has also successfully completed landscaping works overseas such as the AGV project in Doha, Qatar, Palm Jumeirah Marina Apartments and Burj Dubai Business Park II in Dubai, UAE.

Our Group through our subsidiary, CSB, entered the market as a landscape specialist in 1999 as several of the Group's key clients, namely Putrajaya Holdings, Setia Haruman Sdn Bhd and DBKL, moved towards outsourcing their landscape works. CSB capitalised on this niche market as the trends in the markets reflect the client's needs to stay focused on their core competencies.

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**1. SUMMARY INFORMATION (Cont'd)**

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The AGV project secured in 2005 through a back-to-back collaboration with AG Middle East marked our Group's first success in securing a landscape contract in the Middle East.

With a team of a multi-disciplinary group of professionals ranging from project managers, multi discipline engineers, health and safety personnel, environmental scientists, horticulturists, landscape architects, accountants to quantity surveyors, our Group is well-positioned to be a leading environmental technology and engineering solutions and integrated landscape services provider, both locally and internationally.

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**1. SUMMARY INFORMATION (Cont'd)**

The principal activities of our subsidiaries and associate company are as detailed below:-

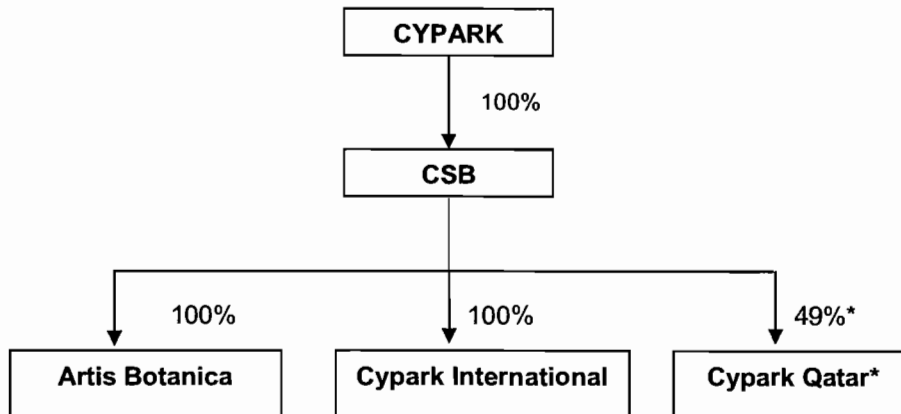
| Corporation          | Date/Place of Incorporation | Effective Equity Interest | Issued and Paid-up Share Capital (%) | Principal Activities  |
|----------------------|-----------------------------|---------------------------|--------------------------------------|---|
| CSB                  | 27 February 1999 / Malaysia | 100.0                     | RM3,300,000                          | <p>Environmental and landscape services specialist.</p> <p>Environmental services provided include COLARIS, landfill restoration, environmental monitoring and management, and wastewater treatment.</p> <p>Landscape services offered include integrated turnkey contract services, management services and planning and design services for external built environment including the landscape infrastructure, public amenities such as parks and recreation facilities, tourism development, nature conservation and environmental amelioration works and landscape infrastructure works as well as plant materials sourcing, transportation, conditioning and installation of plant materials at sites.</p> |
| Artis Botanica       | 13 April 2000 / Malaysia    | 100.0                     | RM250,000                            | A landscape maintenance services specialist for public parks, public amenities and other landscape developments.  |
| Cypark International | 9 September 2008 / Malaysia | 100.0                     | RM2                                  | Dormant   |
| Cypark Qatar         | 12 June 2005 / Qatar        | 49.0*                     | QAR200,000                           | Landscape specialist that offers integrated turnkey contract services, management services and planning and design services for external built environment including the landscape infrastructure, public amenities such as parks and recreation facilities, tourism development, nature conservation and environmental amelioration and landscape infrastructure works as well as plant materials sourcing, transportation, conditioning and installation of plant materials at sites.   |

**1. SUMMARY INFORMATION (Cont'd)**

Note:-

- \* With regards to the accounts of Cypark Qatar, the same has been consolidated in the Group's accounts pursuant to the provisions of FRS 3 wherein CSB has obtained control (control is defined under FRS 3 as the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities or the power to govern the financial and operating policies of the other entity under a statute or an agreement) over the management of Cypark Qatar by virtue of a Management Agreement dated 14 August 2008 and the Memorandum of Association of Cypark Qatar. As such, the revenue and profits of Cypark Qatar had been fully consolidated in our Group's accounts.

As at LPD, the corporate structure of our Group is as follows: -



Note:-

- \* With regards to the accounts of Cypark Qatar, the same has been consolidated in the Group's accounts pursuant to the provisions of FRS 3 wherein CSB has obtained control (control is defined under FRS 3 as the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities or the power to govern the financial and operating policies of the other entity under a statute or an agreement) over the management of Cypark Qatar by virtue of a Management Agreement dated 14 August 2008 and the Memorandum of Association of Cypark Qatar. As such, the revenue and profits of Cypark Qatar had been fully consolidated in our Group's accounts.

Further details on the history and business of our Group are set out in Section 4 of this Prospectus.

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**1. SUMMARY INFORMATION (Cont'd)****1.2 COMPETITIVE ADVANTAGES**

Our Directors believe that we have the following significant competitive advantages over our competitors that ensure our Group business sustainability and growth: -

- (a) High barriers of entry;
- (b) Established reputation within the industry;
- (c) Strong management team;
- (d) Commitment to continuous research and development; and
- (e) Reliable suppliers/sub-contractors.

Further details on our Group's competitive advantages are set out in Section 4.12 of this Prospectus.

**1.3 PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS OF OUR GROUP**

Our Company's Promoters are Tan Sri Razali bin Ismail, Daud bin Ahmad and Siow Kwang Khee.

Our Company's substantial shareholders are Tan Sri Razali bin Ismail, Daud bin Ahmad, Siow Kwang Khee and Tan Swee Loon.

The Directors of our Company are as follows: -

| <b>Name</b>                       | <b>Designation</b>                            |
|-----------------------------------|---|
| Tan Sri Razali bin Ismail         | Non Independent Non-Executive Chairman        |
| Daud bin Ahmad                    | Group CEO, Non-Independent Executive Director |
| Siow Kwang Khee                   | Non-Independent Executive Director            |
| Dato' Dr. Freezailah bin Che Yeom | Independent Non-Executive Director            |
| Hasan bin Hamzah                  | Independent Non-Executive Director            |
| Headir bin Mahfidz                | Independent Non-Executive Director            |

Further details on the Promoters, substantial shareholders and Directors of our Company are set out in Section 5 of this Prospectus.

## 1. SUMMARY INFORMATION (Cont'd)

### 1.4 PROFORMA CONSOLIDATED INCOME STATEMENTS

The Proforma Consolidated Income Statements have been prepared for illustrative purposes only to show the proforma group for the past five (5) FYEs 2005 to 2009 and FPE 2010. The consolidated income statements for FPE 2009 has not been audited and has been prepared for illustrative purposes only as a comparison to the consolidated income statements for FPE 2010. The proforma consolidated results were prepared on the assumption that our Group has been in existence throughout the years under review. The Proforma Consolidated Income Statements have also been prepared on the assumption Cypark Middle East was not part of the proforma group for the relevant years.

The consolidated income statements should be read in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' letter on the Proforma Financial Information set out in Section 9.1 of this Prospectus.

|  | Audited <sup>#</sup> |                |                |                |                | Unaudited      | Audited <sup>#</sup> |
|--|----------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
|  | FYE                  |                |                |                |                | FPE            |                      |
|  | 2005<br>RM'000       | 2006<br>RM'000 | 2007<br>RM'000 | 2008<br>RM'000 | 2009<br>RM'000 | 2009<br>RM'000 | 2010<br>RM'000       |
| Revenue  | 69,754               | 77,605         | 58,390         | 87,789         | 94,037         | 43,502         | 81,353               |
| Cost of sales                                    | (52,660)             | (58,414)       | (36,103)       | (61,844)       | (74,036)       | (34,300)       | (60,302)             |
| Gross profit                                     | 17,094               | 19,191         | 22,287         | 25,945         | 20,001         | 9,202          | 21,051               |
| Other income                                     | 1,236                | 1,327          | 2,497          | 639            | 807            | 266            | 302                  |
| Administrative expenses                          | (4,860)              | (2,871)        | (6,588)        | (11,931)       | (3,490)        | (1,427)        | (5,011)              |
| Operating profit                                 | 13,470               | 17,647         | 18,196         | 14,653         | 17,318         | 8,041          | 16,342               |
| Finance cost                                     | (1,467)              | (6,681)        | (4,749)        | (4,244)        | (4,483)        | (1,878)        | (4,272)              |
| PBT  | 12,003               | 10,966         | 13,447         | 10,409         | 12,835         | 6,163          | 12,070               |
| Income tax expense                               | (3,162)              | (2,498)        | (2,458)        | (6,391)        | (3,398)        | (1,552)        | (3,432)              |
| PAT  | 8,841                | 8,468          | 10,989         | 4,018          | 9,437          | 4,611          | 8,638                |
| Attributable to:                                 |                      |                |                |                |                |                |                      |
| - Equity holders of our Company                  | 8,841                | 8,468          | 10,989         | 4,018          | 9,437          | 4,611          | 8,638                |
| - MI   | -                    | -              | -              | -              | -              | -              | -                    |
| PAT  | 8,841                | 8,468          | 10,989         | 4,018          | 9,437          | 4,611          | 8,638                |
| PBT  | 12,003               | 10,966         | 13,447         | 10,409         | 12,835         | 6,163          | 12,070               |
| Depreciation                                     | 753                  | 658            | 404            | 405            | 335            | 97             | 181                  |
| Interest expenses                                | 1,467                | 6,681          | 5,124          | 4,244          | 4,483          | 1,878          | 4,272                |
| Interest income                                  | (1,098)              | (776)          | (1,538)        | (565)          | (600)          | (185)          | (160)                |
| EBIDTA   | 13,125               | 17,529         | 17,437         | 14,493         | 17,053         | 7,953          | 16,363               |
| Enlarged issued and paid-up share capital ('000) | 80,000               | 80,000         | 80,000         | 80,000         | 80,000         | 80,000         | 80,000               |
| Gross profit margin (%)                          | 24.51                | 24.73          | 38.17          | 29.55          | 21.27          | 21.15          | 25.88                |
| PAT after MI margin (%)                          | 12.68                | 10.91          | 18.82          | 4.58           | 10.04          | 10.60          | 10.62                |
| Gross EPS (sen) <sup>(1)</sup>                   | 0.15                 | 0.14           | 0.17           | 0.13           | 0.16           | 0.08           | 0.15                 |
| Net EPS (sen) <sup>(2)</sup>                     | 0.11                 | 0.11           | 0.14           | 0.05           | 0.12           | 0.06           | 0.11                 |
| Diluted EPS (RM) <sup>(3)*</sup>                 | 0.11                 | 0.11           | 0.14           | 0.05           | 0.12           | 0.06           | 0.11                 |

**1. SUMMARY INFORMATION (Cont'd)**

*Notes:-*

- (1) *The Gross EPS was computed based on the profit before tax for the year attributable to equity holders of our Company divided by the weighted average number of ordinary shares in issue during the financial years.*
- (2) *The Net EPS was computed based on the profit for the year attributable to equity holders of our Company divided by the weighted average number of ordinary shares in issue during the financial years.*
- (3) *The diluted EPS is computed based on the profit for the year attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial years. There are no dilutive effects.*
- # *With regards to the accounts of Cypark Qatar, the same has been consolidated in the Group's accounts pursuant to the provisions of FRS 3 wherein CSB has obtained control (control is defined under FRS 3 as the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities or the power to govern the financial and operating policies of the other entity under a statute or an agreement) over the management of Cypark Qatar by virtue of a Management Agreement dated 14 August 2008 and the Memorandum of Association of Cypark Qatar. As such, the revenue and profits of Cypark Qatar had been fully consolidated in our Group's accounts.*

Further details on the financial information of our Group are set out in Section 9 of this Prospectus.

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**1. SUMMARY INFORMATION (Cont'd)****1.5 PROFORMA CONSOLIDATED BALANCE SHEETS OF OUR GROUP**

The proforma consolidated balance sheets of our Group as at 31 March 2010 set out below had been prepared solely for illustrative purposes, to show the effects of the Listing Scheme had the Listing Scheme been implemented and completed on 31 March 2010. The proforma consolidated balance sheets should be read in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' letter on the Proforma Consolidated Financial Information set out in Section 9.1 of this Prospectus.

|   | Audited as at<br>31 March 2010 <sup>#</sup> | Proforma I <sup>(1)</sup> | Proforma II <sup>(2)</sup> |
|---|---|---------------------------|----------------------------|
|   | RM'000                                      | RM'000                    | RM'000                     |
| <b>ASSETS</b>   |   |                           |                            |
| <b>NON-CURRENT ASSETS</b>                               |   |                           |                            |
| Plant and equipment                                     | 1,395                                       | 1,395                     | 1,395                      |
| Intangible asset  | 127   | 127                       | 127                        |
| Other investments                                       | 2,450                                       | 2,450                     | 2,450                      |
| Deferred taxation                                       | 54  | 54                        | 54                         |
|   | 4,026                                       | 4,026                     | 4,026                      |
| <b>CURRENT ASSETS</b>                                   |   |                           |                            |
| Trade receivables                                       | 214,653                                     | 214,653                   | 214,653                    |
| Other receivables                                       | 10,853                                      | 10,853                    | 10,853                     |
| Tax recoverable   | 81  | 81                        | 81                         |
| Cash and cash equivalents                               | 42,664                                      | 42,664                    | 63,281                     |
|   | 268,251                                     | 268,251                   | 288,868                    |
|   | 272,277                                     | 272,277                   | 292,894                    |
| <b>EQUITY AND LIABILITIES</b>                           |   |                           |                            |
| Share capital   | 40,000                                      | 57,500                    | 72,500                     |
| Share premium   | -   | -                         | 15,619                     |
| Foreign exchange reserve                                | (700)                                       | (700)                     | (700)                      |
| Foreign statutory reserve                               | 90  | 90                        | 90                         |
| Reverse acquisition reserve                             | (36,700)                                    | (36,700)                  | (36,700)                   |
| Retained profits  | 42,869                                      | 25,369                    | 25,367                     |
|   | 45,559                                      | 45,559                    | 76,176                     |
| Shareholders' equity                                    |   |                           |                            |
| MI  | -   | -                         | -                          |
|   | 45,559                                      | 45,559                    | 76,176                     |
| <b>TOTAL EQUITY AND<br/>BALANCE CARRIED<br/>FORWARD</b> | <b>45,559</b>                               | <b>45,559</b>             | <b>76,176</b>              |

**1. SUMMARY INFORMATION (Cont'd)**

|                                    | Audited as at<br>31 March 2010 <sup>#</sup> | Proforma I <sup>(1)</sup> | Proforma II <sup>(2)</sup> |
|------------------------------------|---|---------------------------|----------------------------|
|                                    | RM'000                                      | RM'000                    | RM'000                     |
| BALANCE BROUGHT FORWARD            | 45,559                                      | 45,559                    | 76,176                     |
| NON-CURRENT LIABILITIES            |   |                           |                            |
| Borrowings                         | 1,168                                       | 1,168                     | 1,168                      |
| Deferred taxation                  | 11  | 11                        | 11                         |
|                                    | 1,179                                       | 1,179                     | 1,179                      |
| CURRENT LIABILITIES                |   |                           |                            |
| Trade payables                     | 25,016                                      | 25,016                    | 25,016                     |
| Other payables                     | 42,198                                      | 42,198                    | 42,198                     |
| Borrowings                         | 146,859                                     | 146,859                   | 136,859                    |
| Tax payables                       | 11,466                                      | 11,466                    | 11,466                     |
|                                    | 225,539                                     | 225,539                   | 215,539                    |
| TOTAL LIABILITIES                  | 226,718                                     | 226,718                   | 216,718                    |
| TOTAL EQUITY AND LIABILITIES       | 272,277                                     | 272,277                   | 292,894                    |
| Number of Shares in issue ('000)   | 80,000                                      | 115,000                   | 145,000                    |
| Net tangible assets (RM'000)       | 45,431                                      | 45,431                    | 76,050                     |
| Net tangible assets per Share (RM) | 0.57  | 0.40                      | 0.52                       |

**Notes:-**

- (1) Incorporates the effects of the Shareholdings Restructuring including Bonus Issue and Shares Transfer.
- (2) Incorporates the effects of Proforma I, IPO and utilisation of proceeds and after deducting the estimated listing expenses of approximately RM2.4 million from Share Premium Account.
- # With regards to the accounts of Cypark Qatar, the same has been consolidated in the Group's accounts pursuant to the provisions of FRS 3 wherein CSB has obtained control (control is defined under FRS 3 as the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities or the power to govern the financial and operating policies of the other entity under a statute or an agreement) over the management of Cypark Qatar by virtue of a Management Agreement dated 14 August 2008 and the Memorandum of Association of Cypark Qatar. As such, the revenue and profits of Cypark Qatar had been fully consolidated in our Group's accounts.

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**1. SUMMARY INFORMATION (Cont'd)****1.6 PRINCIPAL STATISTICS RELATING TO THE IPO**

|   | <b>Number of Shares</b> | <b>Share Capital (RM)</b> |
|---|-------------------------|---------------------------|
| <b>Authorised share capital</b>   |                         |                           |
| • Ordinary shares   | 200,000,000             | 100,000,000               |
| <b>Existing issued and fully paid-up share capital</b>  | 115,000,000             | 57,500,000                |
| <b>New Shares to be issued</b>  |                         |                           |
| • New Shares to be issued pursuant to Public Issue  | 30,000,000              | 15,000,000                |
| <b>Enlarged share capital</b>   | <b>145,000,000</b>      | <b>72,500,000</b>         |
| • New Shares to be issued assuming full exercise of options issued pursuant to ESOS (15% of the enlarged share capital)                 | 21,750,000              | 10,875,000                |
| <b>Enlarged share capital upon full exercise of options issued pursuant to ESOS</b>   | <b>166,750,000</b>      | <b>83,375,000</b>         |
| Existing Shares to be offered for sale  | 28,000,000              | 14,000,000                |
| <b>IPO PRICE PER SHARE</b>  |                         | 1.10                      |
| <b>PROFORMA CONSOLIDATED NTA</b>  |                         |                           |
| • Proforma consolidated NTA as at 31 March 2010 (after the IPO and deducting the estimated listing expenses of RM 2.4 million (RM'000)) |                         | 76,050                    |
| • Proforma consolidated NTA per Share (based on the enlarged issued and paid-up share capital of 145,000,000 Shares) (RM)               |                         | 0.52                      |
| <b>MARKET CAPITALISATION OF OUR COMPANY</b> (based on the IPO Price and enlarged share capital after the IPO)                           | 145,000,000             | 159,500,000               |

Further details on the IPO and the proforma consolidated NTA of our Company are set out in Section 2 and Section 9.1 of this Prospectus respectively.

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**1. SUMMARY INFORMATION (Cont'd)****1.7 UTILISATION OF PROCEEDS**

The Public Issue will raise gross proceeds of RM33.0 million which would accrue to us from the IPO, are proposed to be utilised in the following manner:-

|  | <b>Timeframe for utilisation *</b> | <b>Amount (RM'000)</b> |
|--|------------------------------------|------------------------|
| (i) Repayment of overdraft (contract) facility obtained for the purpose of the National Landfill Restoration project | Within 12 months                   | 10,000                 |
| (ii) Working capital<br>- Expansion of business<br>- Existing and future operations                                  | Within 18 months                   | 2,000                  |
|  | Within 12 months                   | 18,618                 |
| (iii) Estimated listing expenses   | Within 2 months                    | 2,382                  |
| <b>Total proceeds</b>  |                                    | <b>33,000</b>          |

Note:-

\* If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.

Further details on the utilisation of proceeds are set out in Section 2.7 of this Prospectus

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**1. SUMMARY INFORMATION (Cont'd)**

**1.8 RISK FACTORS**

Prospective investors should carefully consider the factors (which are not exhaustive) as set out in Section 3 in addition to the other information contained elsewhere in this Prospectus before subscribing for any of the IPO Shares. The following is a summary of some of the major risks that we are currently facing or that may develop in the future:-

**Risks relating to the business**

- (a) Business risks;
- (b) Licenses from government agencies;
- (c) Reliance on KPKT;
- (d) Reliance on suppliers/sub-contractors; and
- (e) Dependence on our Directors and key management.

**Risks relating to the industry**

- (a) Competition;
- (b) Environmental management technologies and services; and
- (c) Supported by the government and government-related projects.

**Risks relating to investment in our Shares**

- (a) Capital market risk;
- (b) There may be a delay in our Listing and our Listing may be aborted; and
- (c) We may not be able to pay dividends to shareholders.

Further details of the risk factors are set out in Section 3 of this Prospectus.

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## 2. PARTICULARS OF THE IPO

This Prospectus is dated 28 September 2010. The IPO is subject to the terms and conditions of this Prospectus.

A copy of this Prospectus has been registered with the SC and lodged with the Registrar of Companies who takes no responsibility for its contents.

**The approval of the SC for the IPO, as set out in Section 6.1, obtained via its letter dated 30 July 2008, 7 August 2008, 8 October 2008, 4 December 2008, 9 November 2009, 26 April 2010, 18 August 2010, 30 August 2010 and 2 September 2010 shall not be taken to indicate that the SC recommends the IPO and that investors should rely on their own evaluation to assess the merits and risks of the IPO.**

Bursa Securities has approved-in-principle our admission to the Official List of the Main Market of Bursa Securities and for the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities, vide its letter dated 20 September 2010. Listing of and quotation for these Shares will commence after, amongst others, receipt of confirmation from Bursa Depository of the receipt of allotment information for the crediting of the Shares, and receipt of an undertaking that all notices of allotment will be issued and despatched to all successful applicants prior to the date of listing of and quotation for the Shares, failing which any allotment and allocation made on an application to subscribe for and/or purchase of our Shares pursuant to this Prospectus is required under Malaysian law to be void.

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

**Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as a Prescribed Security. In consequence thereof, our Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the aforesaid Act and the Rules.**

Persons submitting applications by way of Application Forms or by way of Electronic Share Application or Internet Share Application must have a CDS Account. If you do not have a CDS account, you may open one (1) by contacting any of the ADAs listed in Section 15.11 of this Prospectus. In the case of an application by way of Application Form, an application should state his/her CDS Account number in the space provided in the Application Form. In the case of an application by way of Electronic Share Application or Internet Share Application, only an applicant who is an individual and has a CDS Account can make an Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or Internet Share Application.

Pursuant to the Listing Requirements, our Company must have at least 25% of the total number of Shares for which listing is sought in the hands of a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of listing. In the event that the above requirement is not met pursuant to the Listing Scheme, our Company may not be allowed to proceed with our listing on the Main Market of Bursa Securities. In the event thereof, monies paid in respect of all Applications will be returned if the said permission is not granted.

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

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**2. PARTICULARS OF THE IPO (Cont'd)**

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No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by our Company. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of our Company since the date hereof. Nonetheless, should our Company become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of the Listing, our Company shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the Capital Market and Services Act 2007.

The distribution of this and the making of the IPO in certain other jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of the IPO Shares are subject to Malaysian laws and our Company together with the Adviser, Sole Underwriter and Sole Placement Agent, takes no responsibility for the distribution of this Prospectus and the offer of any part of the IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the IPO Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

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

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**2. PARTICULARS OF THE IPO (Cont'd)****2.1 SHARE CAPITAL**

|   | <b>Number of Shares</b> | <b>Share Capital (RM)</b> |
|---|-------------------------|---------------------------|
| <b>Authorised share capital</b>   |                         |                           |
| • Ordinary shares   | 200,000,000             | 100,000,000               |
| <b>Existing issued and fully paid-up share capital</b>                              | 115,000,000             | 57,500,000                |
| <b>New Shares to be issued</b>  |                         |                           |
| • New Shares to be issued pursuant to Public Issue                                  | 30,000,000              | 15,000,000                |
| <b>Enlarged Share Capital</b>   | 145,000,000             | 72,500,000                |
| • New Shares to be issued assuming full exercise of options issued pursuant to ESOS | 21,750,000              | 10,875,000                |
| <b>Enlarged Share Capital upon full exercise of options issued pursuant to ESOS</b> | 166,750,000             | 83,375,000                |
| Existing Shares to be offered for sale  | 28,000,000              | 14,000,000                |

Our market capitalisation upon Listing, based on the Issue Price and our enlarged issued share capital of 145,000,000 Shares, amounts to RM159,500,000. The Issue Price is payable in full upon Application, subject to the terms and conditions of this Prospectus. The board lot size for our enlarged issued and paid-up share capital upon Listing will be standardised at 100 units per board lot.

As at the date of this Prospectus, our Company has one (1) class of shares, namely, ordinary shares of RM0.50 each, all of which rank pari passu with one another. The IPO Shares will rank pari passu in all respects with our existing Shares, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

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

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## 2. PARTICULARS OF THE IPO (Cont'd)

At every general meeting, each shareholder shall be entitled to vote in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy (a shareholder is entitled to appoint two (2) proxies to attend the same meeting; if two (2) proxies are appointed, only one (1) specifically nominated by the shareholders and if no such nomination, the proxy whose name ranked first, is allowed to vote on a show of hands) or attorney to a shareholder shall have one (1) vote and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each ordinary share held. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

There is no limitation on the right to own securities in our Company, including the right of non-resident or foreign shareholders to hold or exercise voting rights on the securities imposed by law or by constituent documents of our Company.

### 2.2 PURPOSES OF THE IPO

The purposes of the IPO are as follows:-

- (i) To provide additional funds to meet the working capital requirements of our Group;
- (ii) To repay our Group's bank borrowings which would result in interest savings for our Group;
- (iii) To enable our Group to gain access the capital market in future to raise funds for future expansion, diversification and continued growth of our Group;
- (iv) To enable our Group to gain recognition and enhance our profile through listing status and further augment our corporate reputation and assist our Group in expanding our customer base locally and overseas;
- (v) To provide the opportunity for the eligible Directors, employees and business associates of our Group and the Malaysian investing public and institutions to participate in the equity and continuing growth of our Group; and
- (vi) To facilitate the listing of and quotation for the entire enlarged issued and paid-up share capital of our Company on Bursa Securities.

### 2.3 DETAILS OF THE IPO

#### (a) Public Issue

The Public Issue of 30,000,000 Shares at an IPO price of RM1.10 is payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated in the following manner:-

#### (i) Malaysian Public

7,250,000 Public Issue Shares, representing approximately 5.0% of the enlarged issued and paid-up share capital of our Company, to be allocated via ballot, will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions whereby 50.0% will be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.

**2. PARTICULARS OF THE IPO (Cont'd)****(ii) Eligible Directors, employees and business associates of our Group**

3,000,000 Public Issue Shares representing approximately 2.1% of the enlarged issued and paid-up share capital of our Company, will be made available for application by eligible Directors, employees and business associates of our Group ("**Pink Form Shares Allocation**"). A total of five (5) eligible Directors, one hundred fifty seven (157) employees and fifty (50) business associates of our Group have been allocated with Pink Form Shares.

The Public Issue Shares to be allocated to the eligible Directors and employees of our Group will be based on the following criteria as approved by our Company's Board of Directors:-

- (a) At least eighteen (18) years of age;
- (b) Job position; and
- (c) Length of service.

The Public Issue Shares to be allocated to the business associates of our Group will be based on the contribution to the success of our Group and length of business relationship.

Save for the eligible Directors of our Company as set out below, none of the Directors of our Company are entitled for the Pink Form Shares Allocation: -

| <b>Name of Directors</b>          | <b>Designation</b>                            | <b>No. of Shares</b> |
|-----------------------------------|---|----------------------|
| <b><u>CYPARK</u></b>              |   |                      |
| Tan Sri Razali bin Ismail         | Non-Independent Non-Executive Chairman        | 250,000              |
| Daud bin Ahmad                    | Group CEO, Non-Independent Executive Director | 450,000              |
| Siow Kwang Khee                   | Non-Independent Executive Director            | -                    |
| Dato' Dr. Freezailah bin Che Yeom | Independent Non-Executive Director            | 25,000               |
| Hasan bin Hamzah                  | Independent Non-Executive Director            | 25,000               |
| Headir bin Mahfidz                | Independent Non-Executive Director            | 25,000               |
| <b>Total</b>                      |   | <b>775,000</b>       |

The above Pink Form Shares Allocation is subject to the eligible Directors, employees and business associates subscribing to their respective allocations.

**2. PARTICULARS OF THE IPO (Cont'd)**

**(iii) Selected investors via placement**

19,750,000 Public Issue Shares representing approximately 13.6% of the enlarged issued and paid-up share capital to be allotted by way of private placement to selected investors.

**(b) Offer For Sale**

The Offer for Sale of 28,000,000 Shares, representing approximately 19.3% of enlarged issued and paid-up share capital of our Company, will be offered at the IPO Price, payable in full upon application and will be allocated and allotted in the following manner:-

**(i) Selected investors via placement**

13,500,000 Offer Shares, representing 9.3% of our enlarged issued and paid-up share capital will be made available for private placement to selected investors.

**(ii) Bumiputera investors via placement**

14,500,000 Offer Shares representing 10.0% of our enlarged issued and paid-up share capital will be made available for private placement to Bumiputera investors approved by the MITI.

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**2. PARTICULARS OF THE IPO (Cont'd)**

Details of the Offerors are set out below:-

| No | Name                      | Address  | Position/Relationship with our Group within the past three (3) years | Shareholdings in our Company |      | Offer For Sale |      | No. of Shares held after the IPO* |      |
|----|---------------------------|--|--|------------------------------|------|----------------|------|-----------------------------------|------|
|    |                           |  |  | No. Shares                   | Of % | No. Shares     | Of % | No. Shares                        | Of % |
| 1. | Tan Sri Razali bin Ismail | Desa Kudalari 1802 No. 3, Lorong Kuda 50450 Kuala Lumpur   | Non-Independent Non-Executive Chairman                               | 61,962,000                   | 53.9 | (15,086,400)   | 40.8 | 46,875,600                        | 32.3 |
| 2. | Daud bin Ahmad            | 16, Jalan 4/4A 43650 Bandar Baru Bangi Selangor Darul Ehsan  | Group CEO, Non-Independent Executive Director                        | 16,813,000                   | 14.6 | (4,093,600)    | 11.1 | 12,719,400                        | 8.8  |
| 3. | Siow Khee Kwang           | A23-04, 23 <sup>rd</sup> Floor Triomphe Tower, Vista Kiara Jalan 1/61A, Bukit Kiara 50480 Kuala Lumpur | Non-Independent Executive Director                                   | 23,290,000                   | 20.3 | (8,820,000)    | 12.6 | 14,470,000                        | 10.0 |

Note:-

Not including their respective entitlement for the pink form allocation pursuant to the IPO and based on the enlarged issued and paid-up capital of 145,000,000 Shares after the IPO

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**2. PARTICULARS OF THE IPO (Cont'd)**

In summary, the IPO Shares will be allocated in the following manner:-

|  | Public Issue      |              | Offer For Sale    |              |
|--|-------------------|--------------|-------------------|--------------|
|  | No. of Shares     | %            | No. of Shares     | %            |
| Malaysian Public (via balloting)                                   | 7,250,000         | 24.2         | -                 | -            |
| Eligible Directors, employees and business associates of our Group | 3,000,000         | 10.0         | -                 | -            |
| Selected investors via placement                                   | 19,750,000        | 65.8         | 13,500,000        | 48.2         |
| Bumiputera investors via placement                                 | -                 | -            | 14,500,000        | 51.8         |
| <b>Total</b>   | <b>30,000,000</b> | <b>100.0</b> | <b>28,000,000</b> | <b>100.0</b> |
|  |                   |              |                   |              |

The Public Issue will increase our issued share capital from 115,000,000 Shares to 145,000,000 Shares.

All the Public Issue Shares available for the application by the Malaysian Public and our eligible Directors, employees and business associates of our Group under Section 2.3(a)(i) and 2.3(a)(ii) of this Prospectus have been fully underwritten by AmInvestment Bank.

The IPO Shares available for application by selected investors under Section 2.3(a)(iii) and 2.3(b)(i) of this Prospectus are not underwritten as irrevocable undertakings have been obtained from the selected investors to take up the IPO Shares available under private placement.

The Offer For Sale Shares available for application by selected Bumiputera investors under Section 2.3(b)(ii) of this Prospectus are not underwritten as these have been allocated to MITI's approved and recognised Bumiputera investors whereby irrevocable undertakings have been obtained from these investors.

In the event of an under-subscription of the 14,500,000 Offer For Sale Shares made available for application by Bumiputera investors under Section 2.3(b)(ii) of this Prospectus, the unsubscribed Offer For Sale Shares shall be made available for application by the Bumiputera public as part of the balloting process. Subsequently, any of the unsubscribed Shares which are not taken up by the Bumiputera public will be made available for application by the Malaysia public and/or private placement to selected investors.

In the event of an under-subscription of the Public Issue Shares by the Malaysian Public, the unsubscribed Public Issue Shares will be made available to the selected investors. Any Public Issue Shares which are not taken up by our eligible Directors, employees and/or business associates of our Group will be reoffered to our Group's eligible employees and/or business associates of our Group. Subsequently, any of the Public Issue Shares reoffered which are not taken up will be made available for application by the Malaysian Public on a fair and equitable manner and/or selected investors via the private placement. Any further Public Issue Shares not subscribed for will be made available for subscription by the Sole Underwriter based on the terms of the Underwriting Agreement.

There is no minimum subscription to be raised from the IPO. All the IPO Shares are either fully underwritten by the Sole Underwriter and/or subscribed by the selected investors pursuant to their irrevocable undertakings.

## **2. PARTICULARS OF THE IPO (Cont'd)**

### **2.4 BASIS OF ARRIVING AT THE IPO PRICE**

The IPO Price was determined and agreed upon by our Company and AmInvestment Bank as Adviser, Sole Underwriter and Sole Placement Agent after taking into consideration, amongst others, the following factors: -

- (i) Our Group's financial operating history and conditions and financial position as outlined in Sections 4 and 9 respectively of this Prospectus;
- (ii) The business growth potential, future plans, strategies and prospects of our Group as set out in Section 4.36 of this Prospectus;
- (iii) The proforma consolidated NTA of our Company as at 31 March 2010 of approximately RM0.52 per Share on the enlarged issued and paid-up share capital of 145,000,000 Shares in our Company upon Listing and after net utilisation of proceeds;
- (iv) Our PE multiple for the FYE 2009 of approximately 18.3 times which is based on the net EPS of RM0.06 and enlarged issued and paid-up share capital of 145,000,000 Shares upon Listing;
- (v) Favourable outlook of the environmental and landscaping industries in which our Group operates in, and is expected to grow at a CAGR of 5.3% from 2009 to 2014, as set out in Section 4.33 of this Prospectus; and
- (vi) Competitive advantages as listed in Section 4.12 of this Prospectus.

The Directors of our Company and AmInvestment Bank are of the opinion that the IPO Price is fair and reasonable after careful consideration of the abovementioned factors.

However, you should also note that the market price of our Shares upon listing on Bursa Securities is subject to the vagaries of market forces and other uncertainties, which may affect the price of our Shares being traded.

You should bear in mind the risk factors as set out in Section 3 of this Prospectus and form your own views of the valuation of the IPO Shares and the reasonableness of the bases used before deciding to invest in our Shares.

### **2.5 MARKET CAPITALISATION**

Our Company's market capitalisation upon Listing, based on the IPO Price and the enlarged issued and paid-up share capital of 145,000,000 Shares amounts to RM159,500,000.

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**2. PARTICULARS OF THE IPO (Cont'd)****2.6 DILUTION**

Dilution is the amount of which the net asset per Share immediately after the implementation of the Listing Scheme is less than the IPO Price. The proforma consolidated net asset per Share as at 31 March 2010 (before adjusting utilisation of the net proceeds from the IPO) based on the issued and paid-up share capital of 80,000,004 Shares before the IPO is RM0.58.

Pursuant to the Public Issue of 30,000,000 new Shares at the IPO price of RM1.10 per Share and after adjusting for the effects of the utilisation of proceeds, the proforma consolidated net asset of our Group as at 31 March 2010 will decrease to RM0.52 per Share based on the enlarged issued and paid-up capital of 145,000,000 Shares after the IPO. This represents an immediate increase in adjusted net asset of RM0.58 per Share to our existing shareholders and an immediate dilution in net asset of RM0.58 per Share to our new investors. The following table illustrates such dilution on a per Share basis:-

|   |           |
|---|-----------|
|   | <b>RM</b> |
| IPO price   | 1.10      |
| Proforma consolidated NA per Share as at 31 March 2010                            | 0.58      |
| Decrease in proforma consolidated NA per Share contributed by new investors       | 0.06      |
| Proforma consolidated NA per Share after the IPO                                  | 0.52      |
| Dilution in net asset per Share to new investors                                  | 0.58      |
| Dilution in net asset per Share to new investors as a percentage of the IPO Price | 52.7%     |

Save as disclosed in the table below indicating the total number of Shares acquired by our Directors, senior management, substantial shareholders or person connected to them, the purchase consideration paid by them and the average effective cash cost per Share and to the new public investors who subscribe for and/or purchase the IPO Shares pursuant to the IPO, there has been no other equity transaction and/or right to acquire during the past three (3) years prior to the date of this Prospectus.

|   | No. of Shares | Total consideration | Average effective cash cost per Share |
|---|---------------|---------------------|---------------------------------------|
|   |               | (RM)                | (RM)                                  |
| <b>Directors and substantial shareholders</b> |               |                     |                                       |
| Tan Sri Razali bin Ismail                     | 28,960,000    | 7,300,000           | 0.25                                  |
| <b>New investors</b>                          |               |                     |                                       |
| Public Issue                                  | 30,000,000    | 33,000,000          | 1.10                                  |
| Offer For Sale                                | 28,000,000    | 30,800,000          | 1.10                                  |

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**2. PARTICULARS OF THE IPO (Cont'd)****2.7 UTILISATION OF PROCEEDS**

The Public Issue will raise gross proceeds of RM33.0 million which shall accrue to us. We intend to use the proceeds in the following manner:-

|   | Timeframe for utilisation * | Amount (RM'000) |
|---|-----------------------------|-----------------|
| (i) Repayment of on overdraft (contract) facility obtained for the purpose of the National Landfill Restoration project | Within 12 months            | 10,000          |
| (ii) Working capital*   |                             |                 |
| - Expansion of business   | Within 18 months            | 2,000           |
| - Existing and future operations  | Within 12 months            | 18,618          |
| (iii) Estimated listing expenses*   | Within 2 months             | 2,382           |
| <b>Total proceeds</b>   |                             | <b>33,000</b>   |

Note:-

\* The total estimated listing expenses is RM4.0 million out of which RM2.4 million shall be borne by our Company and RM1.6 million will be borne by the Offerors. If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.

The Offer For Sale is expected to raise gross proceeds of approximately RM30.8 million. This amount shall accrue entirely to the Offerors and no part of the proceeds will be received by our Company. The Offerors shall bear all expenses such as placement and miscellaneous fees estimated to be approximately RM1.6 million.

Brief details on the utilisation of proceeds are as follows: -

**(i) Repayment of overdraft (contract) facility obtained for the purpose of the National Landfill Restoration project**

Our Group intends to utilise RM10.0 million to repay part of the overdraft facility obtained specifically for the purpose of the National Landfill Restoration project. Our Group obtained an overdraft (contract) facility amounting to RM50.0 million out of the total loan of RM155.0 million offered by Malayan Banking Berhad solely for the purpose of the National Landfill Restoration project.

As at LPD, our Group has total outstanding overdraft for the said project of RM48.8 million bearing the prevailing average interest rate of approximately 7.55% per annum.

The overdraft (contract) facility has been utilised to finance our working capital for the National Landfill Restoration project.

The repayment of the overdraft (contract) facility will reduce our Group's gearing level from 2.4 times to 1.3 times (based on our Group's proforma total borrowings and shareholders' funds as at LPD after taking into consideration the IPO and utilisation of proceeds as disclosed in Section 9.5.3 of this Prospectus).

## 2. PARTICULARS OF THE IPO (Cont'd)

With the repayment of RM10.0 million of our overdraft (contract) facility for the purpose of the National Landfill Restoration project, at the average interest rate of approximately 8.0% per annum, we expect to be able to save interest cost totaling approximately RM0.8 million per annum which will further enhance our Group's cash flows and profitability.

### (ii) Working capital

#### Expansion of business

Our Group intends to provide more products and services within the environmental markets by further developing and marketing our product in the following areas:-

- (a) integrated waste management facilities such as sanitary landfill, transfer stations, Material Recovery Facilities;
- (b) groundwater and remediation information system ("GARIS");
- (c) waste water treatment; and
- (d) COLARIS.

The breakdown of the intended utilisation of proceeds for each area of the business expansion plan is set out below:-

| Working capital expansion of business      | Estimated utilisation of proceeds |                                 |              |
|--|-----------------------------------|---------------------------------|--------------|
|  | Local (RM'000)                    | South East Asia region (RM'000) | Total        |
| (a) integrated waste management facilities | 900                               | 100                             | 1,000        |
| (b) GARIS                                  | 250                               | -                               | 250          |
| (c) waste water treatment                  | 500                               | -                               | 500          |
| (d) COLARIS                                | 250                               | -                               | 250          |
| <b>Total</b>                               | <b>1,900</b>                      | <b>100</b>                      | <b>2,000</b> |

Besides expansion of products and services, our Group intends to market our products and services to the countries within the South East Asia region. These countries share similar environmental problems such as unsanitary landfill polluting the river and water supply, contaminated lands due to mining industries, ground water pollution and landfill gas and fires. Our management is of the opinion that our environmental technology and engineering solutions will be able to address the abovementioned environmental issues.

Further details on our future plans for overseas expansion are set out in Section 4.36 of this Prospectus.

**2. PARTICULARS OF THE IPO (Cont'd)****Existing and future operations**

The working capital of our Group is expected to increase in tandem with the projected growth of our Group. Therefore, of the total proceeds, RM18.6 million will be used as additional working capital to finance our Group's existing and future operations including day-to-day administrative and operating expenses. This would further enhance the cash flow position of our Group.

Further details on the intended use of proceeds to finance working capital of the Group's existing and future operations are set out below:-

| Working capital – Existing and future operations |   | Estimated utilisation of proceeds (RM'000) |
|--|---|--|
| (a)  | Working capital for the National Landfill Restoration project | 12,000                                     |
| (b)  | Working capital for other existing projects                   | 2,000                                      |
| (c)  | Working capital for new projects                              | 1,000                                      |
| (d)  | Administrative expenses (including tax payment)               | 3,618                                      |
| Total  |   | 18,618                                     |

**(iii) Estimated listing expenses**

The estimated listing expenses for the Listing are as follows: -

| Estimated listing expenses |                                     | Amount (RM'000) |
|----------------------------|-------------------------------------|-----------------|
| (a)                        | Fees to authorities                 | 65              |
| (b)                        | Professional fees <sup>1</sup>      | 646             |
| (c)                        | Underwriting and brokerage fees     | 1,239           |
| (d)                        | Printing and advertising fees       | 240             |
| (e)                        | Miscellaneous expenses <sup>2</sup> | 192             |
|                            |                                     | 2,382           |

Notes: -

1. Include fees for the Adviser, Sole Placement Agent, Accountants, Solicitors, IMR and other professional advisors as well as Issuing House.
2. Travelling expenses, other incidental or related expenses and contingencies in connection with the IPO. Any unutilised amount shall be used for our Group's working capital purposes.

Our Company will bear all expenses and fees incidental to the Listing which includes underwriting commission, placement fees, brokerage, professional fees, fees to authorities, advertising and other fees the aggregate of which is estimated to be RM2.4 million.

All expenses and fees incidental to the Offer For Sale and existing Shares will be borne by the Offerors which is estimated to be RM1.6 million.

Pending utilisation, the proceeds from the Public Issue will be placed in short term deposits with licensed financial institution(s) or in short term money market instruments.

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## 2. PARTICULARS OF THE IPO (Cont'd)

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### 2.8 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS

#### (i) Interest savings

The utilisation of the proceeds from the Public Issue by our Group is expected to result in interest savings. The repayment of approximately RM10.0 million of outstanding borrowings will reduce our Group's gearing level from approximately 2.6 times to 1.4 times. At the average interest rate of approximately 8.0% per annum, our Group will be able to save interest cost totaling approximately RM0.8 million per annum, which will further enhance our Group's cash flows and profitability.

#### (ii) Enhancement of revenue and capital structure

The proceeds from Public Issue of RM20.6 million to part finance working capital for expansion of business and existing and future operations will enable us to reduce reliance on bank borrowings. This will allow us to have a greater flexibility to invest in new projects when the opportunities arise.

The expansion of business is expected to strengthen our market presence in South East Asia region. This is intended to enhance the revenue of our Group by providing business growth prospects. Additionally, these new business opportunities will give our Group added flexibility in terms of utilisation of our Group's human capital.

### 2.9 COMMISSIONS AND BROKERAGE

#### Brokerage fee

Brokerage is payable by our Company in respect of the Public Issue under Section 2.3(a)(i) at the rate of 1.0% of the IPO price in respect of successful applications which bear the stamp of member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or MIH.

#### Placement fee

The Sole Placement Agent have agreed to place the IPO Shares set out in Section 2.3(a)(iii), 2.3(b)(i) and 2.3(b)(ii) of this Prospectus, which are reserved for selected investors. Accordingly, our Company and the Offerors will pay a placement fee to the Sole Placement Agent at the rate of 1.5% of the value of the IPO Shares under Sections 2.3(b)(ii) herein respectively (being the number of IPO Shares reserved for placement multiplied by the IPO price).

#### Underwriting commission

Our Company will pay the Sole Underwriter an underwriting commission calculated at the rate of 1.75% of the IPO Price multiplied by the Public Issue Shares under Sections 2.3(a)(i) and Section 2.3(a)(ii) herein.



## 2. PARTICULARS OF THE IPO (Cont'd)

### 2.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

The salient terms of the Underwriting Agreement dated 26 August 2010 entered into between our Company and the Sole Underwriter ("**Underwriting Agreement**"), which may allow the Sole Underwriter to withdraw from its obligations under the Underwriting Agreement after the IPO as extracted from the Underwriting Agreement, are set out below.

Unless otherwise stated, all capitalised terms herein shall bear the same meanings as prescribed in the Underwriting Agreement.

(i) Conditions Precedent

*Unless waived by the Underwriter (in which case any condition precedent or any part thereof so waived shall be deemed to have been satisfied), the obligations of the Underwriter under this Agreement shall be conditional upon the fulfillment and/or satisfaction of the following:-*

- (a) *the Bursa Securities having agreed in principle on or prior to the date of the Prospectus to the listing of and quotation for (on terms satisfactory to the Underwriter) the entire issued and paid-up share capital of the Company on the Main Market of the Bursa Securities;*
- (b) *the approval from the SC in respect of the Prospectus and registration of the Prospectus with the SC pursuant to the CMSA and subsequent lodgement of the Prospectus with the Companies Commission of Malaysia;*
- (c) *all other necessary approvals and consents required in relation to the Public Issue, the Offer for Sale, the Issue Shares and the Offer Shares including but not limited to governmental approvals having been obtained and in full force and effect;*
- (d) *there having been, on or prior to the Closing Date or the Extended Closing Date, as the case may be, no breach by the Company or Group of any representation, warranty, covenant, undertaking or obligation of the Company or Group in this Agreement or which is contained in any certificate, statement, or notice provided under or in connection with this Agreement or which proves to be incorrect in any material respect;*
- (e) *a delivery to the Underwriter, as the Underwriter may reasonably require of a report or confirmation from the Board of Directors of the Company on or before the in the format as attached in Second Schedule that there having been, on or prior to the Closing Date or the Extended Closing Date, as the case may be, no material adverse change, or any development involving a prospective material adverse change, in the financial condition or business or operations of the Group or business or operations of the Group or in the prospects or future financial condition or business or operations of the Group (which in the opinion of the Underwriter, is or will be material in the context of the Public Issue and Offer for Sale and the sale of any Underwritten Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to such extent which is or will be material in any of the representations, warranties, covenants and undertakings and obligations of the Company herein contained; and*

## 2. PARTICULARS OF THE IPO (Cont'd)

- (f) *the Underwriter receiving a copy certified by a director or secretary of the Company to be a true resolution of the Board of Directors of the Company approving this Agreement and authorising a person or persons to execute this Agreement on behalf of the Company.*

*In the event any of the conditions in Clause 5.1 are not satisfied within three (3) months from the date of this Agreement, the Underwriter shall be entitled to forthwith terminate this Agreement by notice in writing given to the Company whereupon the following shall take place within three (3) Market Days of the receipt of such notice:*

- (a) *the Company shall make payment of the Underwriting Commission to the Underwriter; and*
- (b) *each party shall return all other monies (in the case of the Underwriter, after deducting the Underwriting Commission due and owing to the Underwriter hereunder) paid to the other under this Agreement (except for monies paid by the Company for the payment of the expenses as provided hereunder);*

*and thereafter, this Agreement shall become null and void and have no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches.*

(ii) Termination

*Notwithstanding anything herein contained, the Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel and/or withdraw its commitment to underwrite the whole or part of the Underwritten Shares if:-*

- (a) *the approval of the Bursa Securities for the admission of the Company to the official list of the Main Market of the Bursa Securities or for the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Market of the Bursa Securities is withdrawn or procured but subject to the conditions not acceptable to the Underwriter;*
- (b) *there is any breach by the Company of any of the representations, warranties or undertakings contained in Clauses 3 and 4, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated by the Underwriter in the notice given to the Company; or*
- (c) *there is failure on the part of the Company to perform any of its obligations herein contained; or*
- (d) *there is withholding of information of a material nature from the Underwriter which is required to be disclosed pursuant to this Agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Issue Shares; or*
- (e) *there shall have occurred, or happened any material and adverse change in the business or financial condition of the Group; or*
- (f) *there shall have occurred, or happened any of the following circumstances: -*

**2. PARTICULARS OF THE IPO (Cont'd)**

- (i) *any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or*
- (ii) *any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);*

*which, would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of the Group as a whole, the success of the Public Issue or which has or is likely to have the effect of making incapable the performance of any material part of this Agreement in accordance with its terms.*

*In the event that this Agreement is terminated pursuant to Clause 12.1, the Underwriter and the Company may confer with a view to deferring the Public Issue by amending the terms of this Agreement and to enter into a new underwriting agreement accordingly, but neither the Underwriter nor the Company shall be under any obligation to enter into a fresh agreement.*

*Upon any such notice(s) being given pursuant to Clause 12.1, the Underwriter shall be released and discharged from its obligations hereunder whereupon the following shall take place within three (3) Market Days of the receipt of such notice:*

- (a) *the Company shall make payment of the Underwriting Commission to the Underwriter; and*
- (b) *each party shall return all other monies (in the case of the Underwriter, after deducting the Underwriting Commission due and owing to the Underwriter hereunder) paid to the other under this Agreement (except for monies paid by the Company for the payment of the expenses as provided hereunder);*

*and thereafter, this Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches.*

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### **3. RISK FACTORS**

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In evaluating an investment in the IPO Shares, you should carefully consider all the information contained in this Prospectus, including but not limited to the following general and specific risk factors.

#### **3.1 RISKS RELATING TO THE BUSINESS**

##### **(a) Business risks**

Our Group is principally involved in the provision of environment technology and engineering solutions and integrated landscape services and landscape maintenance and park management services. Our Group's clients include governmental bodies and private sectors. Like any other businesses operating in an open market, our Company is subject to market forces and is subject to certain business risks inherent in these industries. These include but are not limited to changes in government regulatory framework, curtailments in government expenditures, the possibility of not being able to secure future contracts, scarcity of trained and experienced technical and supporting personnel, certain monitoring and testing services being obsolete, increase in labour and equipment costs, entry of new players resulting in price erosion, credit risks as billings are made upon delivery of progress reports and is subject to approval by the client.

Our Group seeks to limit these risks by constantly seeking out new markets in Malaysia and overseas, nurturing and maintaining good business relationships with our clients in the governmental and private industries, expansion of market share, expanding our efforts in research and development and continuing to improve upon our quality management system.

##### **(b) Licenses from government agencies**

We are in the business of providing environmental technology and engineering solutions and integrated landscape services. Some of our solutions and services may fall under the contracting and construction industry. The contracting and construction industry is a highly regulated industry in Malaysia and there are various government bodies governing the approval of licenses and permits.

Our Group has various licenses and permits issued by government bodies such as PKK, CIDB, Ministry of Finance and Suruhanjaya Perkhidmatan Air Negara. These licenses and permits accord us various privileges and provide us with the approvals to conduct various activities required in the day-to-day operations of the projects which we undertake. The majority of these licenses and permits are subject to annual or bi-annual renewals. Our Group's operations could be adversely affected if our Group is unable to renew our existing licenses and permits for whatsoever reason.

However, our Group has been successfully renewing all our Group's licenses and permits from the various government agencies mentioned above since our Group has been in operation. Our Group does not envisage that we would encounter difficulties in renewing all our licenses and permits due to our strict adherence to the conditions of the licenses and permits.

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### 3. RISK FACTORS (Cont'd)

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#### (c) Reliance on KPKT

Our Group has undertaken the National Landfill Restoration project which was awarded by KPKT. KPKT is our Group's largest client and the National Landfill Restoration Project accounts for more than 90% of our Group's revenue in FPE 2010. The termination of this project before its completion due to whatever reasons could adversely affect our Group's operations and financial performance.

The government is and will be effectively the sole major client in the environmental sector in view of the Solid Waste and Public Cleansing Management Act 2007 and the Solid Waste and Public Cleansing Management Corporation Act 2007 (both the Acts have been gazetted in 2007 and the Solid Waste and Public Cleansing Management Corporation Act 2007 is already in force since 1 June 2008) – setting the path towards a federalisation policy for solid waste management. This is evidenced by the fact that the government intends to spend billions of ringgit on environmental projects in the next few years based on the Tenth Malaysian Plan. Thus, the reliance on the government as a single major client for environmental businesses is a common practice.

Notwithstanding the above, our Group has been maintaining a cordial relationship with KPKT. We envisage that our Group would continue to gain their support in undertaking and completing the National Landfill Restoration. Mitigating factors include our Group's commitment to complete the National Landfill Restoration project on time, where the overall progress of all 16 landfill sites is as per time schedule agreed with KPKT. Hence the risk of cancellation is reduced. In addition, the cancellation of the National Landfill Restoration project is also unlikely as our Company is under the SJJB programme.

#### (d) Reliance on suppliers/sub-contractors

Our Group has established good working relationships with several key suppliers in order to maintain a lower cost position and timeliness of material supply. Our key suppliers/sub-contractors are Huls Engineering Sdn Bhd, Sutera Anugerah Sdn Bhd and CyEn Resources Sdn Bhd. CyEn Resources Sdn Bhd is a related party to our Group and prior to 22 June 2009, Sutera Anugerah Sdn Bhd was previously a related party to our Group. As our Group is primarily involved in the provision environment solutions and integrated landscape services, the manual implementation of projects and supply of workers and locally available materials are sub-contracted out to external parties. This may expose our Group to the risk of having to address possible compromise on work quality that may lead to the need to carry out costly remedial works. This problem may be aggravated with subsequent extensions in delivery/hand-over date to clients, which may put our Group's reputation at risk. However, our Group has not faced any problems with regard to the reliance on suppliers/sub-contractors in the past.

The management of our Group is fully aware of such potential risks and in order to mitigate this risk, the Contract Services Department of our Group prepares material requirement schedules to ensure adequacy and timely procurement of project materials. Project managers are responsible for timely completion of each component of the project. Site quantity surveyors measure works performed for the submission of progress payment claims to the clients.

Through the detailed processes of each stage of project management, our Group is able to ensure proper site management with added support services from site engineers, land surveyors, site supervisors, technicians and quality assurance personnel.

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### 3. RISK FACTORS (Cont'd)

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**(e) Dependence on our Directors and key management**

To a large extent, our continued success will depend on the abilities and continued efforts of our existing Directors and key management team which include Tan Sri Razali bin Ismail, Daud bin Ahmad, Siow Kwang Khee, Achmat Nadhrain bin Ibrahim and Tan Swee Loon. Further details of our Directors and key management are set out in Sections 5.3 and 5.6 of this Prospectus.

We are managed by qualified personnel with experience in various disciplines such as chemical engineering, mechanical engineering, project management, accounting and finance and business development in environmental technology and engineering industry. The loss of any of our Directors or key management could adversely affect our ability to compete effectively in the environmental technology and engineering industry and in turn, our operational and financial performance.

We strive to minimise this risk by ensuring that we have the ability to retain our existing Directors as well as attract and retain our key management. This can be achieved by having in place human resource strategies and developing a human resource plan that includes suitable compensation packages, career development and human resource training and development for our key management. We place significant emphasis on succession planning and developing and retaining management talent. We also have in place a number of incentive schemes that serve to attract, motivate and retain key management.

Although we seek to limit our dependence on our Directors or key management, there can be no assurance that the above measures will always be successful in retaining our Directors or key management or in ensuring a smooth transition or management succession plan should such key persons no longer be able to serve our Group.

**(f) Attracting and retaining technical staff**

Our Group's business model requires us to have highly skilled, dedicated and qualified environment specialists. Our Group's growth plans will require us to hire a number of new environment specialists in the future. As the environment management industry is still in its infancy in Malaysia, there is a small pool of qualified environment specialists in the country. This poses a hiring challenge for our Group. We may have to hire environment specialists from abroad or increase wages and benefits to attract and retain our environment specialists or risk considerable employees' turnover. However, our Group has not faced any problems in attracting and retaining technical staff in the past.

If we are unable to hire qualified instructors at a reasonable cost, it may disrupt our operations, which would have a material adverse effect on our Group.

**(g) Risk associated with system failure**

Our success, in particularly our ability to serve our client base effectively, depends on the efficient and uninterrupted operation of our IT infrastructure such as but not limited to computer terminals, servers, information databases, networking equipment, telephony and other communication systems. Our IT infrastructure is vulnerable to damage or interruption from natural disasters, power and telecommunication failures, human negligence, fire, flood, water damage, theft, sabotage, vandalism and other events of the similar kind.

### 3. RISK FACTORS (Cont'd)

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Our Group relies on commonly used IT tools and software such as Microsoft Office, Window 2007, Norton Symantec Anti-virus, Autocad, Microsoft Project, Primavera and Peachtree to support our day to day operation. Our Group adopts adequate IT management and planning system and ensure proper backup and recovery system is in place. Our Group does not rely on any sophisticated IT solution and have not experienced any downtime which caused disruption to the operation. The IT system support which include offsite backup and maintenance of our network infrastructure are outsourced to IT solutions provider company which is managed by professional IT consultants. To date, our Group does not have any downtime except for the planned and scheduled downtime to perform the following :-

- (a) back up;
- (b) software maintenance;
- (c) upgrade of IT peripherals; and
- (d) networking upgrading.

Any damage to or failure of our IT infrastructure could result in the interruption or unavailability of our services, and, if sustained or repeated, could reduce the attractiveness of our services to our clients.

Although we have implemented certain network security measures, our servers may be vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to interruptions, service delays or loss of data.

In the event of such occurrences, it may cause disruptions to both our operations as well as the operations of our clients. This may result in liability claims and/or loss of revenue against us. This may have an adverse and material effect on our financial performance.

Our Group has not experienced any major system disruptions or any major computer breakdowns for the past few years, and will continue to ensure efficiency of the service delivery process by taking the necessary preventive maintenance measures. There is a backup system in place to prevent any major system disruption which can be brought up in a short period of time to reduce downtime period.

#### **(h) Insurance coverage on assets**

Our Group is aware of the adverse consequences arising from inadequate insurance coverage that could cripple our business operations. In ensuring such risks are maintained to the minimum, our Group reviews and ensures adequate coverage for our assets such as motor vehicles, office equipment and fittings on a continuous basis.

Although our Group has taken necessary measures to ensure that our equipment and all of our other assets are adequately covered by insurance, there can be no assurance that the insurance coverage can be adequate for the replacement cost of the other assets of our Group, including but not limited to the equipment or any consequential cost arising there from.

There are also other risks such as natural disasters, riots, general strikes, acts of terrorism and any other risks that cannot reasonably be insured against, which may adversely affect our operations. However, we wish to highlight that our operations have not been affected by any of such events thus far.

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**3. RISK FACTORS (Cont'd)**

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**(i) Political, economic, regulatory and environmental considerations**

Changes and developments in political, economic and regulatory conditions in Malaysia and the countries in which our Group operates namely Qatar and UAE could materially and/or adversely affect the profitability and business prospects of our Group and industry in which we operate. These uncertainties include, but are not limited to, the changes in political leadership, changes in investment policies and taxation, expropriation, nationalisation, changes in interest rates, changes in regulatory structure, risks of war and global economic downturn.

Although our Group practices efficient operating procedures and prudent financial management, there can be no assurance that adverse political and economic developments, which are beyond our Group's control, will not materially affect the performance of our Group or the industry as a whole nor can there be any assurance that our Group will not be required to modify our facilities and/or business operations or incur expenses that may have an adverse material effect on our operating results due to the changes made by the Malaysian government to the regulation governing our industry.

Environmental considerations which affect our Group would include the Malaysian government's future strategies or plans for the environmental industry which may result in a change of the current regulation(s) governing the environmental industry thereby requiring us to modify our facilities and/or business operations or incurred expenses that may have an adverse material effect on our operating results.

**3.2 RISKS RELATING TO THE INDUSTRY****(a) Competition**

The provision of environmental management services is a fairly new market in Malaysia. As such, there are only a small number of sizable market players providing such services. There are no known direct competitors in the field of non-sanitary landfill restoration in this country. Nevertheless, our Group faces competition from a handful of market players providing services in the areas of solid waste and landfill management such as KUB-Berjaya Enviro Sdn Bhd, UEM Environment Sdn Bhd, Worldwide Landfills Sdn Bhd, Alam Flora Sdn Bhd and SWM Environment Sdn Bhd.

For further details on the competition, please refer to Sections 4.28 and 11 of this Prospectus.

The threats from new entrants are relatively low due to high barriers to entry in the industry. Some of the barriers to entry in the industry include various licenses that need to be obtained by new entrants from the government agencies such as CIDB, PKK and Ministry of Finance, to have a pool of skilled, dedicated and qualified environment specialist to undertake environmental projects and environmental technology that meets the local environmental and functional requirements. Although we are confident of maintaining our competitive advantages, there can be no assurance that competitive pressures in the future will not materially affect our market share and consequently our financial results.



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### 3. RISK FACTORS (*Cont'd*)

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#### (b) Environmental management technologies and services

The utilisation of environmentally sustainable technologies and the provision of related environment management services are still nascent fields in Malaysia. Growth of environmental consciousness on a global scale has spurred the development of various 'green' technologies around the world, including clean-powered cars, green energy generation, and solid waste management technologies including waste-to-energy generation, advanced thermal treatments such as gasification and pyrolysis. However, the level of environmental technology usage – let alone development – has remained low due to the general lack of environmental participation among consumers and the private sector.

As such, environmental management technologies and services provided in Malaysia remain relatively dated and unsophisticated; solid waste and landfill management practices have remained largely unchanged over the past decade and have not evolved to the pinnacles of technological potential in respective fields. At a nascent stage, the growth potential for environmental management services relating to solid waste and landfill management are vast. The current level of such technology available globally fuels the growth potential of such services. (*Source: IMR report dated 25 August 2010*).

Although the management of our Group believes that the technology employed by our Company are competitive and up to date, there is no assurance that our Group will be able to catch up with any technology advancement particularly in the solid waste and landfill management in the future, which in turn may affect our business.

#### (c) Supported by the government and government related projects

The many public-related projects involving environmental and landscaping activities indicate, to a certain extent, there is a reliance of environmental related services and landscaping services.

At present, the onus of environmental preservation in Malaysia belongs to the government and its various agencies. The government's direction towards a sustainable environment is most visible in its current five-year economic plan, the Tenth Malaysian Plan which runs from 2011 to 2015. The environmentally conscious legislations, policies and other directives issued during the Tenth Malaysian Plan period demonstrate the government's commitment to environmental sustainability, and suggest similar ardour in future economic plans, policies and initiatives. (*Source: IMR report dated 25 August 2010*).

Although, our Group practices efficient operating procedures, there can be no assurance that any change in the government's policy in relation to environmental presentation in Malaysia, which are beyond our Group's control, will not materially affect the performance of our Group or the industry as a whole. In this aspect, our Group is currently exploring an expansion of our customer base across South East Asia.

### 3. RISK FACTORS (Cont'd)

#### 3.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

**(a) There is no prior market for our Company's Shares, and an active market for our Shares may not develop**

Prior to this invitation, there has been no public market for our Shares. There can be no assurance that an active and liquid market for our Shares will develop and continue to develop subsequent to our listing or, if developed, that such a market is sustained. The issue price has been determined after taking into consideration a number of factors, including but not limited to, our Company's financial and operating history and conditions, its prospects and the prospects of the industry in which our Company operates, the management of our Company, the market price for shares of companies engaged in similar businesses and the prevailing market conditions at the time of the application for listing of our Company was submitted to the SC. There is no assurance that the market price may not decline below the issue price. Hence there can be no assurance of the ability of the shareholders or the prices at which they would be able to sell their shares.

**(b) Capital market risk**

The performance of the local bourse is very much dependent on external factors such as the performance of regional and world bourses and the flows of foreign funds. Sentiments are also largely driven by internal factors including political and economic conditions of the country as well as growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risk to the market price, which may already fluctuate significantly and rapidly as a result, inter alia, of the following factors:-

- differences between our actual financial and operating results and those expected by investors and analysts;
- announcements by us or our competitors of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments;
- fluctuations in stock market prices and volume;
- changes in our operating results;
- changes in securities analysts' estimates of our financial performance and recommendations;
- changes in market valuation of similar companies;
- our involvement in litigation, arbitration or other forms of dispute resolution;
- additions or departures of key personnel; and
- changes in general economic and stock market conditions.

Nevertheless, the profitability of our Group is not dependent on the performance of Bursa Securities as our Group's business activities have no direct correlation with the performance of the other securities listed on Bursa Securities.

**(c) There may be a delay in our Listing or our Listing may be aborted**

The occurrence of any one or more of the following events, which may not be exhaustive, may cause a delay in our Listing or our Listing to be aborted:-

- (a) the Sole Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations thereunder;

### 3. RISK FACTORS (Cont'd)

- (b) we are unable to meet the public spread requirement as determined by Bursa Securities i.e. at least 25% of our enlarged issued and paid-up share capital must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing; or
- (c) the identified investors fail to subscribe to the portion of IPO Share intended to be placed to them although they have furnished their irrevocable undertaking letters to subscribe for such Shares.

In such an event, subject to restrictions set out in Section 3.3 (d) below, we will return in full without interest, all monies paid in respect of any Applications accepted within fourteen (14) market days from the date our Listing been aborted.

Nevertheless, our Directors will endeavour to ensure compliance with the various requirements for our successful Listing.

#### (d) Delay between admission and trading of the IPO Shares

Delays in the admission and the commencement of trading in shares on Bursa Securities have occurred in the past. In respect of the Public Issue Shares comprised in the IPO Shares, following their allotment and issue to investors, a return of monies to such investors may be affected by way of either a repurchase by us of those shares at the IPO Price, or by way of a reduction of our share capital.

Further, such capital reduction shall not be effected if on the date the reduction is to be effected, there are reasonable grounds for believing that we are, or after the reduction would be, unable to pay our liabilities as they become due.

There can be no assurance that monies can be recovered within a short period of time. If Bursa Securities does not admit our Shares for Listing, the market for our Shares will be illiquid and it may not be possible to trade our Shares. This may also have a materially adverse effect on the value of our Shares.

#### (e) We may not be able to pay dividends to shareholders

Our ability to pay dividends or make other distributions to our shareholders may be subject to:-

- (a) the Group's dividend policy, or
- (b) us having profits and excess funds which are not needed to fund our operations, obligations or business plans.

Our shareholders' claims will generally rank junior to all other creditors and claimants against our Group. In the event of liquidation, there may not be sufficient assets for us pay out dividends.

Please refer to Section 9.7 of this Prospectus for details on our dividend policy.

**3. RISK FACTORS (Cont'd)**

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**(f) Disclosure regarding forward looking statements**

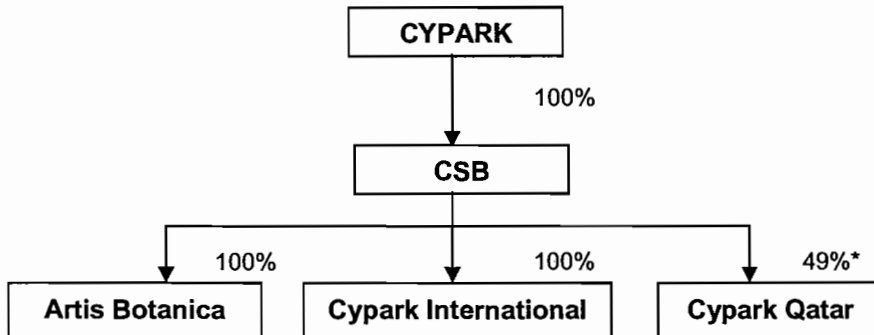
Certain information in this Prospectus is based on the historical experience of the Group and may not be reflective of future results. Whilst the interpretation of this information may be forward-looking, the contingencies and inherent uncertainties underlying this information should be carefully considered by investors and should not be regarded as a representation by our Group and our advisers that the objectives and the future plans of the Group will be achieved. Any differences in the expectation of the Group from its actual performance may result in the Group's financial and business performances and plans to be either, materially or immaterially, different from those anticipated.

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**4. INFORMATION ON OUR GROUP**

**4.1 GROUP STRUCTURE**

An overview of our Group's corporate structure as at LPD is set out below:-



Note:-

\* With regards to the accounts of Cypark Qatar, the same has been consolidated in the Group's accounts pursuant to the provisions of FRS 3 wherein CSB has obtained control (control is defined under FRS 3 as the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities or the power to govern the financial and operating policies of the other entity under a statute or an agreement) over the management of Cypark Qatar by virtue of a Management Agreement dated 14 August 2008 and the Memorandum of Association of Cypark Qatar. As such, the revenue and profits of Cypark Qatar had been fully consolidated in our Group's accounts.

The summary details of the subsidiaries and associate company of our Company are as follows: -

| Corporation | Date/Place of Incorporation | Effective Equity Interest (%) | Issued and Paid-up Share Capital | Principal Activities  |
|-------------|-----------------------------|-------------------------------|----------------------------------|---|
| CSB         | 27 February 1999 / Malaysia | 100.0                         | RM3,300,000                      | <p>Environmental and landscape services specialist.</p> <p>Environmental services provided include COLARIS, landfill restoration, environmental monitoring and management, and wastewater treatment.</p> <p>Landscape services offered include integrated turnkey contract services, management services and planning and design services for external built environment including the landscape infrastructure, public amenities such as parks and recreation facilities, tourism development, nature conservation and environmental amelioration works and landscape infrastructure works as well as plant materials sourcing, transportation, conditioning and installation of plant materials at sites.</p> |

**4. INFORMATION ON OUR GROUP (Cont'd)**

| Corporation          | Date/Place of Incorporation | Effective Equity Interest (%) | Issued and Paid-up Share Capital | Principal Activities  |
|----------------------|-----------------------------|-------------------------------|----------------------------------|---|
| Artis Botanica       | 13 April 2000 / Malaysia    | 100.0                         | RM250,000                        | A landscape maintenance services specialist for public parks, public amenities and other landscape developments.  |
| Cypark International | 9 September 2008 / Malaysia | 100.0                         | RM2                              | Dormant   |
| Cypark Qatar         | 12 June 2005 / Qatar        | 49.0*                         | QAR200,000                       | Landscape specialist that offers integrated turnkey contract services, management services and planning and design services for external built environment including the landscape infrastructure, public amenities such as parks and recreation facilities, tourism development, nature conservation and environmental amelioration and landscape infrastructure works as well as plant materials sourcing, transportation, conditioning and installation of plant materials at sites. |

**Note:-**

\*

*With regards to the accounts of Cypark Qatar, the same has been consolidated in the Group's accounts pursuant to the provisions of FRS 3 wherein CSB has obtained control (control is defined under FRS 3 as the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities or the power to govern the financial and operating policies of the other entity under a statute or an agreement) over the management of Cypark Qatar by virtue of a Management Agreement dated 14 August 2008 and the Memorandum of Association of Cypark Qatar. As such, the revenue and profits of Cypark Qatar had been fully consolidated in our Group's accounts.*

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#### 4. INFORMATION ON OUR GROUP (Cont'd)

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##### 4.2 OUR HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Companies Act, 1965 on 19 February 2004 under the name of Cypark Resources Sdn Bhd as a private limited company. On 23 March 2004, it was converted into a public limited company and was subsequently converted back into a private limited company on 29 March 2006. On 29 January 2008, it was converted into a public limited company and has assumed its present name since. Our Company is an investment holding company with a wholly owned subsidiary, CSB, which in turn is the holding company of Artis Botanica, and Cypark International.

Our Company has been selected by an Executive Committee of the SJJB in 2007, chaired by the Prime Minister, a scheme which was formed to identify and provide assistance to potential Bumiputera companies to be listed in Bursa Securities.

Today, our Group is primarily an environmental technology and engineering specialist and integrated landscape services expert that has a successful track record both locally as well as internationally. Our current major projects are located in throughout Peninsular Malaysia including Negeri Sembilan, Johor, Terengganu, Pahang, Perlis and Putrajaya.

We provide environmental technology and engineering solutions to both the private and public sectors. Our services include transforming neglected, 'degraded' or contaminated land into sustainable, beautiful and manageable fields, for a better and safer living environment. Some of the major environmental transformation projects we have completed include the restoration of a disused mining land in Cyberpark, Cyberjaya and restoration of the Taman Beringin Safe Landfill Restoration project in Kuala Lumpur. We provide environmental solutions focusing on the area of contaminated land through internally developed technology named COLARIS (contaminated land assessment, remediation and information management), landfill restoration, GARIS, environmental monitoring and management, and wastewater treatment.

Some of the major integrated landscape services projects we have successfully completed locally include design and build of the Putrajaya Waterfront - Core Island, the Cyberpark in Cyberjaya, the Taman Metropolitan Kepong, Kuala Lumpur, the maintenance of recreational fields and children's playgrounds in Kuala Lumpur, as well as the landscaping of a 6-star establishment, the Tanjung Rhu Resort Hotel (now known as Four Seasons Hotel) in Langkawi. Our Group has also successfully completed landscaping works overseas such as the AGV project in Doha, Qatar, Palm Jumeirah Marina Apartments and Burj Dubai Business Park II in Dubai, UAE.

Our Group through our subsidiary, CSB, entered the market as a landscape specialist in 1999 as several of the Group's key clients, namely Putrajaya Holdings, Setia Haruman Sdn Bhd and DBKL, moved towards outsourcing their landscape works. CSB capitalised on this niche market as the trends in the markets reflect the client's needs to stay focused on their core competencies.

The AGV project secured in 2005 through a back-to-back collaboration with AG Middle East marked our Group's first success in securing a landscape contract in the Middle East.

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**4. INFORMATION ON OUR GROUP (Cont'd)**

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In 2007, our Company has secured Pearl of Qatar project from Al Nakheel Agriculture and Trading W.L.L ("Al Nakheel") for the landscaping and irrigation works. However, in 2009 the Pearl of Qatar project has been discontinued through an amicable settlement between our Group and Al Nakheel. Our Group has since not pursued any new projects in the Middle East in view of the disruption in the global credit markets and the slowdown in the global economy since second half of year 2008.

The reasons for the discontinuance of the Pearl of Qatar contract are as follows:-

- (a) The disruption in the global markets and slowdown in the global economy since second half of 2008 have resulted in a slowdown in the Pearl of Qatar project. The Pearl of Qatar development progress at the site had been slower than our management's expectation. This subsequently led to a delay of the handing over of site by Al Nakheel to our Group.

As such, our management did not expect to be able to complete the Pearl of Qatar project as per the agreed schedule set out in the Sub-Contract Agreement.

- (b) The continuous delay in the handing over of the Pearl of Qatar project site has caused Cypark Qatar to incur additional expenses which was not budgeted for. Overhead costs such as rental of plant and machinery, motor vehicles and office space, staff salaries and other staff related costs such as rental of staff accommodation were still incurred which gradually affected the profit margins of our Group.
- (c) During the time when the Sub-Contract Agreement was executed, our Group's quotation was based on the material prices in the 2005 and 2006. In 2008 and 2009, the construction material prices in Qatar increased leading to a higher cost of sales incurred by our Group, which subsequently will result in an erosion in our Group's profit margin.

Based on the above mentioned factors, our management found that the risk profile for the Pearl of Qatar project has increased significantly. Thus, in the best interest of our Company, our management had decided to terminate the contract at an early stage of the Pearl of Qatar project to avoid any unfavorable consequences in the future.

Further details on the settlement arrangement between our Group and Al Nakheel are set out in Section 14.4 of this Prospectus.

With a team of a multi-disciplinary group of professionals ranging from project managers, multi discipline engineers, health and safety personnel, environmental scientists, horticulturists, landscape architects, accountants to quantity surveyors, our Group is well-positioned to be a leading environmental technology and engineering solutions and integrated landscape services provider, both locally and internationally.



**4. INFORMATION ON OUR GROUP (Cont'd)****4.3 LOCATION OF BUSINESS****Principal Place of Business**

| <b>Companies</b>                                     | <b>Address</b>   | <b>Facilities Function</b> | <b>Property Owner</b> |
|--|--|----------------------------|-----------------------|
| Cypark, CSB, Artis Botanica and Cypark International | 13A-09, Block A<br>Phileo Damansara II,<br>No. 15 Jalan 16/11,<br>46350 Petaling Jaya,<br>Selangor Darul Ehsan | Corporate office           | Mr Tan Kim Kock       |

There are no landed properties held by our Group. Our Group also has site offices in Negeri Sembilan, Johor, Terengganu, Perlis, Pahang and Putrajaya.

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#### 4. INFORMATION ON OUR GROUP (Cont'd)

##### 4.4 KEY ACHIEVEMENTS AND MILESTONES

The table below sets out our Group's key development and achievement milestones over the years:

| Year | Events  |
|------|---|
| 1999 | <ul style="list-style-type: none"> <li>Incorporated CSB. Commenced operations from our current head office in Phileo Damansara II, Petaling Jaya, Selangor.</li> <li>Successfully secured our first project, namely Cyberpark in Cyberjaya, which, in 1999, was the largest landscape project undertaken by the National Landscape Department, which was of approximately RM27.0 million.</li> </ul>  |
| 2000 | <ul style="list-style-type: none"> <li>Incorporated Artis Botanica to conduct landscape-related maintenance services and other landscape developments.</li> <li>Secured the design and build project for the development of Taman Metropolitan Kepong, Kuala Lumpur for DBKL, which was of approximately RM8.0 million.</li> </ul>  |
| 2001 | <ul style="list-style-type: none"> <li>Secured large scale landscape project from Putrajaya Holdings for the design, construction, completion, testing and commissioning of the Waterfront Promenade and construction of sewerage works, which was of approximately RM153.0 million.</li> <li>Obtained the ISO 9002:1994 quality system certification from SGS (Malaysia) Sdn Bhd. The certification was later upgraded to the ISO 9001:2000 Certification – Project Management of Design and Built Contracts for the Built Environment Certificate of Registration in 2003.</li> </ul>   |
| 2002 | <ul style="list-style-type: none"> <li>Awarded with a contract by MAS Hotel &amp; Boutiques Sdn Bhd for softscape works in 6-star MAS Tanjung Rhu Resort (now known as Four Season Hotel), with a contract value of approximately RM7.0 million.</li> <li>Secured a project from DBKL to conduct maintenance work for Taman Rekreasi Lembah Kiara and Taman Antarabangsa Bukit Jalil in Kuala Lumpur with a contract value of approximately RM1.7 million.</li> </ul>   |
| 2004 | <ul style="list-style-type: none"> <li>Extended business activities into the provision of integrated environmental technology and engineering solutions.</li> <li>Secured our first environmental project, namely the Taman Beringin landfill closure and landscaping works project – Phase 1 in Kuala Lumpur from DBKL, which was of approximately RM28.3 million.</li> <li>CSB was awarded with the Certification of Achievement in being one of the Winners of the 2004 Enterprise 50 Award Programme by Small and Medium Industries Development Corporation &amp; Deloitte KassimChan. This award recognises the achievements of Malaysia's enterprising home-grown companies that are well-positioned for the future.</li> </ul> |

#### 4. INFORMATION ON OUR GROUP (Cont'd)

| Year | Events   |
|------|--|
| 2005 | <ul style="list-style-type: none"> <li>• Incorporated Cypark Qatar* to expand into the Middle East region.</li> <li>• Awarded with a contract to conduct softscape works for the Johor State New Administrative Centre by Julung Cipta Sdn Bhd, with a contract value of approximately RM3.8 million.</li> <li>• Awarded with a contract to provide landscaping works for the Kuala Lumpur Convention Centre by Sunway Construction Berhad, with a contract value of approximately RM1.0 million.</li> <li>• Awarded with contracts by Putrajaya Holdings to construct and complete the remaining roadworks, utilities and landscape in Precinct 15, Putrajaya, with a contract of approximately RM26.0 million.</li> <li>• Successfully secured first customer in the Middle East, namely AG Middle East, to conduct hard landscaping works for the AGV project in Doha, Qatar with a contract value of approximately RM102.7 million.</li> </ul> |
| 2006 | <ul style="list-style-type: none"> <li>• Awarded first streetscape landscaping and irrigation contract in Dubai, UAE for Emirates Hill Drive by Emaar Properties PJSC, with a contract value of approximately RM7.0 million.</li> <li>• Awarded with a contract for the development of Business Park Phase II in Burj Dubai by Al Nekhreh Contracting Co L.L.C, with a contract value of approximately RM7.0 million.</li> </ul>   |
| 2007 | <ul style="list-style-type: none"> <li>• Secured a project from Institute of Teknologi Petronas Sdn Bhd for the provision of landscape works for Universiti Teknologi Petronas, Perak, with a contract value of approximately RM1.9 million.</li> <li>• Awarded with two (2) variation order by DBKL (Taman Beringin Safe Landfill Restoration project) for the:- <ul style="list-style-type: none"> <li>○ construction of a leachate treatment plant; and</li> <li>○ landfill closure &amp; landscaping works (variation order: plateau 2 &amp; slope protection).</li> </ul> </li> <li>• Secured a project from Al-Arrab Contracting Company Ltd for the design works portion of the landscaping works for the Garden Palace of HRH Prince Mishal Bin Abdul Aziz in Saudi Arabia, with a contract value of approximately RM0.9 million.</li> <li>• Successfully developed MLTP.**</li> </ul>   |
| 2008 | <ul style="list-style-type: none"> <li>• Awarded with O&amp;M contract for the leachate treatment plant at Taman Beringin landfill by DBKL, with a contract value of approximately RM2.2 million.</li> <li>• Secured a project from Putrajaya Holdings for the provision of site services for Putrajaya Development Phase 2, with a contract value of approximately RM1.9 million.</li> <li>• Awarded with two (2) projects by Sunway Construction Berhad, with a contract value of approximately RM10.2 million, for the: <ul style="list-style-type: none"> <li>○ construction and completion of hardscape and other associated works in Precinct 11 Putrajaya; and</li> <li>○ construction and completion of softscape and walkway and other associated works in Precinct 11, Putrajaya.</li> </ul> </li> </ul>   |

**4. INFORMATION ON OUR GROUP (Cont'd)**

| Year | Events   |
|------|--|
| 2009 | <ul style="list-style-type: none"> <li>Secured a project from U-Wood Resources Berhad for the landscaping works for Kampus University Teknologi Mara, Kuala Selangor, with a contract value of approximately RM1.7 million.</li> <li>Secured a project from Shimizu Corporation for the landscaping and irrigation works for the Palm Jumeirah Marina Apartments Project in Dubai, UAE, with a contract value of approximately RM32.1 million.</li> <li>Secured a project from Putrajaya Holdings for the construction and completion of remaining infrastructure and roadworks for Precinct 3, 5 and 8 and Rectification works at Boulevard Precinct 3 and 4, with a contract value of approximately RM15.0 million.</li> <li>Secured a project from Putrajaya Holdings for the provision of site services for Putrajaya Development Phase 2, with a contract value of approximately RM1.3 million.</li> <li>Awarded with the National Landfill Restoration project by the KPKT covering 16 Landfill sites in five (5) states in Peninsula Malaysia namely Negeri Sembilan, Johor, Terengganu, Pahang and Perlis, with a contract value of approximately RM483.1 million.</li> <li>Successfully shortlisted as one of the prequalified bidders for the Brunei Economic Development Board Energy Efficient Waste Management System in Brunei (scope of work consists of closure of existing landfill, construction of new sanitary landfill, construction of transfer station and leachate treatment plant).</li> <li>Successfully obtained project financing for the National Landfill Restoration project from Maybank with a total loan facilities of RM155.0 million.</li> </ul> |
| 2010 | <ul style="list-style-type: none"> <li>As at LPD, the work done for the National Landfill Restoration project is within the agreed work programme.</li> </ul>  |

**Note:-**

\* With regards to the accounts of Cypark Qatar, the same has been consolidated in the Group's accounts pursuant to the provisions of FRS 3 wherein CSB has obtained control (control is defined under FRS 3 as the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities or the power to govern the financial and operating policies of the other entity under a statute or an agreement) over the management of Cypark Qatar by virtue of a Management Agreement dated 14 August 2008 and the Memorandum of Association of Cypark Qatar. As such, the revenue and profits of Cypark Qatar had been fully consolidated in our Group's accounts.

\*\* The MLTP was developed in 2007 as an alternative solution to treat leachate of a lower volume (flowrate) for landfill sites which do not warrant a permanent leachate treatment plant. This was developed while our Group undertook the Taman Beringin Landfill Restoration project which had readily available leachate at the site for research and testing purposes. The MLTP is able to treat leachate of a few small landfills within the vicinity of a state. The value of this development was about RM380,000 which includes labour costs, training costs and the costs for testing and commissioning and fabrication of the various components of the MLTP

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#### 4. INFORMATION ON OUR GROUP (Cont'd)

##### 4.5 SHARE CAPITAL AND CHANGES IN SHARE CAPITAL

The present authorised share capital of our Company is RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each. The existing issued and paid-up share capital of our Company is RM57,500,000 comprising 115,000,000 Shares.

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

| Date of Allotment / Subdivision | Number of shares Allotted | Par Value (RM) | Consideration       | Cumulative Issued and Paid-up Share Capital (RM) |
|---------------------------------|---------------------------|----------------|---------------------|--|
| 19 February 2004                | 2                         | 1.00           | Subscribers' shares | 2  |
| 26 September 2006               | 4                         | 0.50           | Share split         | 2  |
| 1 October 2006                  | 80,000,000                | 0.50           | Acquisition of CSB  | 40,000,002                                       |
| 23 August 2010                  | 34,999,996                | 0.50           | Bonus Issue         | 57,500,000                                       |

##### 4.6 OUR SUBSIDIARIES AND ASSOCIATE COMPANY

###### 4.6.1 CSB

###### (a) Background and history

CSB was incorporated on 27 February 1999 under the name of Usaha Stabil Sdn Bhd as a private limited company under the Companies Act, 1965. On 23 March 1999, it changed its name to Cypark Sdn Bhd and has assumed its present name since. CSB commenced business operations on 27 March 1999

###### (b) Principal activities and products/services

The Company is an environmental and landscape services specialist.

Environmental services provided include COLARIS, landfill restoration, environmental monitoring and management, and wastewater treatment.

Landscape services offered include integrated turnkey contract services, management services and planning and design services for external built environment including the landscape infrastructure, public amenities such as parks and recreation facilities, tourism development, nature conservation and environmental amelioration works and landscape infrastructure works as well as plant materials sourcing, transportation, conditioning and installation of plant materials at sites.

#### 4. INFORMATION ON OUR GROUP (Cont'd)

**(c) Substantial shareholders**

CSB is a wholly-owned subsidiary company of our Company.

**(d) Share capital**

The present authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, while its issued and paid-up share capital is RM3,300,000 comprising 3,300,000 ordinary shares of RM1.00 each.

There have been no changes in CSB's issued and paid-up capital for the last three (3) years.

**(e) Subsidiaries or associate company**

CSB has two (2) wholly owned subsidiaries, namely Artis Botanica, Cypark International and one (1) associate company, namely Cypark Qatar.

##### 4.6.2 Artis Botanica

**(a) Background and history**

Artis Botanica was incorporated on 13 April 2000 in Malaysia under the name of Artis Botanica Corporation Sdn Bhd under the Companies Act, 1965. Artis Botanica commenced business operations on 1 January 2001.

**(b) Principal activities and products/services**

Artis Botanica is a landscape maintenance services specialist for public parks, public amenities and other landscape developments.

**(c) Substantial shareholders**

Artis Botanica is a wholly owned subsidiary of CSB.

**(d) Share capital**

The present authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, while its issued and paid-up share capital is RM250,000 comprising 250,000 ordinary shares of RM1.00 each.

There have been no changes in Artis Botanica's issued and paid-up capital for the last three (3) years.

**(e) Subsidiary or associate company**

Artis Botanica does not have any subsidiary or associate companies.

**4. INFORMATION ON OUR GROUP (Cont'd)****4.6.3 Cypark International****(a) Background and history**

Cypark International was incorporated on 9 September 2008 in Malaysia under the name of Cypark International Sdn Bhd under the Companies Act, 1965.

**(b) Principal activities and products/services**

Cypark International has not commenced business since the date of its incorporation and is currently dormant. The intended principal activities of Cypark International was an environmental and landscape services specialist.

**(c) Substantial shareholders**

Cypark International is a wholly owned subsidiary of CSB

**(d) Share capital**

The present authorised share capital is RM500,000 comprising five hundred thousand (500,000) ordinary shares of RM1.00 each, while its issued and paid-up share capital is RM2 comprising two (2) ordinary shares of RM1.00 each.

The changes in Cypark International's issued and paid up share capital for the last three (3) financial years are as follows: -

| <b>Date Issued</b> | <b>No. of shares allotted</b> | <b>Par value (RM)</b> | <b>Consideration</b> | <b>Cumulative issued and paid up share capital (RM)</b> |
|--------------------|-------------------------------|-----------------------|----------------------|---|
| 9 September 2008   | 2                             | 1.00                  | Cash                 | 2.00  |

**(e) Subsidiary or associate company**

Cypark International does not have any subsidiary or associate companies.

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#### 4. INFORMATION ON OUR GROUP (Cont'd)

##### 4.6.4 Cypark Qatar

###### (a) Background and history

Cypark Qatar was incorporated on 12 June 2005 under the name of Cypark Landscape Services Qatar W.L.L as a limited liability company registered with the Ministry of Economy and Commerce in the State of Qatar. Cypark Qatar commenced business operations on the same day.

###### (b) Principal activities and products/services

The principal activity of Cypark Qatar includes landscape specialist that offers integrated turnkey contract services, management services and planning and design services for external built environment including the landscape infrastructure, public amenities such as parks and recreation facilities, tourism development, nature conversion and environmental amelioration and landscape infrastructure work as well as plant materials sourcing, transportation, conditioning and installation of plant materials at sites.

###### (c) Substantial shareholders

Cypark Qatar is a 49.0% associate company of our Company. The substantial shareholders of Cypark Qatar are as follows:-

| Name   | Direct             |      | Indirect               |      |
|--|--------------------|------|------------------------|------|
|  | No. of shares held | %    | No. of shares held     | %    |
| CSB  | 98,000             | 49.0 | -                      | -    |
| Thimar Business Development Co. W.L.L  | 102,000            | 51.0 | -                      | -    |
| Mr Khalid bin Nassir Abdullah Almusnad   | -                  | -    | 102,000 <sup>(1)</sup> | 51.0 |
| International Co. For Trade and Development:<br>Represented by Khalid bin Nassir Abdullah Almusnad | -                  | -    | 102,000 <sup>(1)</sup> | 51.0 |

Note:

(1) Deemed interested by virtue of its substantial shareholding in Thimar, which in turn has substantial shareholdings in Cypark Qatar pursuant to Section 6A of the Act.



#### 4. INFORMATION ON OUR GROUP (Cont'd)

By virtue of a Management Agreement dated 10 August 2005 ("**Previous Management Agreement**") made between CSB and Thimar Business Development Co. W.L.L ("**Thimar**"), the parties agree, amongst others, that CSB shall have the exclusive right to manage Cypark Qatar and Thimar shall provide such assistance as required to CSB for the lawful management and operation of Cypark Qatar. Further, Thimar shall be entitled to 2% of the revenue (nett tax) of Cypark Qatar in connection with the provision of such assistance and Thimar shall assign to CSB all dividends resulting from the operations of Cypark Qatar.

By virtue of a Management Agreement on 14 August 2008 ("**New Management Agreement**") made between CSB and Thimar (this New Management Agreement replaces the terms and conditions of the Previous Management Agreement), the parties agree, amongst others, for CSB's appointment by Thimar for the provision of such management support services in relation to all aspects of Cypark Qatar's business and other affairs. In consideration of CSB's said appointment, CSB shall receive 98% of the profits of Cypark Qatar as dividends whereas Thimar shall be entitled to receive a total of 2% of the revenue (nett tax) of Cypark Qatar less any amount which has been paid to Thimar as dividends.

Full details of the Previous Management Agreement and the New Management Agreement is set out in Section 14.4 (ii) of this Prospectus.

**(d) Share capital**

The authorised and issued share capital of Cypark Qatar at the date of incorporation was QAR200,000 (approximately RM200,400) comprising 200,000 ordinary shares of QAR100.00.

There have been no changes in Cypark Qatar's issued and paid-up capital for the last three (3) years.

**(e) Subsidiary or associate company**

Cypark Qatar does not have any subsidiary or associate companies.

#### 4.7 MATERIAL CAPITAL EXPENDITURES AND DIVESTITURES

Our Group has not undertaken any material capital expenditures and material divestitures that are currently in progress and in the past three (3) financial years.

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#### 4. INFORMATION ON OUR GROUP (Cont'd)

##### 4.8 LISTING SCHEME

In conjunction with, and as an integral part of the listing and quotation for the entire issued and paid-up share capital of our Company on the Main Market of Bursa Securities, our Company proposes to implement the listing scheme set out as follows:-

- (i) Bonus Issue;
- (ii) Shares Transfer;
- (iii) IPO;
- (iv) Offer for Sale;
- (v) Listing of and Quotation of our Shares; and
- (vi) ESOS.

The aforesaid proposals are inter-conditional and should be viewed as one exercise undertaken to facilitate the Listing of the Company.

##### 4.8.1 Bonus Issue

Our Company undertook a bonus issue of 34,999,996 new ordinary shares of RM0.50 each to our existing shareholders on the basis of approximately seven (7) bonus shares for every sixteen (16) existing Shares held in our Company. Bonus Issue was affected through the capitalisation of RM17,500,000 out of our Company's audited retained earnings as at 31 March 2010.

The Bonus Issue was completed on 23 August 2010 and resulted in an increase in the issued and paid-up share capital of our Company from RM40,000,002 to RM57,500,000.

All the new Shares issued pursuant to the Bonus Issue ranked pari passu in all respect with the existing Shares of our Company except that they will not be entitled to any dividends, rights, allotments declared, made or paid prior to the allotment of the said new Shares.

##### 4.8.2 Shares Transfer

Subsequently, during the prescription period, certain shareholders of our Company, namely Siow Kwang Khee and Tan Sri Razali bin Ismail will transfer a portion of their Shares to Daud bin Ahmad and Tan Swee Loon for an agreed upon consideration.

Upon completion of the Bonus Issue and Shares Transfer, the shareholding structure of our Company will be as follows:

| Name                      | After Bonus Issue and Shares Transfer | %     |
|---------------------------|---------------------------------------|-------|
| Tan Sri Razali bin Ismail | 61,962,000                            | 53.9  |
| Daud bin Ahmad            | 16,813,000                            | 14.6  |
| Siow Kwang Khee           | 23,290,000                            | 20.3  |
| Tan Swee Loon             | 12,935,000                            | 11.2  |
|                           | 115,000,000                           | 100.0 |

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#### **4. INFORMATION ON OUR GROUP (Cont'd)**

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##### **4.8.3 IPO**

Our Company is undertaking an IPO and have been set out in Section 2.3 of this Prospectus.

##### **4.8.4 Offer For Sale**

Our Offerors are undertaking an offer for sale, details of which are set out in Section 2.3(b) of this Prospectus.

##### **4.8.5 Listing of and quotation for our Shares**

Our Company have made an application to Bursa Securities for the admission of our Shares into the Official List, and the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities, of which the approval was obtained on 20 September 2010.

##### **4.8.6 ESOS**

Bursa Securities had vide its letter dated 20 September 2010 granted the approval-in-principle for the listing of and quotation for new Shares of up to a maximum of fifteen percent (15%) of our issued and paid-up share capital to be issued at any point in time within the duration of the ESOS pursuant to the exercise of options granted to eligible Directors and employees of our Group subject to the conditions set out in Section 13 of this Prospectus.

According to the Listing Requirements on ESOS, the effective date for the implementation of the ESOS shall be the date of full compliance with all the relevant requirements of Bursa Securities including the following: -

- (a) submission of the final copy of the By-Laws of the Scheme to Bursa Securities;
- (b) receipt of approval-in-principle for the listing of the shares to be issued under the Scheme from Bursa Securities;
- (c) procurement of shareholders' approval for the Scheme;
- (d) receipt of approval of any other relevant authorities, where applicable; and
- (e) fulfilment of all conditions attached to the above approvals, if any.

AmInvestment Bank will submit a confirmation to Bursa Securities of full compliance of the above stating the effective date of implementation together with a certified true copy of the relevant resolution passed by shareholders in a general meeting. The submission of the confirmation will be made no later than five (5) market days after the effective date of implementation.

The ESOS shall be in for a duration of five (5) years. However, the ESOS may be extended for up to five (5) years at the discretion of the Board of Directors upon the recommendation of the ESOS Committee.

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**4. INFORMATION ON OUR GROUP (Cont'd)**

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The Option Committee may, within the duration of the Scheme, make offers to grant Options to the eligible directors and employees of our Group in accordance with the ESOS By-Laws duly approved by the shareholders of the Company.

According to the Listing Requirements on ESOS, where the ESOS Options are granted on or after the Company is listed on Bursa Securities, the exercise price shall be the higher of:-

- (a) the five (5) days weighted average market price of the Shares in the Company preceding the date of offer, with a discount that does not exceed ten per centum (10%); or
- (b) the par value of the Shares.

All the new Shares issued pursuant to the exercise of the Options, will upon allotment and issue, rank *pari passu* in all respect with the existing Shares of our Company except that they will not be entitled to any dividends, rights, allotments declared, made or paid prior to the allotment of the said Shares.

The Directors of our Company intend to utilise the proceeds from the exercise of Options, if any, for our Group's working capital requirements.

The By-Laws of the ESOS are set out in Section 13 of this Prospectus.

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**4. INFORMATION ON OUR GROUP (Cont'd)**

**4.9 BUSINESS OVERVIEW OF OUR GROUP**

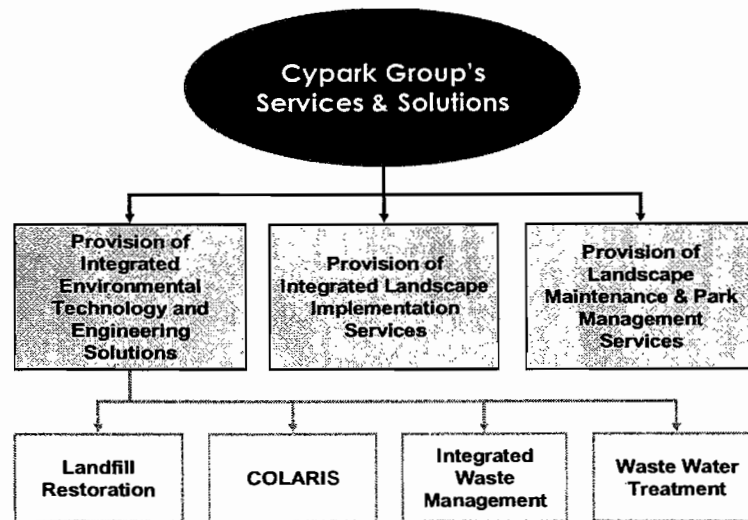
**4.9.1 Types of products and services**

Our Group is an environmental and integrated landscape services provider. We pride ourselves as being able to provide:-

- (i) integrated environmental technology and engineering solutions, specifically COLARIS, landfill restoration, environmental monitoring and management, and wastewater treatment;
- (ii) integrated landscape services, namely the design, construction, management and maintenance of the external built environment in urban developments, through effective integration of multi-disciplinary skills. The external built environments include landscape infrastructure, public amenities, such as parks and recreation facilities, tourism development, nature conservation and environmental management and amelioration; and
- (iii) provision of landscape maintenance and park management services.

Our Group, through our subsidiary, namely CSB, offers a turnkey approach for such major development projects.

Our Group's core activities can be classified as follows:-



**4.9.2 Integrated environmental technology and engineering solutions**

The need for sustainable development has pushed up the demand for environmental solutions. This pertains not only to assessment and monitoring services, but also to the implementation of remedial works. Focusing on this niche market, our Group has the capability to provide, to a certain extent, the following major goods and services offered under the environmental goods and services industry:-

#### 4. INFORMATION ON OUR GROUP (Cont'd)

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- Cleaner technologies and processes;
- Environmental consulting services;
- Environmental monitoring and instrumentation;
- Protection and remediation of soil and groundwater;
- Renewable energy; and
- Wastewater treatment.

Our Group has the technology to convert contaminated or disused land, such as former mining ponds, landfills and wastelands, into public recreation parks. With this technology, our Group has the capability to conduct many civil and environmental engineering works including engineered soil capping, surface water drainage, leachate collection and treatment, landfill gas collection and treatment, and landscaping works.

Our integrated environmental solutions can be broken down into four (4) main areas as summarised as below:

**(i) Landfill restoration**

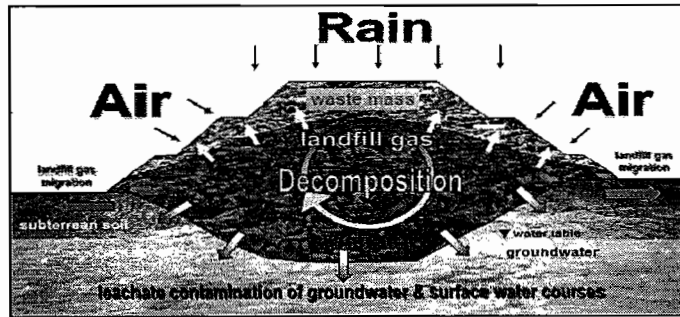
Landfill operation without thorough and proper environmental management in place can create major environmental nightmare and nuisances, such as ground water and surface water pollution, fires, odour, noise, dust, pests and air-borne vectors. Major environmental consequences include generation of high concentration leachate and landfill gas that pose great environmental, health and safety risks to the neighbouring land and surrounding habitat (receptors), as well as contaminates our valuable surface and groundwater resources. Besides that, stability of landfills remains a critical factor. Slope stability failures and fires at landfills have resulted in many well-publicised incidents that involved loss of lives and damages to properties. These include reported incidents of fires at the Taman Beringin landfill prior to remediation on 16 February 2004 in the Sun newspaper. As such, safe landfill closures and rehabilitation of landfills that have reached their economic lifecycle is increasingly becoming critical for the well-being of communities.

**(a) SER System**

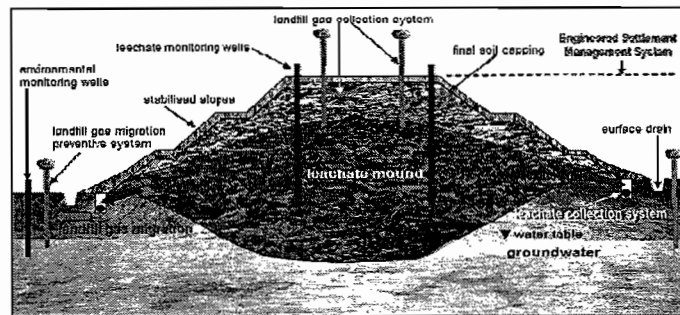
Our Group has developed the SER System which combined technologies and engineering expertise internally to design and build landfill closure system that mitigate or eliminate the impact of harmful pollutants to the environment and surrounding ecology and habitat. Using this system, environmental measures are conducted, including a series of site assessments, lab tests, design and installation of carefully engineered impermeable capping layer, leachate collection and management system, and landfill gas collection system. The diagrams below illustrate the difference of a landfill without the SER System and one with the system.

4. INFORMATION ON OUR GROUP (Cont'd)

Before



After



(b) Leachate management system

The leachate management system developed by our Group is a comprehensive management system that can be adopted either by a new sanitary or a closed landfill. With a tested leachate management system, our Group is able to establish critical parameters of leachate pollution and develop a site sensitive model which is used to design leachate collection, containment and treatment system. The picture below shows a leachate management system that we constructed for the Taman Beringin Safe Landfill Restoration project in Kuala Lumpur.



Source: Cypark

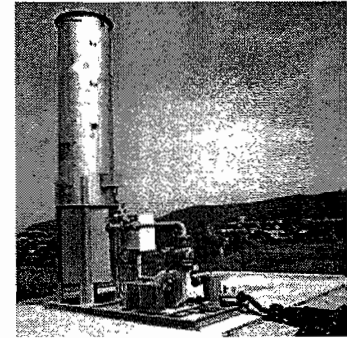
#### 4. INFORMATION ON OUR GROUP (Cont'd)

##### (c) Landfill gas management system

Our landfill gas management system is used to assess landfill gas generation and manage effectively the harmful emission to the atmosphere and to prevent sub-surface migration. The landfill gas management system constructed will use either a passive gas venting or an active extraction system. The pictures below show some of our past constructions of the landfill gas management system.



*Passive vents installed at Taman Beringin Safe Landfill Restoration project in Kuala Lumpur*



*Landfill Gas Management System constructed at Taman Beringin Safe Landfill Restoration project in Kuala Lumpur*

##### (d) Leachate evaporation system

Our leachate evaporation system utilises an in-house developed thermal technology. It is designed to minimise the cost of operating a landfill, in particular the leachate treatment system. The landfill gas released is flared and the heat is used to evaporate the leachate.

##### (ii) COLARIS

COLARIS is a comprehensive remediation and treatment system that provides assessment and remediation service related to contaminations that arise from mining, industrial, as well as landfill and dumpsite activities. It can be divided into two groups, and are explained as follows:-



#### 4. INFORMATION ON OUR GROUP (Cont'd)

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**(a) Contaminated land site assessment**

The contaminated land site assessment involves preliminary assessment as well as intrusive assessment which requires development of monitoring wells, soil investigations, monitoring works, lab test, etc. It is conducted to determine the condition of the site and its surroundings before any remediation activities can be designed and implemented.

**(b) Remediation**

Our remediation works can be divided into three parts, on-site remediation (in situ zone remediation, containment, protection, pathway prediction and fate of offsite receptors), off-site remediation (zone remediation, containment and protection) as well as special collection and disposal services (on-site and off-site soil treatment).

**(iii) Integrated waste management**

Environmentally unfriendly waste management practices have been attributed globally as one of the major causes of pollution. Urbanisation and population growth have made proper waste management to be very critical to ensure the sustainability of our environment. Our Group has the experience, expertise and resources to help the government in implementing sustainable waste management policy that encompass the following areas:-

**(a) Transfer station**

We have the capability to plan, design, construct and operate modern waste transfer station facilities that handles various types of wastes which includes bulky, domestic, green as well as commercial. Our experience and track record in the area is supported by our involvement in the planning and development of the proposed Southern Kuala Lumpur Transfer Station project in Kg Bohol, Kuala Lumpur.

**(b) Material recovery/recycling facility**

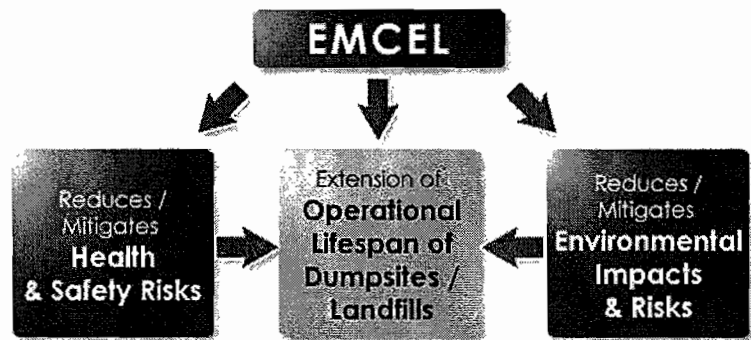
Our Group also has the expertise to plan, design, construct and operate a modern material recovery/ recycling facility that is capable to handle various types of wastes which include bulk, domestic, mixed and commercial.

#### 4. INFORMATION ON OUR GROUP (Cont'd)

##### (c) Landfill

Landfills have been one of the methods used to dispose waste in countries where land is available. Over the years, we have been exposed to various aspects of the landfill segment which has provided us with the experience to provide planning, design and construction of sanitary landfills (including inert or sanitary landfill). Services provided also include site identification as well as conducting various forms of environmental impact assessment study.

##### (d) EMCEL



EMCEL is an environmentally sustainable service offered to owners of dumpsites and landfills (i.e. local authorities) to mitigate any environmental, health as well as safety risks in complying with the prescribed environmental legislation and local regulations. It is designed to extend the operational lifespan of these existing dumpsites and landfills while long term solutions such as new sanitary landfills are being planned and developed.

##### (e) Collection and disposal

Our integrated waste management service also extends to the provision of collection and disposal of certain types of wastes which include green waste, bulky waste and industrial/ commercial waste.

##### (f) O&M of waste facility

In addition to designing and building waste management facilities, we are also capable of operating and maintaining landfills, material recovery facilities and transfer solutions.

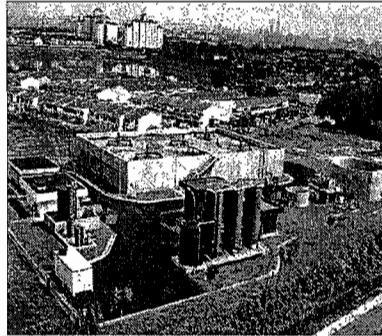
##### (iv) Waste water treatment

Our waste water treatment solutions are developed to help landfill owners manage the leachate associated with landfill and dumpsites. The following sections detailed the various areas that are covered by our waste water treatment solutions.

#### 4. INFORMATION ON OUR GROUP (Cont'd)

##### (a) Leachate treatment plant

Our leachate treatment plant can be divided into two major area, on-site and MLTP. Our on-site leachate treatment plant is usually a large scale comprehensive leachate management system that is designed and developed as a long term solution for either a new sanitary or a closed landfill. The following picture shows our past leachate treatment projects.



Source: Cypark

*A 300m<sup>3</sup> per day leachate treatment plant at Taman Beringin landfill in Kuala Lumpur*

##### (b) MLTP

We also have a MLTP service which allows leachate treatment process to continue to be part of the integral part of any waste management facility. MLTP is usually used in cases where site are restricted and the volume of leachate is not large. MLTP can also be deployed as emergency response treatment system should there be any planned or unplanned plant shutdown.

#### 4.9.3 Integrated landscape implementation services

Our Group, is a one-stop landscape service provider that is able to offer customers total project services, from the early stages of landscape planning and design, plant material sourcing, hardscape construction and softscape installation, to the final stages of landscape maintenance and management. Softscape refers to the natural elements in a landscape site, such as plant materials, rocks and stones, as well as the soil itself. Meanwhile, hardscape refers to the non-natural elements, namely elements that are not part of the softscape but are complementary to the natural environment. Example of hardscape elements are lighting, water features, walkways, gazebos, retaining walls, irrigations, sculptures, sports and fitness equipment, recreational structures, as well as park furniture like benches and garden tables.

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**4. INFORMATION ON OUR GROUP (Cont'd)**

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Our Group offers service to both private companies and public institutions. We have a long standing track record of over eleven (11) years in providing a total integrated landscaping service that help to fulfill the specific needs of our clients. Part of our total integrated landscaping service includes understanding and accessing our clients' specific needs and requirements and identifying suitable landscaping solutions.

Our Group has the flexibility to break our total service package into smaller units to suit specific customers' requirements. In general, our Group's services package is structured into four (4) distinct service groups, each focusing and covering specific aspects in the project development and life cycle, as discussed below:-

**(i) Plant materials supply**

Through our Plant Materials Supply division, our Group manages a pool of suppliers comprising mainly nurseries, where plants of varied species and sizes are grown according to customer specifications. Our Group's involvement in the planning and design stages of our landscape projects have equipped us with the necessary knowledge and experience in the planning of our plant materials requirements. Hence, the growing capacity and variety are dependent on current needs as well as forecasted needs. In addition, our Group's in-house horticulturists provide our Company with knowledge of the most suitable plants for each project, which in turn allows our Group to provide sound recommendations to our customers as per their needs and requirements.

In line with our Group's view to become a leading plant materials supplier, a clear definition of quality and consistency amongst suppliers and buyers is developed. Suppliers are required to adopt a zero defect programme through the proper acclimatisation and conditioning of plants and their maintenance. Acclimatisation and conditioning involve gradual adjustments of the solar intensity, water requirements and general exposure, to ensure that the plant materials are accustomed to their new/future environment. This coincides with a quarantine period to ensure that they are disease- and pest-free before being planted at the final landscape sites. Plant conditioning also includes plant preparation prior to transportation. This involves root pruning and wrapping, crown trimming and other plant treatment and protection procedures, which allows the plant materials to be transported conveniently to designated sites without causing serious damage.

**(ii) Design and planning services**

Design and planning services involve making initial contact with customers, and offering these customers the opportunity to explore their needs and requirements fully and freely. Upon full comprehension, detail assessment and consultation, these needs and requirements are translated into opportunities for sustainable solutions with added economic value, whereby cost, functionality and aesthetics are balanced.

#### 4. INFORMATION ON OUR GROUP (Cont'd)

##### (iii) Project services

Project services provide continuation and consistency to the design and planning services. Project services convert and package the added economic value and sustainable solutions into practical realisable documentations. This process requires full and detailed evaluations of all project commercial and technical, statutory and legal requirements, and where necessary, provides value engineering solutions.

##### (iv) Project and construction management services

Our compliance with ISO9001:2008 standards, as well as statutory requirements set out by the DOE testify to the quality of our service-provision practices. This one step service covers the total project life cycle, namely initiation, specification, design, build and operation.

Project and construction management services involve planning, organising, coordinating and controlling, as well as taking the initial conceived value added sustainable solutions and value engineering designs through implementation, operation and the eventual handing over to the end user and/or customer. This provides consistency and continuation throughout the project lifecycle resulting in time and cost efficiencies, and delivering quality living environment.

Our Group is primarily involved in the master concept and design development of a landscape project. Professional expertise from a pool of skilled staff is deployed to ensure quality planning and design methods, which in turn ensures achievement of various landscaping objectives. For detailed design works involving a large number of designers that are less value-added in nature, our Group usually engage sub-contract service providers to carry out the works.

#### 4.9.4 Landscape maintenance and park management services

Our landscape maintenance and park management services involve the care and upkeep of the landscaped site/area. Work activities in this phase include turf, shrub and tree maintenance as well as management of irrigation, fertilisation and pest-related problems within the landscape setting.

Maintenance is a critical component in the value chain of landscape services, where quality work delivered by the design and build division is sustained through high standard maintenance programmes.

The continuous nature of these maintenance and park management services allows our subsidiary, Artis Botanica, to secure long term contracts. Maintenance works involve continuous improvements made to parks, on-going replacements of plants as well as trimming and pruning of trees and shrubs. Through park management activities, our Group is able to interact with the public and understand their demands and needs on areas of improvement.

**4. INFORMATION ON OUR GROUP (Cont'd)****Completed and on-going projects**

Below are the list of the major completed and on-going projects undertaken by our Group valuing more than RM4.0 million:-

**Completed projects**

| No. | Project title  | Description   | Contract Value (RM'000) | Completion Date |
|-----|--|---|-------------------------|-----------------|
|     | <b><u>Local projects</u></b>                                     |   |                         |                 |
| 1.  | Taman Metropolitan Kepong  | Plan, program, design and build park in Kepong  | 8,000                   | April 2002      |
| 2.  | 6-star Tanjung Rhu Resort Hotel (now known as Four Season Hotel) | Landscape works   | 7,000                   | February 2003   |
| 3.  | Putrajaya Waterfront   | Design, build and maintenance of Putrajaya Waterfront – Core Island   | 153,000                 | February 2007   |
| 4.  | Cyberpark (Phase 1), Cyberjaya                                   | Plan, program, design and build 40 hectares park in Cyberjaya   | 27,000                  | July 2004       |
| 5.  | Works for Road R8B and RIIC in Putrajaya                         | Landscape and irrigation works and pedestrian walkway in Putrajaya  | 4,600                   | December 2004   |
| 6.  | Roadworks and landscape at Precinct 15, Putrajaya                | Construction & completion of remaining roadworks and landscape for local road and spine road at Precinct 15, Putrajaya                              | 26,000                  | July 2006       |
| 7.  | KL Children's playground & recreational field                    | Maintenance and management of 192 children's playgrounds and fields with a twenty four (24) month contract  | 4,700                   | January 2006    |
| 8.  | Taman Beringin, DBKL   | Landfill closure and landscaping works – Phase 1  | 28,300                  | December 2007   |
| 9.  | Taman Beringin, DBKL   | Landfill closure and landscaping works – variation order: plateau 2 & slope protection  | 6,700                   | December 2007   |
| 10. | Kundang landfill closure   | Landfill closure  | 4,900                   | June 2008       |
|     | <b><u>Overseas projects</u></b>                                  |   |                         |                 |
| 1.  | AGV project  | Landscaping works for 2006 Asian Games Village and variation works  | 102,700                 | October 2006    |
| 2.  | Burj Dubai business park II                                      | Carrying out and completion of landscape and irrigation works including street furniture, soft landscaping and irrigation and lighting installation | 12,500                  | November 2006   |
| 3.  | Palm Jumeirah Marina Apartments                                  | Landscape works   | 23,100                  | December 2009   |

**4. INFORMATION ON OUR GROUP (Cont'd)****On-going projects**

| No | Project title   | Description  | Contract Value (RM'000) |
|----|---|--|-------------------------|
|    | <b><u>Local projects</u></b>  |  |                         |
| 1. | Infrastructure and Roadworks package RIIC, rectification works, Putrajaya | Rectification and landscape works                                | 15,000                  |
| 2. | National Landfill Closure Restoration                                     | National Landfill Closure Restoration (16 landfills in 5 states) | 483,077                 |

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**4. INFORMATION ON OUR GROUP (Cont'd)****4.10 PRINCIPAL MARKETS FOR PRODUCTS AND SERVICES**

Our Group's customers are based in both domestic and overseas markets. The revenue contribution of our Group's principal markets for the FYE 2009 and FPE 2010 is as follows:-

| Country                  | FYE 2005         |              | FYE 2006         |              | FYE 2007         |              | FYE 2008         |              | FYE 2009         |              | FPE 2010         |              |
|--------------------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|
|                          | Revenue (RM'000) | (%)          | Revenue (RM'000) | (%)          | Revenue (RM'000) | (%)          | Revenue (RM'000) | (%)          | Revenue (RM'000) | (%)          | Revenue (RM'000) | (%)          |
| Malaysia                 | 64,462           | 92.4         | 18,316           | 21.3         | 32,396           | 55.5         | 136,339          | 155.3        | 101,693          | 108.2        | 134,055          | 164.8        |
| Overseas (Qatar and UAE) | 8,613            | 12.3         | 62,048           | 81.9         | 27,783           | 47.6         | 11,181           | 12.7         | 23,944           | 25.5         | -                | -            |
| Consolidated adjustment  | (3,321)          | (4.7)        | (2,759)          | (3.2)        | (1,789)          | (3.1)        | (59,731)*        | (68.0)       | (31,650)*        | (33.7)       | (52,702)*        | (64.8)       |
| <b>Total</b>             | <b>69,754</b>    | <b>100.0</b> | <b>77,605</b>    | <b>100.0</b> | <b>58,390</b>    | <b>100.0</b> | <b>87,789</b>    | <b>100.0</b> | <b>94,037</b>    | <b>100.0</b> | <b>81,353</b>    | <b>100.0</b> |

Note:-

\* Revenue recorded as a result of the contract awarded by our Group to CSB in relation to the National Landfill Restoration project which requires intercompany elimination upon consolidation of our Group's accounts.

For FYE 2009, our Group has access to both domestic as well as overseas markets namely Qatar and United Arab Emirates. Our overseas revenue was mainly generated from UAE for the Palm Jumeirah Marine Apartments project. Our Group's ability to access local and export market is reflected in our customers secured. For FPE 2010, our revenue is mainly generated from our local project, the National Landfill Restoration project.

Our Group has secured both private and government-related projects, as well as both local and overseas customers. This is evidenced by projects that have been secured during the profit track records from FYEs 2005 to 2009 and FPE 2010, from local customers such as DBKL, Institute of Teknologi Petronas and PJHSB, as well as overseas customers such as United Development Corporation, Emaar Properties PJSC, Nakheel PVT JSC, Al Nakheel Agriculture and Trading W.L.L, Nasa Multiplex L.L.C, AGME, Belhassa Six Construct L.L.C-Arabtec Construction (L.L.C) JV and Al Basti & Mukhta L.L.C.

Furthermore, our Group is continuously expanding our customer base and projects portfolio.



#### 4. INFORMATION ON OUR GROUP (Cont'd)

##### 4.11 SEASONALITY

Our Company's project portfolio comprised primarily government and/or government related projects as well as private sector customers that encompass parks and city development landscape projects as well as environmental services.

As such, our Group's business is not affected by cyclical or seasonal demand.

##### 4.12 COMPETITIVE ADVANTAGES

Our Directors believe that our Group has the following significant competitive advantages over our competitors that ensure our Group's business sustainability and growth. In our bid to maintain and continue to grow our business, it is vital for us to continue maintaining and further strengthening our key competitive strengths as follows:-

###### 4.12.1 High barriers of entry

Our Group operates within a niche industry in the provision of environmental technology and engineering, and integrated landscape services. We have the capabilities to provide integrated environmental solutions specifically COLARIS, landfill restoration, environmental monitoring and management, waste management services, and wastewater treatment.

In the provision of the abovementioned environmental solution services, we have developed considerably high barriers of entry to potential competitors who may attempt to enter our niche market. Among others, the barriers of entry are as follows:-

- (i) with the National Landfill Restoration project, covering sixteen (16) landfill sites situated in one (1) landfill in Perlis, four (4) landfills in Pahang, five (5) landfills in Negeri Sembilan, three (3) landfills in Johor and Terengganu each, our Company has moved way ahead of others in terms of real local experience in resolving contaminated sites;
- (ii) relevant environmental technologies have been successfully researched and developed by our Company for over a period of 8 years. Our continuous value engineering process helps to enhance our price competitiveness through cost saving;
- (iii) our Company's strong position locally has attracted strategic technical partners from developed countries;
- (iv) our Company has large and strong technical and management team which enable us to deliver large scale projects successfully. Our staffs have acquired high level of competencies through extensive training and on-site exposures;
- (v) our Company is registered with relevant government licensing authorities such as PKK as Bumiputera Kelas A, Ministry of Finance, Petronas and CIDB; and
- (vi) ability to obtain funding from reputable banks to finance our Company's large scale projects which is critical for timely project delivery meeting our clients' stringent schedule.

#### **4. INFORMATION ON OUR GROUP (Cont'd)**

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Similarly, our Company has developed strengths against its competitors in the provision of integrated landscape services that involve early stages of landscape planning and design, plant material sourcing, hardscape construction and softscape installation, to the final stages of landscape maintenance and management. Our Company's proven capability to undertake and complete large scale landscape contract such as the RM145.0 million Putrajaya Core Island- Waterfront Promenade project for Putrajaya Holdings which allowed us to qualify for large projects of similar or larger value. Meanwhile, the successful completion of the AGV in Doha, Qatar allowed our Group to bid for international landscape tenders.

##### **4.12.2 Established reputation within the industry**

CSB is an ISO 9001:2008 certified environmental technology and engineering solutions provider and integrated landscape services company. We have been involved in successful projects such as the Taman Beringin Safe Landfill Restoration project, the Putrajaya Waterfront – Core Island, Cyberpark, Cyberjaya and AGV project in Doha, Qatar. We have built our reputation within the industry as a one-stop provider of high standard environmental technology and engineering solutions and integrated landscape services.

Being recognised as authority and expert in our field of services, our Group provides policy advice and assessments to the Government as well as to the private sector on environmental impacts, ecological studies, site assessments, planning, and designs. These are value-added services provided as part of our Group's marketing efforts to initiate goodwill and strengthen our business development activities.

##### **4.12.3 Strong management team**

Our past success and future growth have been and will always be influenced by the presence and leadership of several key personnel within our Group. The expertise, experiences and competencies of our highly competent management team give us a strong and sustainable competitive strength over our competitors.

Our founder and Non-Executive Chairman, Tan Sri Razali Ismail is a renowned environmentalist, an accomplished diplomat and a successful businessman, with over 40 years of experience. Much of our Group's success today is attributed to Tan Sri Razali Ismail, whose experience and networking have been instrumental in setting the business direction and high level promotion of our Group. Tan Sri Razali Ismail is able to leverage on his vast network of contacts within the governmental and within local and international business circles which has played a significant role in advancing the profile of our Group.

Our Group is also run by a highly competent management team who has had many years of solid experience in the provision of environmental technology and engineering and integrated landscape services.

Further details on the profiles of our management team are set out in Section 5 of this Prospectus.

#### 4. INFORMATION ON OUR GROUP (*Cont'd*)

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##### 4.12.4 Commitment to continuous research and development

We have in the past and will continue to dedicate significant amount of resources to research and development. Our Group's research and development activities are directly put under the purview of our Group's CEO, Encik Daud bin Ahmad. Our research and development activities focus on identifying a problem, understanding the problem, determining the actual root of the problem and then followed by efforts to develop effective and efficient systems or solutions to address the problem.

The most common type of research and development activity conducted by our Group is localisation of technology. Proven technologies which have been applied in more developed countries need to be modified to suit local conditions.

Further details on the research and development are set out in Section 4.22 of this Prospectus.

##### 4.12.5 Reliable suppliers/sub-contractors

On prudent practice, we outsource certain types of sub-trades such as sub-contracting of locally available resources, supply of unskilled and semi-skilled labourers, and rental of locally available machineries. By strategically outsourcing, our Company is able to realise significant costs savings by keeping our Company's staffing requirements low. It will also allow us to concentrate on more value-added activities such as value engineering process, business process improvement, conceptualisation of ideas, and development of new projects.

The management mitigates the risk of being too dependent on subcontractors and suppliers by having an in-house team with competent personnel who carry out some of our projects independently. In addition, our management prefers to build a pool of subcontractors and suppliers which we can draw from, to further promote a more competitive business environment. Furthermore, our Group conducts a tendering process to select reliable and competitive sub-contractors and suppliers from various different sectors. Sub-contractors and suppliers who have been reliable thus far are retained. As a result of our past working relationships with these sub-contractors, the sub-contractors offer our Group competitive rates and support in addition to meeting our project timelines.

Our Group's dependency on any one particular supplier/sub-contractor is not a cause for concern as our business nature is project-based. Suppliers/sub-contractors are awarded contracts through a tender process. Work is awarded to sub-contractors only after careful consideration and a stringent selection process. Suppliers/sub-contractors are evaluated based on criteria such as track records, job references and financial standing. The performance of these suppliers/sub-contractors are also evaluated upon the completion of a project so as to identify good and reliable suppliers/sub-contractors for future tender exercises.

#### 4. INFORMATION ON OUR GROUP (Cont'd)

##### 4.13 TYPES, SOURCES AND AVAILABILITY OF RESOURCES

Our Group's Contract Services Department awards works to sub-contractors as well as assesses the quantum of materials required. Our Group has established a good track record over the years with our suppliers in terms of purchase and payment commitments. This good relationship is reflected in the timely delivery of supplies, resulting in minimal disruptions of our Group's operations thus avoiding losses. Due to the strong purchasing power of our Group, we enjoy competitively priced purchases of supplies, which in turn translate to increase cost savings.

Our Company also has good relationship with our sub-contractors. Award of works to sub-contractors require careful selection and evaluation of sub-contractors, whereby short-listing and tender evaluation are based on criteria such as track records, job references and financial standing. The performance of these sub-contractors is also evaluated upon the completion of a project so as to identify good and reliable sub-contractors for future tender exercises.

The operations of our Group also require knowledgeable workers with sound backgrounds in landscape architecture and design projects. To date, our Group has not faced any shortage of workers due to the availability of adequate training and internship programmes.

##### 4.14 TECHNOLOGY USED / TO BE USED

Our Group mainly focuses on three (3) important attributes under our landscape services and environmental management business. These attributes greatly enhance our Group's capability in producing new solutions such as MLTP, thus allowing our Group to have the right product at the right price for the right market and at the right time. These attributes are explained below:

**(i) Technology that meets the relevant requirements**

Our Group collaborates via formal and informal arrangements with our foreign partners, especially those from Europe, to access internationally proven technologies. Using our own in-house expertise, our Group conducts extensive research and tests to adapt and localise the technology to meet local conditions and requirements. As technologies are usually developed to solve identified problems or meet the requirements of a particular environment, importing foreign technology without adaptation and localisation often result in failure. As an example, MLTP developed by our Group is modelled after a German technology, which was originally designed to handle waste effluence in a different climate, for different waste characteristics, and within standards imposed by European Union laws.

**(ii) Affordability**

The adaptation and localisation of foreign technology will not only allow for the system to be workable in our local environment, but also lower the cost significantly, hence increase market affordability. Local materials and expertise are used in manufacturing the system.

**(iii) Ease of operations**

Keeping the operation and maintenance simple will not only contribute towards lower cost, but it will also ensure that the technology or system installed will not be too complex to operate.

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**4. INFORMATION ON OUR GROUP (Cont'd)**

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**4.15 PRODUCTION / OPERATING CAPABILITIES AND OUTPUT**

Our Group is not involved in manufacturing activities and as such is not reliant on production or operating capacities.

**4.16 BUSINESS PROCESSES**

**4.16.1 Integrated environmental solutions**

**(i) O&M**

This section mainly deals with safe landfill closures and rehabilitation. Similar to design and build for landscape-related services, a proposal is provided to customers for their endorsement. Once customers are agreeable with the proposal and award the project to our Group, we will commence safe landfill closure and rehabilitation operations. After landfills have been safely closed, maintenance operations are conducted. Maintenance deals with the treatment of leachate before it is released into the water stream. Safe landfill closures and rehabilitation services as well as leachate treatment systems provided by our Group are further elaborated in Section 4.9 of this Prospectus.

**(ii) Continuous monitoring**

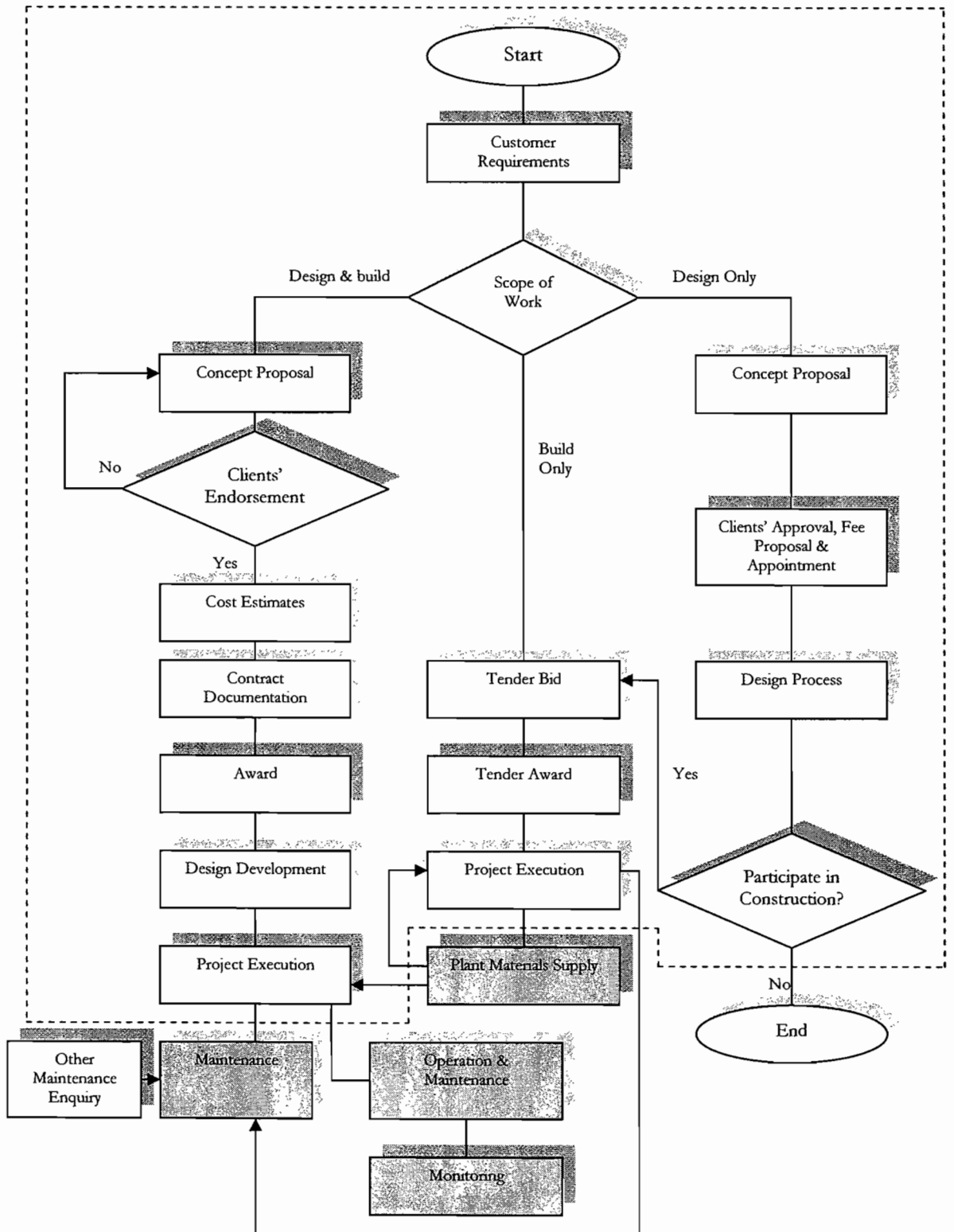
Continuous monitoring is crucial in maintaining and protecting the environment after landfills have been closed, rehabilitated and properly maintained. Monitoring involves checking emission and settlement levels, and conducting environmental impact analysis, amongst others, before the land can be considered safe to be used for future development. Depending on the size of the land and weight of the wastage, the land needs to be monitored for a period of up to twenty (20) years before it can be considered safe for other uses.

**4.16.2 Landscaping process**

The Management of our Group identifies, determines and evaluates solutions and recommends solutions to meet customer requirements. This includes contractual requirements, specifically quotation, tender submission or customer order/contract processes and applicable regulatory requirements.

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4. INFORMATION ON OUR GROUP (Cont'd)



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**4. INFORMATION ON OUR GROUP (Cont'd)**

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**Design and build**

Upon identifying the prospective clients, their requirements are assessed in detail to determine the scope of work to be performed, namely design and build, build only or design only. Except for projects involving building works only, our Group would submit a concept proposal, consisting of a business and design proposal for the prospective client's endorsement. At this stage, our Group is involved in the conception of design plans based on the client's requirements. Our Group's project planning comprises project specific proposals, analysis of project feasibility and preparation of project design and development concepts and master planning. Our Group would identify and instigate strategic projects that are aligned with our core competencies.

Upon client's acceptance, cost estimates and fee proposals are made available by our Group prior to the official appointment by the prospective client. Client's requirements are then normally documented in the form of a purchase order/contract/tender agreement. In design and build projects, the client will then officially award the contract to our Group, who will commence the design development through design plans, followed by the actual project execution. For design only projects, our Group may, in certain conditions, be invited to participate in the construction of the landscape design. The award of the project will be by way of tender in the event that our Group decides to be involved at this stage.

Actual project execution will take place upon successful award of the contract to our Group (for projects involving either build only or design only). It is imperative to highlight, at this point, that our Group is primarily involved in the master concept and design development of a landscape project. Professional expertise from a pool of skilled staff is deployed to ensure quality planning and design methods to achieve various landscaping objectives. For detailed design works involving a large number of designers that are less value-added in nature, our Group usually engages sub-contract service providers to carry out the works. Project execution is the actual process of building, which involves the selection, evaluation and appointment of consultants and sub-contractors for land clearing, drainage works, earthworks, storm water treatment devices supply, and plant materials supply, amongst others.

**4.17 QUALITY ASSURANCE PROCEDURE AND MANAGEMENT**

Our Group realises that quality control is essential to ensure client satisfaction and meet expectations. Our Group practises a strict quality management system that complies with international standards. Our Group, through CSB, obtained the prestigious ISO 9002:1994 certification on 31 January 2001. This certification was subsequently updated to ISO 9001:2000 certification (project management for design and built contracts for the built environment) on 30 December 2003 and on 30 December 2009, our ISO certification was further updated to ISO 9001:2008 (project management for design and built contracts for the built environment). CSB's ISO certification was awarded by SGS United Kingdom Ltd Systems & Services Certification.

Stringent quality control standards and procedures are designed and applied throughout the entire project management of design and build contracts under the supervision of the top management.

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#### **4. INFORMATION ON OUR GROUP (Cont'd)**

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Most of our projects have stringent requirements and quality assurance requirements and we are required to submit assurance plans during the tender process. Failure to meet the stringent quality assurance standards may result in disqualification of tender or removal of name from list of invitees to future projects. Our Group constantly strives to meet and exceed the quality assurance requirements of our clients.

Our Group's quality policy statement is to be a provider of world class products and services to meet client satisfaction in the built environment where continuous improvement in quality is the key to our success.

##### **4.18 STRATEGIES AND MODE OF MARKETING**

We carried out our own marketing activities whereby we are a licensed Bumiputera contractor under the Ministry of Finance as well as a Class A and Grade 7 contractor under PKK and CIDB respectively. The classification of Class A and Grade 7 refers to the value of projects which the license holder can tender for. There is no limit on the contract value for which a holder of a Grade 7 CIDB license can tender for. A holder of a Class A PKK license can tender for projects worth more than RM10.0 million.

Prior to determining the scope of work, our Group goes through the initial stages of client and project identifications, and evaluation of client requirements. The marketing of aftercare services is carried out once the main project is secured.

A large part of our marketing strategy involves identifying and evaluating existing landfills on our own accord. Once we have identified and evaluated a landfill, we will then use our expertise to conceptualise and formulate a solution to rehabilitate that particular landfill. With a solution in hand, we will then approach the local councils or relevant governmental departments to present to them our proposal. This help to simulate demand and create opportunities for our company to sell our expertise, solutions and services to the government.

We also hold talks and conduct consultations with governmental agencies and local councils to ascertain their current and future needs and requirements. These talks and consultations raise the profile of our Company as well as create awareness of our services within these governmental agencies and local councils which leads to business opportunities for our Group.

Projects such as the Taman Beringin Safe Landfill Restoration have given us a unique opportunity to promote and create public awareness on environmental restoration and protection activities. As an environmental solution services company and as part of our corporate social responsibility, we aim to educate the public on how to better care for the environment in which they live in and also about the merits of sustainable consumption and living. Understanding the processes and merits of environmental restoration and protection is an important step for the general public to understand the value of environmental services and activities which are carried out by our Group.



#### 4. INFORMATION ON OUR GROUP (Cont'd)

##### 4.19 APPROVALS, MAJOR LICENCES AND PERMITS OBTAINED

Details of the approvals obtained by our Company for the Listing from the MITI, SC and Bursa Securities together with the conditions imposed by these authorities and status of compliance are set out in Section 6.1 of this Prospectus. Other approvals, major licences and permits obtained by our Group for the operation of business are set out in the table below: -

Details of the major licences held by our Company are tabulated as below:

| Authority                        | Date of Issuance | Validity              | Description   | Major Conditions Imposed  | Status Compliance                      | of |
|----------------------------------|------------------|-----------------------|---|---|--|----|
| Pusat Khidmat Kontraktor ("PKK") | 24/08/2009       | 21/08/2009-20/08/2011 | (Registration No: 1404 A 2009 0516; Serial No: TB 080971)<br>Registration of Cypark as Class A Contractor with Bumiputera Status<br><u>Authorised Officers:</u><br>1) Che Azizuddin Bin Che Ismail<br>2) Siow Kwang Khée<br>3) Daud Bin Ahmad | The Company must adhere to the following criteria:<br>(a) at least 51% of the shares of the Company shall be owned by bumiputera;<br>(b) individual Bumiputera shareholders must outnumber non-Bumiputera individual shareholders;<br>(c) 51% or more of the members of board of Directors shall be Bumiputera;<br>(d) the chief executive, managing director or general manager and other key posts must be held by a Bumiputera;<br>(e) 51% or more of the employees of the company must be Bumiputera;<br>(f) financial management of the company shall be controlled by a Bumiputera; | Met<br>Met<br>Met<br>Met<br>Met<br>Met |    |

4. INFORMATION ON OUR GROUP (Cont'd)

| Authority   | Date of Issuance                 | Validity              | Description  | Major Conditions Imposed  | Status of Compliance             |   |                        |    |                       |     |                                  |    |                                  |    |                   |   |                       |
|-------------|----------------------------------|-----------------------|--|---|----------------------------------|---|------------------------|----|-----------------------|-----|----------------------------------|----|----------------------------------|----|-------------------|---|-----------------------|
|             |                                  |                       |  | <p>(g) the company organisation chart and management functions of the company must be controlled by Bumiputera;</p> <p>(h) the company is not allowed to subcontract the entire work(s) or hand over the entire management of a contract to any party; and</p> <p>(i) ensure that Bumiputera participation in the company is active and plays a major role in the business of the company</p> | <p>Met</p> <p>Met</p> <p>Met</p> |   |                        |    |                       |     |                                  |    |                                  |    |                   |   |                       |
| PKK         | 21/08/2009                       | 21/08/2009-20/08/2011 | <p>((Registration No: 1404 A 2009 0516; Serial No: AD 263043)</p> <p>Registration of Cypark as Class "A" Contractor (under the following Heads and Sub-Heads)</p> <table border="0"> <tr> <td><u>Head</u></td> <td><u>Sub-Head</u></td> </tr> <tr> <td>I</td> <td>1,2,3a,5,7a,7b,7c,7d,9</td> </tr> <tr> <td>II</td> <td>1,2a,2b,5,7a,7b,8a,8b</td> </tr> <tr> <td>III</td> <td>1,2a,2b,2e,3a,3b,3c,3d,4a,5,6a,8</td> </tr> <tr> <td>IV</td> <td>1,2a,2b,2e,3a,3b,3c,3d,4a,5,6a,8</td> </tr> <tr> <td>VI</td> <td>1,3a,3b,6a,6b,7,8</td> </tr> </table> <p><u>Authorised Officers:</u><br/>                     1) Che Azizuddin Bin Che Ismail<br/>                     2) Slow Kwang Khee<br/>                     3) Daud Bin Ahmad</p> | <u>Head</u>   | <u>Sub-Head</u>                  | I | 1,2,3a,5,7a,7b,7c,7d,9 | II | 1,2a,2b,5,7a,7b,8a,8b | III | 1,2a,2b,2e,3a,3b,3c,3d,4a,5,6a,8 | IV | 1,2a,2b,2e,3a,3b,3c,3d,4a,5,6a,8 | VI | 1,3a,3b,6a,6b,7,8 | <p>1. Registration of the Company will be cancelled/terminated if:</p> <p>(a) any shareholder(s) in the company owns more than 5% of the shares or RM50,000.00 (whichever is lesser) in any other company(s) registered with the PKK in the same field or with the same title of job.</p> <p>(b) any management of the company or its technical personnel is actively involved in any other company(s) registered with the PKK in the same field or with the same title of job.</p> | <p>Met</p> <p>Met</p> |
| <u>Head</u> | <u>Sub-Head</u>                  |                       |  |   |                                  |   |                        |    |                       |     |                                  |    |                                  |    |                   |   |                       |
| I           | 1,2,3a,5,7a,7b,7c,7d,9           |                       |  |   |                                  |   |                        |    |                       |     |                                  |    |                                  |    |                   |   |                       |
| II          | 1,2a,2b,5,7a,7b,8a,8b            |                       |  |   |                                  |   |                        |    |                       |     |                                  |    |                                  |    |                   |   |                       |
| III         | 1,2a,2b,2e,3a,3b,3c,3d,4a,5,6a,8 |                       |  |   |                                  |   |                        |    |                       |     |                                  |    |                                  |    |                   |   |                       |
| IV          | 1,2a,2b,2e,3a,3b,3c,3d,4a,5,6a,8 |                       |  |   |                                  |   |                        |    |                       |     |                                  |    |                                  |    |                   |   |                       |
| VI          | 1,3a,3b,6a,6b,7,8                |                       |  |   |                                  |   |                        |    |                       |     |                                  |    |                                  |    |                   |   |                       |

## 4. INFORMATION ON OUR GROUP (Conf'd)

| Authority   | Date of Issuance | Validity              | Description   | Major Conditions Imposed   | Status of Compliance |
|---|------------------|-----------------------|---|--|----------------------|
|   |                  |                       |   | 2. Only officers named in this certificate are authorised to execute document(s), or contract(s) on behalf of the Company and to authorise other officers of the Company to take tender forms.   | Met                  |
| Suruhanjaya Perkhidmatan Air Negara ("SPAN")/             | 17/03/2010       | 17/03/2010-16/03/2011 | Approval Letter from SPAN Ref: SPAN/EKS/(PT)/800-2C/2/10/134 dated 17 March 2010<br>IPA Permit Type C1 – Sewerage granted to CRB  | 1. Company must be in possession of a KRT certificate<br>Company must be validly registered with CIDB  | Met<br>Met           |
| Construction Industry Development Board ("CIDB") Malaysia | 18/11/2009       | 18/11/2009-17/11/2010 | (Registration No: 0120091118-WP126784; Serial No: A 129160)<br>Registration of CRB as a contractor with the Board under the following grades, categories and specialisations:<br>Grade: G7 (no limit)<br>Category: B, CE<br>Specialization: B04, CE21 | 1. The contractor must abide by the provisions of the "Akta Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994" rules/regulations made thereunder set out therein and whatever terms, conditions or restrictions set out by the board from time to time.<br>2. The contractor cannot participate in any tender or to carry out any construction works after expiry of the validity period of this Certificate until it is renewed. | Met<br>Met           |

Company No: 642994-H

**4. INFORMATION ON OUR GROUP (Cont'd)**

| Authority | Date of Issuance | Validity | Description | Major Conditions Imposed  | Status of Compliance |
|-----------|------------------|----------|-------------|---|----------------------|
|           |                  |          |             | 3. The contractor is not allowed to undertake to build any construction projects where the amounts involved in its development exceed the grade of its registration and the contractor is not allowed to carry out any construction projects outside its registered category. | Met                  |
|           |                  |          |             | 4. The contractor shall disclose information on any of its construction works or contracts within one month of the award.   | Met                  |
|           |                  |          |             | 5. The contractor shall display its certificate of registration with CIDB or a copy of its certificate of registration which is certified by CIDB at its place of business.   | Met                  |
|           |                  |          |             | 6. The Contractor must display its CIDB registration number on sign boards at all of its construction sites.  | Met                  |

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**4. INFORMATION ON OUR GROUP (Cont'd)**

Details of the major licences held by CSB are tabulated as below:

| Authority                             | Date of Issuance | Validity            | Description  | Major Conditions Imposed   | Status of Compliance |
|---------------------------------------|------------------|---------------------|--|--|----------------------|
| Kementerian Kewangan Malaysia ("KKM") | 26/2/2009        | 26/2/2009-14/3/2012 | (Registration Ref No: 357-01001084; Serial No: BP 181948)<br>Registration of CSB with KKM as a Bumiputera Contractor | <p>1. The Company shall adopt all measures to consistently ensure that:-</p> <p>i) Bumiputera participation of more than 51% at shareholders' level, board of directors' level and employees/staff including the management of the company.</p> <p>ii) With regards 'Bidang Pengembara and Percetakan', 100% Bumiputera participation must be maintain at shareholders' level, board of directors' level, and management (including the finance department) level. The Company shall employ no less than 80% of Bumiputera as its employee and shall not involve the participation on non-residents.</p> <p>iii) As a majority, Bumiputeras must mainly play an important role in the management of the company, overseeing the progress of the Company, financial matters, decision making and represent the company in all meetings and other formal events.</p> | Met                  |

**4. INFORMATION ON OUR GROUP (Cont'd)**

| Authority | Date of Issuance | Validity | Description | Major Conditions Imposed  | Status of Compliance                                   |
|-----------|------------------|----------|-------------|---|--|
|           |                  |          |             | <p>2. Notification shall be given to the Ministry of Finance in relation to any change of the above conditions. Failure to make such notifications shall raise doubt on the part of KKM as to the authenticity of the company's Bumiputera status.</p> <p>3. In the event the company has delegated the management of the company and its contracts to any other party, KKM will revoke the company's Bumiputera status.</p> <p>4. KKM has the right to revoke this certificate if:-</p> <p>(i) Bumiputera status of the company is cancelled or revoked.</p> <p>(ii) The company's registration is suspended or cancelled.</p> <p>(iii) There are amendments made to this certificate which are fraudulent or for any other purpose.</p> | <p>Met</p> <p>Met</p> <p>Met</p> <p>Met</p> <p>Met</p> |

## 4. INFORMATION ON OUR GROUP (Cont'd)

| Authority | Date of Issuance | Validity              | Description  | Major Conditions Imposed  | Status of Compliance |
|-----------|------------------|-----------------------|--|---|----------------------|
| KKM       | 26/02/2009       | 15/03/2009-14/03/2012 | (Registration Ref No: 357-01001084; Serial No: 297268)<br>Registration of CSB with KKM in the sector/fields of supply/services under the following headings:<br>020500, 130100, 140100, 180200, 180300, 220205, 220401, 220402, 220501, 220801, 220802, 220803 | 1. The company has to ensure that the fields or areas of work in which the company has registered with KKM are not replicated with other company(s) registered in the same field where the shareholders, the board of directors and/or the management of both companies are the same. | Met                  |
|           | 19/01/2010       | 19/01/2010-14/03/2012 | (Registration Ref No: 357-01001084; Serial No: TB 0223783)<br>Registration of CSB with KKM in the sector/fields of supply/services under the additional heading: 220110  | 2. KKM has the right to cancel/suspend registration of the company without any notice given if they discovered the information provided to them by the company is false or incorrect.   | Met                  |
|           | 15/01/2010       | 22/01/2010-14/03/2012 | (Registration Ref No: 357-01001084; Serial No: TB 0223996)<br>Registration of CSB with KKM in the sector/fields of supply/services under the additional headings: 220118, 220403   | 3. The company shall not within 6 months of its registration make any changes to the company's shareholders or board of directors.  | Met                  |
|           | 29/01/2010       | 28/01/2010-14/03/2012 | (Registration Ref No: 357-01001084; Serial No: TB 0224158)<br>Registration of CSB with KKM in the sector/fields of supply/services under the additional headings: 220119   | 4. Registration of the company will be cancelled/suspended if:-<br>(i) the company revokes its offer before its tender is considered or revokes its tender offer once the award is given.<br>(ii) the company allows its registration certificate to be misused by another company.   | Met                  |

Company No: 642994-H

**4. INFORMATION ON OUR GROUP (Cont'd)**

| Authority | Date of Issuance | Validity | Description | Major Conditions Imposed   | Status of Compliance |
|-----------|------------------|----------|-------------|--|----------------------|
|           |                  |          |             | (iii) the company fails in performing any contracts awarded by the government.   | Met                  |
|           |                  |          |             | (iv) the company is found to conspire with another company as regards to pricing when entering into a government tender. | Met                  |

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#### 4. INFORMATION ON OUR GROUP (Cont'd)

##### 4.20 BRAND NAMES, REGISTRATIONS, PATENTS, TRADEMARKS, LICENSES, TECHNICAL ASSISTANCE AGREEMENTS, FRANCHISES AND OTHER INTELLECTUAL PROPERTY RIGHTS

Save for the brand names and registrations described below, our Group does not have any patents, trademarks, technical assistance agreements, franchises or any other intellectual property rights as at LPD:-

| Date Issued/<br>Validity       | Type  | Issuing body  | Major conditions imposed |
|--------------------------------|---|---|--------------------------|
| 13/10/2003<br>to<br>25/07/2020 | Registration No: 00009901<br><br>Certificate of Registration of Trade Mark (Regulation 56)<br><br>Trade Mark Act 1976<br><br>Trade Mark Regulations 1997<br><br>In Class 35 "artis BOTANICA (stylised) in respect of the following services:<br><br>"Business administration, business advice and planning services and franchising services, business management assistance, economic forecasting, efficiency expert services, marketing research and studies, all included in Class 35" | Perbadanan Harta Intelek Malaysia/<br>Intellectual Property Corporation of Malaysia | Nil                      |

##### 4.21 DEPENDENCY ON CONTRACTS/ARRANGEMENT/LICENCES

Our Board is of the opinion that, save as disclosed below, we are not highly dependent on any single contract/arrangement/licenses.

By letters dated 18 August 2009 and 13 January 2010 and by an agreement dated 11 May 2010 ("**Contract**") made between our Company and the Government of Malaysia ("**Government**"), our Company has been appointed by the Government to carry out, amongst others, the planning, designing, construction, testing and commissioning works in connection with the "*Projek Penutupan Selamat dan Pemulihan 16 Tapak Pelupusan Sisa Pepejal Di Semenanjung Malaysia*" under the National Landfill Restoration project ("**Works**").

As consideration for the Works, the Government has agreed to pay our Company RM483,077,120 ("**Contract Sum**") only.

#### 4. INFORMATION ON OUR GROUP (Cont'd)

The salient terms of the Contracts are as follows:

- (a) the targeted date for completion of the Works shall fall on or before 23 November 2011;
- (b) our Company shall not without the prior written consent of the project director ("P.D") sub-contract the whole or any substantial part of the Works and where such consent is obtained, our Company shall, amongst others, be responsible for the due observance by such sub-contractors, of all the terms, stipulations and conditions under this Contract;
- (c) our Company shall not without the prior written consent of the P.D assigns the Contract or any part thereof;
- (d) our Company shall employ Bumiputera organisations or professionals to carry out specific portion of the Works and the amount of all these participations shall be at least 30% of the total Contract Sum, failing which the Government reserves the right to re-allocate any portion of the Works to Bumiputera organisations or take action against our Company by suspension or cancellation of our Company's registration as a "Government Contractor";
- (e) the Contract shall be terminated upon the occurrence of, amongst others, any of the following events:
  - (i) if our Company fails to commence the Works, or suspends or abandons the carrying out of the Works;
  - (ii) if our Company refuses or persistently neglects to comply with a written notice from the P.D in relation to any defective works or equipments, materials or goods or which do not meet the requirements of the Contract; or
  - (iii) if our Company, its personnel, servant, agent, employee or any of its sub-contractor gives or offers to give to any person any bribe, gift, gratuity or commission as an inducement or reward for, amongst others, doing or forbearing to do any action in relation to the Contract or in any other Contract with the Government;
- (f) if the Contract is terminated as a result of, amongst others, the above, the Government shall be entitled to, amongst other, the following:
  - (i) our Company shall forthwith cease all operations on the Works;
  - (ii) our Company shall vacate the site within the time specified by the P.D;
  - (iii) our Company shall terminate all third party contracts entered into by our Company for the purposes of this Contract or if so required by the Government, assign to the Government the benefit of any agreement for the supply of materials or goods and/or for the execution of any work for the purposes of this Contract;
  - (iv) our Company shall hand over to the Government all plans, designs, drawings, specifications and other relevant documents relating to the Works; and
  - (v) the Government shall be entitled to call upon the performance bond or forfeit the performance guarantee sum, and/or call upon the design guarantee bond.

**4. INFORMATION ON OUR GROUP (Cont'd)****4.22 R&D****(a) Policy on R&D**

We engage in R&D activities as our Group is principally a service provider, in the provision of environmental technology and engineering solutions as well as integrated landscape services. We realise the importance of R&D and its contribution in ensuring that our solutions are relevant to local conditions and needs hence making our services highly sought after. There are four (4) specific personnel who is involved full time in R&D activities. Examples of R&D activities conducted are research in the groundwater contamination caused by landfills, development of emergency response treatment unit, and leachate evaporator system, landfill gas migration, and plant materials for export purposes.

Realising the importance of R&D, our Group's research activities are directly put under the purview of our Group CEO, Encik Daud bin Ahmad. Most of the researches are carried out within specific project environment as this is deemed the best way to understand the real problems, needs and peculiarities identified in the project.

Our Group conducts two (2) different types of research activities, as follows:-

**(i) In-house developed technology**

This is the most common type of research and development activity conducted by our Group. Our Group focuses on ways to provide better quality products and services, at a lower cost and as well as a more rapid delivery time.

By leveraging on the technical advice of our partners namely Universiti Kebangsaan Malaysia, Fichtner GmbH & Co. KG and Enviros Consulting Ltd, we have developed environmental technologies tailor made to local conditions. The said partners have been engaged to provide consulting services for projects undertaken by our Group. As local conditions differ from that of the developed countries, our technology is developed in-house to meet the local environmental and functional requirements. In view of this, we are of the opinion that we are not at risk of infringing any intellectual property rights.

**(ii) R&D of new solutions/ideas**

In the provision of both landscape and environmental services, there is always a need to offer our existing/potential clients with more efficient and effective solutions. By continuously developing new ideas and solutions for our clients, our Group can strategically weather any competition.

In some cases, landscape or environmental projects are intentionally initiated by our Group from the start. We embark on this push marketing strategy due to the general lack of awareness among our prospects in utilising environmental and landscaping to maximise the potential value and increase the appeal of their property. We believe that we stand to gain advantage by seizing the initiative in promoting environmental and landscaping services to potential clients - increasing our chances of securing project contracts from them.

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**4. INFORMATION ON OUR GROUP (Cont'd)**

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**(b) R&D expenditure**

We do not have a separate R&D expense account and have not capitalized any R&D expenses in the audited financial statements of our subsidiaries for the past five (5) years up to FYE 2009 and for FPE 2010. For the past five (5) years up FYE 2009 and FPE 2010, our R&D expenditure were not material as our R&D activities did not require substantial capital expenditure and were mainly related to process engineering.

**4.23 INTERRUPTIONS IN BUSINESS IN THE PAST TWELVE (12) MONTHS**

There have been no interruptions to the business of our Group that significantly impaired our Group's business performance during the past twelve (12) months.

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**4. INFORMATION ON OUR GROUP (Cont'd)****4.24 MAJOR CUSTOMERS**

Customers individually contributing more than 10% of our Group's turnover in FYEs 2005 to 2009 and FPE 2010 are listed below:

| No. | Name of customer    | Contribution for the respective financial year end (%) | Length of relationship (Years) | Country of origin | Services rendered  |
|-----|---------------------|--|--------------------------------|-------------------|--|
|     | <b>FPE 2010</b>     |  |                                |                   |  |
| 1.  | KPKT                | 93.6   | 3                              | Malaysia          | National Landfill Restoration project  |
|     | <b>FYE 2009</b>     |  |                                |                   |  |
| 1.  | KPKT                | 62.1   | 2                              | Malaysia          | National Landfill Restoration project  |
| 2.  | Shimizu Corporation | 25.5   | 2                              | UAE               | Palm Jumeirah Marina Apartments project (landscape works)                    |
|     | <b>FYE 2008</b>     |  |                                |                   |  |
| 1.  | KPKT                | 66.3   | 1                              | Malaysia          | National Landfill Restoration project  |
|     | <b>FYE 2007</b>     |  |                                |                   |  |
| 1.  | AG Middle East      | 25.8   | 3                              | Qatar             | AGV project in Doha, Qatar and variation works                               |
| 2.  | DBKL                | 16.7   | 8                              | Malaysia          | Taman Beringin Safe Landfill Restoration project – Phase 1; variation orders |
| 3.  | Nasa Multiplex LLC  | 16.0   | 1                              | UAE               | Burj Dubai and South Ridge, UAE  |
|     | <b>FYE 2006</b>     |  |                                |                   |  |
| 1.  | AG Middle East      | 72.0   | 2                              | Qatar             | Landscape works  |
|     | <b>FYE 2005</b>     |  |                                |                   |  |
| 1.  | Putrajaya Holdings  | 59.0   | 5                              | Malaysia          | Landscape works and maintenance  |
| 2.  | DBKL                | 22.0   | 6                              | Malaysia          | Landfill closure, landscape works and maintenance                            |
| 3.  | AG Middle East      | 12.0   | 1                              | Qatar             | Landscape works  |

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**4. INFORMATION ON OUR GROUP (Cont'd)**

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For FPE 2010, KPKT is our Group's largest customers which had accounted for more than 90% of our Group's revenue. For FYE 2008 and 2009, KPKT had contributed 66.3% and 63.5% of our Group's total revenue respectively.

Please refer to Section 3.1 (c) of this Prospectus for the mitigating factors of the dependence on a single major customer.

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**4. INFORMATION ON OUR GROUP (Cont'd)****4.25 MAJOR SUPPLIERS**

Our major suppliers (includes sub-contractors) who individually contributed more than 10% of our Group's total cost of sales in FYEs 2005 to 2009 and for FPE 2010 are as follows:-

| No.             | Name of supplier         | Contribution to total cost of sales (%) | Length of relationship (Years) | Country of origin | Services rendered   |
|-----------------|--------------------------|---|--------------------------------|-------------------|---|
| <b>FPE 2010</b> |                          |   |                                |                   |   |
| 1.              | Huls Engineering Sdn Bhd | 40.6                                    | 6                              | Malaysia          | Supply of geosynthetic material                                 |
| 2.              | CyEn Resources Sdn Bhd   | 12.1                                    | 6                              | Malaysia          | Supply of sub-contracting/consulting for environmental services |
| <b>FYE 2009</b> |                          |   |                                |                   |   |
| 1.              | CyEn Resources Sdn Bhd   | 30.0                                    | 5                              | Malaysia          | Supply of sub-contracting/consulting for environmental services |
| <b>FYE 2008</b> |                          |   |                                |                   |   |
| 1.              | Sutera Anugerah Sdn Bhd  | 26.6                                    | 7                              | Malaysia          | Site establishment and earthwork                                |
| 2.              | CyEn Resources Sdn Bhd   | 16.7                                    | 4                              | Malaysia          | Supply of sub-contracting/consulting for environmental services |
| <b>FYE 2007</b> |                          |   |                                |                   |   |
| 1.              | CyEn Resources Sdn Bhd   | 22.5                                    | 3                              | Malaysia          | Supply of sub-contracting/consulting for environmental services |
| <b>FYE 2006</b> |                          |   |                                |                   |   |
| 1.              | Qatari Resources Trading | 19.0                                    | 1                              | Qatar             | Lighting  |
| <b>FYE 2005</b> |                          |   |                                |                   |   |
| 1.              | CyEn Resources Sdn Bhd   | 11.4                                    | 1                              | Malaysia          | Landfill restoration  |

For FPE 2010, our top two (2) suppliers of our Group collectively accounted for 52.7% of our total Group purchases.

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**4. INFORMATION ON OUR GROUP (Cont'd)**

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Our main suppliers comprised of Huls Engineering Sdn Bhd (also a sub-contractor), CyEn Resources Sdn Bhd and Sutera Anugerah Sdn Bhd. Although there is some dependency on CyEn Resources Sdn Bhd in FYEs 2007 to 2009, such degree of dependency has been reduced in FPE 2010.

For FYEs 2005 to 2006, the environmental business comprised only a small portion of our Group's total business and its contribution to the total revenue of our Group is in the range of 5.1% to 18.7%. The landscaping and maintenance business has contributed up to 94.0% and 81.3% of our total revenue in the respective years. The focus of our Group during these years was on the operation of the major landscaping projects located in Putrajaya and Middle East i.e. in Doha, Qatar and Dubai, UAE.

Due to the nature of the projects, the pool of contractors and consultants of our Group are mainly those who provide supporting services in relation to our landscaping business. There were only a handful of contractors readily available to provide environmental related services to our Group.

In FYEs 2007 and 2008, as there were not many environmental contractors in the market, the environmental projects undertaken by our Group was executed and managed mainly by outsourcing and sub-contracting to related parties such as CyEn Resources Sdn Bhd and third parties for time efficiency and to ensure smooth completion to meet tight schedules while our Group focuses on its landscaping business. This had resulted in higher related parties transaction recorded for these two (2) financial years. Our Group gradually mobilised and allocated more resources in view of our expansion in the environmental business as compared to the landscaping business in mid FYE 2008.

From mid FYE 2008 to FPE 2010, our Group continued to build our strength and capabilities to provide comprehensive environmental services to our clients and has managed to increase the number of third party contractors, suppliers and consultants to provide adequate support to our Group to implement a full range of environmental works which were required for the environmental business. This is particularly so after securing the National Landfill Restoration project which had 16 project sites located in five (5) different states.

The pool of contractors and consultants has been further expanded to include various professionals in their individual fields of expertise spreading across the various states in Malaysia.

The ability of our Group to build this pool of services and products providers in our contracting system has reduced tremendously the degree of our dependency on any single party including our related parties such as CyEn Resources Sdn Bhd and Sutera Anugerah Sdn Bhd in recent years.

The contracts awarded to the related parties have reduced significantly since FYE 2008, from 36.7% of the total cost of sales in FYE 2008 to 12.8% in FPE 2010 while contracts awarded to third parties increased significantly from 15.1% of the total cost of sales to 80.2% in FPE 2010

CyEn Resources Sdn Bhd is a related party to our Group. CyEn Resources Sdn Bhd has been engaged by our Group to provide environmental specialist works and they are involved in the early stages of our proposals which provide key information for us to competitively bid or negotiate with our clients. Quotations received from other parties in preparing the proposal and during the negotiation are compared against CyEn Resources Sdn Bhd to ensure that CyEn Resources Sdn Bhd's prices are competitive.



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**4. INFORMATION ON OUR GROUP (Cont'd)**

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Our Group generally enjoys a stable relationship with our supplier. This is reflected by the fact that they have been dealing continuously with our Group for more than five (5) years.

**4.26 INDUSTRY OVERVIEW**

The following summary set out for Sections 4.26 to 4.35 are extracted from the Independent Assessment of the environmental management solutions industry prepared by Protégé Associates Sdn Bhd, a summary of which is found in Section 11 of this Prospectus.

**4.26.1 Malaysia economic overview**

Despite the positive results revealed in most of Malaysia's key economic indicators for 2008, the global economic slowdown had a more profound and pronounced effect on the Malaysian economy in the first half of 2009 with negative effects on consumer and business confidence. Nevertheless, the country's strengthening macroeconomic fundamentals have put it in a better position to thwart the worst of the global slowdown's effects. Strong macroeconomic support from the government (including the RM60.0 billion fiscal stimulus) has also had a significant role to play in thwarting prolonged economic recession on the local front. As a result, the Malaysian economy exhibited signs of substantial recovery in the latter half of 2009, brought on by recovering consumer confidence in line with the stabilisation of the world's economy. Overall, the Malaysian economy recorded an annual contraction of 1.7% or a real GDP at 2000 prices of RM519.8 billion.

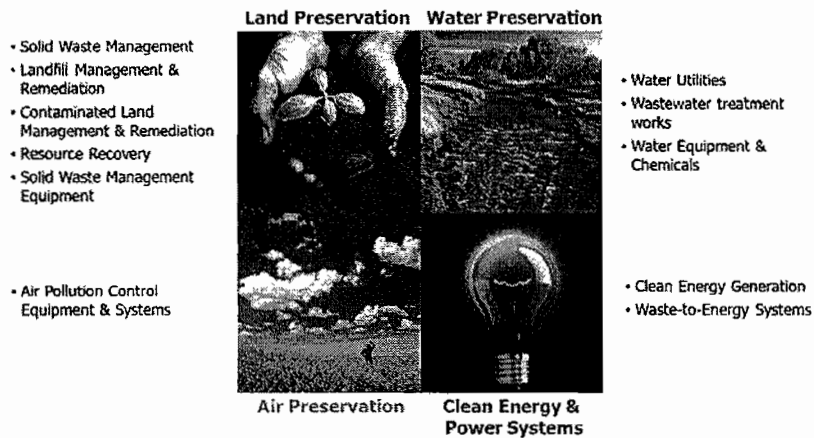
Thus far in 2010, the Malaysian economy has exhibited the potential of realising government set growth forecasts. In the first quarter of 2010, the Malaysian economy recorded year-on-year quarterly economic growth of 10.1%, backed by expanding domestic demand attributable to greater private consumption and public sector support. Recovery momentum carried into the second quarter; the economy expanding by a robust 8.9% year-on-year during the period. Overall, the first half of 2010 saw Malaysia's GDP expand by an encouraging 9.5%. Favourable labour market conditions leading to rising disposable income is likely to further fuel improvements in domestic demand, while global economic recovery is likely to have an optimistic effect on domestic consumer confidence. Domestic demand growth accelerated in the first half of 2010, growing by 9% in the second quarter of the year. At the midway point of 2010, the recovery of these key sectors is evident; in the first half of the year, the manufacturing sector sustained a 16.4% growth, while the services sector recorded a 7.9% growth during the same period. Recovering economic conditions, and the gradual return of consumer and business confidence are likely to continue promoting private investment into the country's key economic sectors including agriculture, manufacturing and services.

**4. INFORMATION ON OUR GROUP (Cont'd)**

**4.26.2 Segmentation of environmental products and services**

Environmental products and services are aimed towards the sustainable utilisation of natural resources, as well as environmental conservation and remediation. Sustainable utilisation of natural resources presses for the responsible and reasonable use of natural resources. Environment conservation and remediation addresses the pollution damage to the Earth's most important elements of air, water and land. Based on these objectives, environmental products and services can be segmented as follows:

Segmentation of environmental products and services



**4.26.3 Overview of the environmental products and services industry in Malaysia**

In Malaysia, the land preservation and water preservation segments currently receive the most attention in terms of public sector regulation, investment and development. While remaining key investors in these segments, the government is continually seeking to increasingly involve the private sector in land preservation and water preservation activities. This is evident in the solid waste management market, a key component of the land preservation segment. The government plans to fully federalise and privatise solid waste management; household solid waste collection has already been substantially privatised to concessionaires such as Alam Flora Sdn Bhd (“**Alam Flora**”) and SWM Environment Sdn Bhd (“**SWM**”). Additionally, the government is looking to license additional contractors for public cleansing works, solid waste collection, facility provision and material recovery and recycling operators. On the water preservation front, sewerage treatment has been privatised via Indah Water Konsortium Sdn Bhd since 1994. The government is also in the process of federalising water resource management with the intention of privatising national water supply.

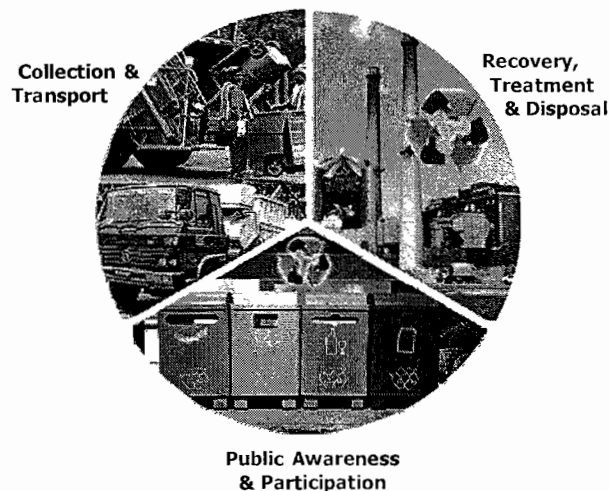
#### 4. INFORMATION ON OUR GROUP (Cont'd)

##### 4.26.4 The solid waste management market in Malaysia

Solid waste predominantly comprises domestic, commercial and institutional construction, industrial and public wastes collected mainly from urban areas. Solid wastes include biodegradable waste, recyclable materials, inert waste and composite wastes and domestic hazardous wastes. The improper management of these wastes can cause pollution of land and groundwater due to the disposal of this waste type at landfills. At present, landfills remain the most common destination of solid wastes; Malaysia only recycles approximately 5.0% of its solid wastes. The decomposition and biodegradation of waste at landfills lend to the excretion of leachate – often toxic liquids that drain from accumulated solid waste – which can pollute land and groundwater sources if not contained or treated.

There are currently between 130 and 150 unsanitary landfills still operating in Malaysia. These landfills are not equipped to contain or treat pollutants emanating from decomposing waste. Refinement of solid waste management practices by municipalities as well as federal and state authorities plays an important part in ensuring the environmental sustainability of Malaysia's solid waste and landfill management.

##### Solid waste management value segments



Source: Protégé Associates

#### 4. INFORMATION ON OUR GROUP (Cont'd)

##### 4.26.5 Market dynamics scorecard for the solid waste management market

##### Market dynamics scorecard for the solid waste management market in Malaysia

| Market Dynamics Indicators                | Measurement   | Trends     |
|---|---|------------|
| 2009 Market size (RM million)             | 3,821.8   | -          |
| 2010 Market growth rate                   | 1.0%  | -          |
| 2014 Forecast market size (RM million)    | 4,937.9   | -          |
| Forecast period market CAGR (2009 – 2014) | 5.3%  | -          |
| Pricing trends                            | High Margins  | Stable     |
| Types of Market Players                   | Dominated by Top-Tier of Environmental Management Service Providers | -          |
| 2010 Demand conditions                    | Driving the Market  | Increasing |
| 2010 Supply conditions                    | Driving the Market  | Increasing |
| Threat of substitution                    | Low   | Stable     |
| Reliance on imports                       | Low   | Stable     |
| Government policy and regulatory stance   | Pro-Industry (Expansive)  | Stable     |

Source: Protégé Associates

#### 4.27 MARKET SIZE AND GROWTH

Protégé Associates estimates the value of the solid waste management market at RM3.82 billion in 2009 and is expected to grow at a CAGR of 5.3% from 2009 to 2014.

Market size and growth forecast for the solid waste management services market in Malaysia, 2009 to 2014

| Year | Market Size (RM million) | Growth Rate (%) |
|------|--------------------------|-----------------|
| 2009 | 3,821.8                  | -               |
| 2010 | 3,861.3                  | 1.0             |
| 2011 | 4,241.7                  | 9.9             |
| 2012 | 4,548.0                  | 7.2             |
| 2013 | 4,593.3                  | 1.0             |
| 2014 | 4,937.9                  | 7.5             |

CAGR (2009 – 2014): 5.3%

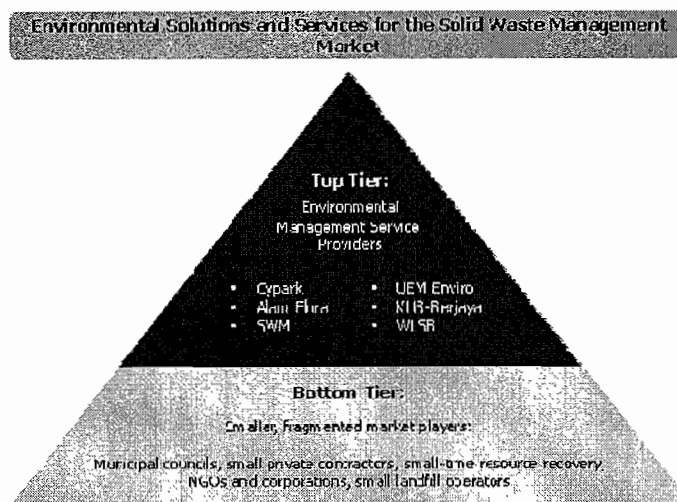
Note:-  
All figures are rounded; the base year is 2009.

#### 4. INFORMATION ON OUR GROUP (Cont'd)

##### 4.28 COMPETITIVE ANALYSIS

The provision of environmental technology and engineering solutions is a fairly new market in Malaysia. As such, there are only a small number of sizable market players providing such services. Particular to the areas of solid waste management, there are a few sizeable market players providing different range of services. These companies include our Company, KUB-Berjaya Enviro Sdn Bhd (“**KUB-Berjaya**”), UEM Environment Sdn Bhd (“**UEM Enviro**”), Worldwide Landfills Sdn Bhd (“**WLSB**”), Alam Flora and SWM among others. A fragmented tier of small market players, typically fulfilling only one or two activities within the value chain, constitutes the rest of the competitive landscape.

##### Tiers of market players providing solid waste and landfill management services in Malaysia



Our Group is concluded to be in the top tier classification based on certain criteria as follows:-

- a small number of strong and established market players;
- comprehensive range of environmental services; participates at multiple points across the solid waste management value chain;
- active integrators of services. Wide and expanding range of expertise with the end-goal of providing end-to-end services. Portfolios of services often extend to include solutions for environmental fields other than land preservation, e.g. wastewater management and treatment, energy recovery, environmental assessment and consultancy; and
- typically recipients of government concessions and projects concerning the environment. The government is the main engine behind large-scale environmental projects in Malaysia; their receipt of these projects/ concessions is a testament to size, reputation and strength of expertise.

The market size of the top tier market players is estimated to be approximately 30%.

**4. INFORMATION ON OUR GROUP (Cont'd)**

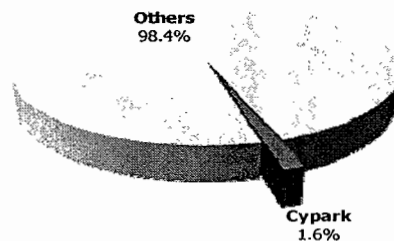
Bottom Tier comprises the following:-

- many market players; there is a high level of fragmentation. This tier comprises a variety of market players which usually offer a small range of services; they typically participate in a singular value segment, (collection and transport, recovery, treatment and disposal, or public awareness and participation building). Their range of activities within the value segment is also usually narrow; small time resource recovery players for example may only collect a specific type of recyclable material, and not participate at all in its treatment. These market players have a limited ability to diversify beyond its current geographical market or service portfolio. This is partly due to limited technical and technological expertise in the environmental business.

**4.28.1 Market share analysis**

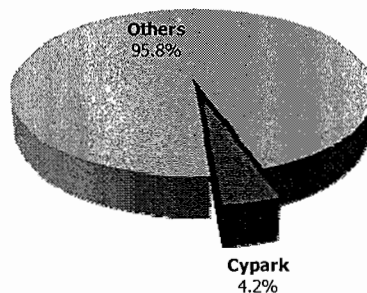
Our Company's market share within the solid waste management market and the recovery, treatment and disposal segment is detailed in the diagrams below:

**Market share analysis of key market players in the solid waste management market, 2009**



*Note:-  
Our Company's market share is based on revenues of its environmental segment only.*

**Market share analysis of our Company in the recovery, treatment**



*Note:-  
Our Company's market share is based on revenues of its environmental segment only.*

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**4. INFORMATION ON OUR GROUP (Cont'd)**

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**4.29 GOVERNMENT POLICIES AND REGULATIONS****4.29.1 Solid waste management**

Solid waste management has been receiving close attention from the Malaysian government. During the Eight Malaysia Plan period (2001 to 2005), emphasis was placed on environment quality through better management in major areas such as solid waste management. A comprehensive waste management policy to promote reuse, reduction and recycling (“3Rs”) of materials was introduced spearheaded by a National Campaign on Recycling.

The Malaysian Government has earmarked solid waste management as one of the major challenges that needs to be addressed in order for the country to achieve Vision 2020. One of the key thrusts in the National Vision Policy is pursuing environmentally sustainable development to reinforce long-term growth. During the Ninth Malaysian Plan period (2006 to 2010), emphasis is placed on preventive measures to mitigate and minimise pollution. The National Strategic Plan for Solid Waste Management (“**Strategic Plan**”) was implemented during the Ninth Malaysian Plan with emphasis on the upgrading of unsanitary landfills and the construction of new sanitary landfills and transfer stations with integrated material recovery facilities. In order to facilitate the implementation of the strategies and measures in the Strategic Plan, the Solid Waste and Public Cleansing Management Act 2007 and the Solid Waste and Public Cleansing Management Corporation Act 2007 were gazetted in 2007 – setting the path towards a federalisation policy for solid waste management.

The Tenth Malaysia Plan recently released by the government further underlines its commitment to fulfilling the sustainable solid waste management objectives set out by the Strategic Plan. It has mapped out plans to federalise the solid waste management and public cleansing responsibilities to relieve municipal councils of the financial and workload burden. Solid waste collection will be fully privatised to three concessionaires monitored by the federal government, while other private contractors will be licensed to operate solid waste management and public cleansing services. Full centralisation and privatisation are measures to ensure maximum efficiency and effectiveness of solid waste management practices.

**4.29.2 Public sector investment in solid waste management facilities**

The Strategic Plan underlined government intentions to invest heavily in better solid waste management equipment and facilities. Throughout the Strategic Plan period (2004 to 2020), the government has allocated to spend RM15.6 billion to develop national solid waste management infrastructure according to the following distribution.

## 4. INFORMATION ON OUR GROUP (Cont'd)

### 4.29.3 Landfill closure and remediation

As of 30 September 2009, there are 176 solid waste disposal landfill sites in Malaysia that are still in operation after taking into account the termination of operations at other 114 landfill sites. Among operational landfills, only ten (10) are of sanitary standards. While the level of operation in 30 solid waste disposal landfill sites is not known yet, an alarming 136 or 77.3% of solid waste disposal landfill sites in Malaysia are classified as non-sanitary as of September 2009.

Under the Strategic Plan, it is highlighted that sanitary landfills (including the upgrade of selected existing landfill sites) are to be constructed for proper solid waste management. The government has already begun closing/upgrading and remediating unsanitary landfills starting with the Taman Beringin and Kubang Badak landfills. Unsanitary landfills will be incrementally remediated moving forward; 16 existing landfills are already in the process of closure and remediation, while another 112 are gazetted to be closed and restored during the Tenth Malaysian Plan Period.

## 4.30 SUBSTITUTE SERVICES

### 4.30.1 Solid waste management services

Solid waste management will remain an indispensable practice in the long run. Although solid waste needs to be dealt with, the methods of waste management will inevitably change over the long run, especially in this age of environmental businesses and technologies. Methods of solid waste collection, material recovery may change but there will be an invariable need to manage waste despite these technological developments.

### 4.30.2 Alternative solid waste management practices

Globally, environmental technologies are being fervidly developed to manage solid wastes so that the need for landfills is diminished. At present, there are a number of alternative waste management methods that reduce or omit the need for landfill disposal.

- *Recycling* – Recovery of recyclable materials, especially non-biodegradable materials such as plastics greatly reduces the need for landfill space. Recycling uses waste materials as raw materials for new products, completely omitting the need for disposal.
- *Waste Treatment* – Thermal treatments and anaerobic digestion greatly reduces the mass and volume of waste sent for landfill disposal. Thermal treatments such as incineration and gasification can reduce waste mass by up to 90%, while anaerobic digestion catalyses the biodegradation process to achieve the purpose of landfills in a relatively shorter time.

## 4.31 VULNERABILITY TO IMPORTS

The solid waste management market is not vulnerable to competition from foreign entities. The majority of solid waste management initiatives remain a public sector onus; this contributes to a high participation of local market players in both markets. These market players are also not highly dependent on imported raw materials, expertise or technology in its normal course of business



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**4. INFORMATION ON OUR GROUP (Cont'd)**

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**4.32 MARKET DEMAND AND SUPPLY CONDITIONS****4.32.1 Demand conditions**

- **Continuous support from the Malaysian Government**

Many solid waste management related policies have been introduced by the government in the past which provides the basis for solid waste policies and practices in Malaysia until 2020. Efforts by the Malaysian government to improve solid waste management in Malaysia provide a positive spill-over effect to the market as they can translate into many project opportunities for market players.

- **High number of non-sanitary landfill sites necessitates the need for landfill related solutions**

77.3% or 136 of the total solid waste disposal landfill sites still operating in Malaysia as of 30 September 2009 have been classified as non-sanitary. The government is active in its intentions to remedy the situation; non-sanitary landfills are expected to be closed or upgraded. The recently released Tenth Malaysian Plan underlined the government's intentions to upgrade or remediate another 112 unsanitary landfill sites – spurring the future growth of the market.

- **Greater compliance due to stringent legislations and enforcements**

Regulations have increased the need for effective solid waste management. A greater need for compliance can sustain the necessity for good solid waste management practices, and thus contribute to demand for related services moving forward.

- **Increasing demand for environmental standards compliance**

The increasing demand for compliance and adoption of the ISO 14000 environmental standards as part of export requirements will help push the general demand for solid waste management services.

- **Sustained urbanisation and development**

Rapid development in recent decades has fuelled the urbanisation and modernisation process of Malaysian society, leading to increasing consumption and greater waste generation. Due to the inelastic nature of demand for waste management – necessitated by health, safety and growing environmental concern –, sustained urbanisation and development is expected to increase demand for solid waste management services and landfill disposal.

- **Growing national population**

Consumption expenditure in Malaysia directly correlates with the size of its population. As the population grows, waste generated through growing consumption multiplies. The growth of Malaysia's urban population also gives rise to increased domestic waste. Malaysia's population grew by an estimated 2.1% to 28.3 million on 31 July 2009 from 27.7 million in 2008.

#### 4. INFORMATION ON OUR GROUP (Cont'd)

##### 4.32.2 Supply conditions

The following factors represent key trends, developments and events influencing market supply.

- **Lack of feasible alternatives to landfill disposal**

There are a healthy number of alternative environmental technologies and waste management methods available in the global markets that are capable of substituting landfill disposal. However, the majority of these methods have not yet affected local solid waste management practices. The lack of feasible alternatives to landfill disposal is likely to sustain demand for landfill management services in the short to medium term future.

- **Upward inflationary pressure from persistent high oil prices**

Crude oil price has been persistently high. On the business front, the cost of services faces upward pressure, driven by inflationary pressure from persistent high fuel cost. Business cost components such as raw materials utilities and transportation costs also face upward pressure – potentially dampening the expansion capabilities of market players.

##### 4.33 MARKET PROSPECTS AND OUTLOOK

Specific to solid waste management, the government has emphasised the urgency for waste minimisation and better management through the National Strategic Plan for Waste Management and related regulations/ initiatives. While government support is strong and encouraging, market growth of solid waste management services is also expected to be driven by the increasing waste output of Malaysia's population. Urbanisation and the increasing development of urban areas are main causes to increasing consumption and solid waste generation. By 2020 daily solid waste output is expected to bloat to 30,000 tonnes compared to a current level of approximately 20,550 tonnes.

With waste output on the rise and the constant necessity for good solid waste management for health, safety and environmental reasons, the need for solid waste management services is expected to grow. Solid waste management services, such as collection and transport, material recovery, treatment and disposal services have much room to grow into. This is not only a result of increasing waste quantity, but also of the development of new methods and technologies to deal with solid waste in an environmentally sustainable manner. Intermediate treatment services to reduce waste mass for disposal, or reuse waste mass for energy recovery is specifically a key sector for the future growth of solid waste management services. The government is intent on boosting recovery efforts and integrating intermediate treatment into current solid waste management practices through large capital expenditure on such infrastructure including MRFs and thermal treatment incinerators. Herein lies a sustained potential for environmental solutions providers capable of integrating and operating such infrastructure moving forward.

Given these market conditions, the solid waste management market is expected to grow robustly moving forward. The solid waste management market was valued at RM3.82 billion in 2009, and is expected to grow at a CAGR of 5.3% from 2009 to 2014. The demand-push for solid waste management solutions and services is likely to come most significantly from the public sector efforts. Over the long run, the private sector is likely to become an important engine for growth, as privatisation efforts, and the profitability of waste management services materialise.

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**4. INFORMATION ON OUR GROUP (Cont'd)**

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**4.34 PROSPECTS IN THE SOUTH EAST ASIAN COUNTRIES**

Effective and environmentally sustainable solid waste management is becoming increasingly vital in Southeast Asia due to a number of key trends and developments prevalent throughout region.

- **Development and urbanisation** – Since the Asian Financial Crisis of 1997 to 1998, the South East Asian region has undergone rapid economic development, accompanied by societal modernisation and urbanisation. At present, it is estimated that half of South East Asians live in urban areas, and in 3 decades, this proportion is expected to bloat to approximately 70%. Greater economic development and incomes is encouraging greater consumption and waste generation, while urbanisation contributes to urban community issues such as municipal solid waste collection and disposal. As a developing region, these trends are expected to persist, contributing to the necessity and demand for proper solid waste management practices.
- **Population growth** – On the overall, population growth in South East Asia is high and is expected to persist at a high level. Apart from the increase in solid waste generation per capita due to urbanisation and development, population growth is also a factor contributing to greater waste output. Population growth is highest in the Philippines, Cambodia, Malaysia, and Indonesia.
- **Shortage of landfills** – Landfilling is the most cost effective method of disposal in South East Asia, and is hence the most popular route for solid waste management. Incineration remains expensive, and is the preferred choice only in Singapore due to the island state's lack of land resources to afford landfills. Incineration is also highly unpopular due to the inefficiencies related to the lack of consumer driven waste segregation, as well as pollution and environmental contamination perceived to be consequences of incinerator operations. As South East Asia's population grows, there will be a shortage of landfill sites in urban areas for waste disposal. This is likely to necessitate solid waste management alternatives, especially those involving the reduction of waste mass and volume.
- **Growing environmental consciousness** – Gradually increasing environmental awareness and initiative among consumers in South East Asia is likely to put pressure on corporations and governments to speed up the shift towards more environmentally-sustainable solid waste and landfill management practices. This is expected to create value for the solid waste management market in South East Asia.
- **Remediation of non-sanitary landfills** – Non-sanitary landfills remain the primary destination of disposal in Southeast Asia. It is estimated that there are well over 600 unsanitary landfill sites located in Southeast Asian countries (excluding Malaysia). Indonesia, the Philippines, Vietnam, Laos, Thailand, Myanmar and Cambodia still house many active open dumpsites. With environmental concern growing in these developing societies, and many landfills reaching capacity or the end of its life, the demand for environmental solutions related to the sustainable closure, remediation and restoration of landfills is likely to grow. The growing cumulative threat of non-sanitary landfills to the health and safety of nearby residents also catalyse the need for such services.

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#### **4. INFORMATION ON OUR GROUP (Cont'd)**

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The expansion prospects of solid waste management in the region bodes well for local environmental management service providers. Regionally, it also presents export opportunities for pioneering environmental management service providers to expand their market reach through the export of established expertise, proprietary technologies and the setup of overseas operations.

##### **4.35 OVERVIEW OF THE LANDSCAPING SERVICES INDUSTRY**

The Malaysian government has been playing an active role in the development of the local landscaping services industry. The National Landscape Department (“NLD”), which is under the purview of the KPKT, was established to spearhead government efforts in promoting landscaping services in Malaysia. Many landscape master plans were formulated in order to provide proper frameworks and guidelines for the systematic implementation and sustainability of landscaping activities in Malaysia.

The landscaping services industry in Malaysia is considered to be relatively young given its late recognition as a viable industry. This is partly due to the lack of concerted effort in providing specialised landscaping services in Malaysia which stemmed from the lack of landscaping professionals and dedicated landscaping service providers. Nevertheless, the industry seems to be heading in the right direction. The establishment of NLD has provided the much needed leadership in developing the local landscaping services industry. Examples of local company involved in the local landscaping services industry are Guthrie Landscaping Sdn Bhd (a subsidiary of Sime Darby Bhd), Negara Properties Landscaping Sdn Bhd (a subsidiary of Sime Darby Bhd), Kota Kemuning Nursery & Landscaping Sdn Bhd (a subsidiary of Gamuda Bhd), IOI Landscape Services Sdn Bhd (a subsidiary of IOI Corporation Berhad) and CSB. The growing list of participants can expand the existing market size of the local landscaping services industry.

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**4. INFORMATION ON OUR GROUP (Cont'd)**

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**4.36 FUTURE PLANS, STRATEGIES AND PROSPECTS****4.36.1 Advancement and expansion of our environmental business**

The recently tabled Tenth Malaysia Plan has underlined the government's intentions to remediate and upgrade another 112 unsanitary landfill sites over the plan period of 2011 to 2015, averaging approximately 22 sites per year. Our Group intends to secure the remediation service projects for the majority of these sites. We are also aiming to secure related solid waste management projects granted by the government including those involving the construction of new solid waste management facilities such as transfer stations, material recovery facilities and sanitary landfills.

After taking into consideration the performance and future growth of the environmental industry as set out in Section 4.33 and 4.34 of this Prospectus, our Group will continue to concentrate on the provision of integrated environmental solutions, specifically COLARIS, landfill restoration, environmental monitoring and management, GARIS, and wastewater treatment. We will be particularly interested in the provision of landfill remediation and restoration services and solutions moving forward, focusing on the restoration of 112 unsanitary landfills earmarked by the Federal Government through KPKT. Apart from continuing work on the sixteen (16) landfills through to completion, we are committed to securing additional projects identified under National Strategic Plan for Solid Waste Management from KPKT.

**4.36.2 Scaling up of our R&D activities**

Our R&D activities innovate and develop new services and solutions which give our Group a competitive advantage in the market. In light of this, we intend to scale-up our R&D activities to ensure that our services and solutions are relevant to the evolving requirements of our clients as well as the marketplace in general.

With our focus on environmental technology and engineering solutions, we are in a position to further develop and conceptualise solutions that will deliver advantages and benefits to our clients. Towards this end, we will focus on the further enhancement of our leachate treatment plant technology and the development of groundwater remediation technologies in the next three (3) years.

We hope to achieve this by leveraging on our accumulated knowledge and experience in environmental solutions and landscape services, as well as engage the technical acumen of international environment technology pioneers. To this end, our Group will continue to invest between 1% to 2% of our revenue into R&D activities. We also endeavour to further fine tune our services and solutions to suit different geographical environments and government regulations of the regional countries which we will penetrate.

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**4. INFORMATION ON OUR GROUP (Cont'd)**

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**4.36.3 Transfer or acquisition of new technologies through engagement of foreign partners**

When the opportunities arise, we intend to enter into technical collaborations with global environmental technology partners such as Universiti Kebangsaan Malaysia, Enviros Consulting Ltd and Fichtner GmbH & Co. KG in order to increase our expertise and technological relevance when undertaking large scale integrated environmental projects. Moving forward, in the next three (3) years, we will seek technical partnerships to improve our leachate management, landfill gas management and groundwater remediation technologies. This will help us to undertake larger environmental technology and engineering projects while also allow us to lower our technological risks.

The technology and expertise transfer from such partners moving forward will enhance the quality as well as the diversity of services we are able to provide to our clients, contributing to our edge over competitors both present and future.

**4.36.4 Overseas expansion**

Leveraging on our base in Malaysia, our Group intends to expand our environmental technology and engineering solutions business overseas especially South East Asia countries. These countries share close similarities with our environmental problems and our developed solutions are foreseen to be in demand by them.

So far, we have received interests to engage our services from countries such as Brunei, Indonesia, Bhutan, Timor Leste and Thailand. In 2009, we have been prequalified and tendered for an environmental project in Brunei and have submitted a waste management proposal to the government of Timor Leste. We have conducted preliminary market survey in Thailand, Indonesia and Vietnam. In 2010, we plan to embark on marketing our services to the local governments in these countries. Some contacts have been established and proposals have been made for landfill closure of Nothaburi and Laemchabang landfill in Thailand.

We will be looking to set up representative offices and/or agents to pursue opportunities arising. It is envisioned that the contracts for environmental projects secured within the region will contribute revenue to our Group starting from year 2012 or 2013.

In penetrating overseas markets, we will engage local partners through joint ventures to enhance our local knowledge base and market position while mitigating financial risks.

Our past experiences in penetrating overseas market and exporting our services to the Middle East countries have provided us with business model and perspective on how we could strategically expand our environmental technology and engineering solutions business within the region. These joint ventures will further enhance our ability to market our environmental technology and engineering services and solutions to a much wider geographical area and at the same time, reduce our cost of market penetration.

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

### 5.1 PROMOTERS

#### 5.1.1 Particulars and shareholdings

The details of the Promoters of our Company and their shareholdings in our Company before and after the IPO are as follows:-

| Name                      | Nationality | No. of Shares Held Before the IPO <sup>^</sup> |      | No. of Shares Held After the IPO <sup>*</sup> |      |
|---------------------------|-------------|--|------|---|------|
|                           |             | Direct   | (%)  | Direct  | (%)  |
| Tan Sri Razali bin Ismail | Malaysian   | 61,962,000                                     | 53.9 | 47,125,600                                    | 32.5 |
| Daud bin Ahmad            | Malaysian   | 16,813,000                                     | 14.6 | 13,169,400                                    | 9.1  |
| Siow Kwang Khee           | Malaysian   | 23,290,000                                     | 20.3 | 14,470,000                                    | 10.0 |

Notes:-

<sup>^</sup> Based on the issued and paid-up share capital of 115,000,000 Shares before the IPO.

<sup>\*</sup> Including their respective entitlements for the pink form allocation pursuant to the IPO and based on the enlarged issued and paid-up share capital of 145,000,000 Shares after the IPO.

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## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (*Cont'd*)

### 5.1.2 Profiles of Promoters

**Tan Sri Razali bin Ismail**, a Malaysian, aged 71, is the Non-Independent Non-Executive Chairman of our Company. He was appointed to the Board on 1 October 2006 and as the Non-Independent Non-Executive Chairman on the same day. He obtained a Bachelor of Arts (Honours) from University of Malaya in 1962. He is the founder of CSB.

Tan Sri Razali joined the Ministry of Foreign Affairs in 1962 and held various offices in India (1963 to 1966), France (1966 to 1968), the United Kingdom (1970 to 1972) and Laos (1974 to 1976). He was appointed as an Ambassador to Poland in 1978 with concurrent accreditation to the then German Democratic Republic, Czechoslovakia and Hungary before serving as the High Commissioner to India in 1982. He was the Deputy Secretary-General of Political Affairs in the Ministry of Foreign Affairs in 1985.

As the Permanent Representative of Malaysia to the United Nation from 1988 to 1998, and concurrent Ambassador to Cuba, Jamaica, Saint Lucia, Barbados, Trinidad and Tobago, Tan Sri Razali served in various capacities in the world body and was actively involved in several bodies, both within and outside the United Nation body – especially those dealing with development, the environment, human rights and reform of the United Nation. In 1989, he was the Chairman of Group 77. From 1989 to 1990, he headed the Malaysian delegation to the United Nation Security Council and served as its President, in June 1989 and again in July 1990. He was elected Chairman of the Commission on Sustainable Development in 1993 and was President of the Fifty-First Session of the United Nations General Assembly, 1996 to 1997.

Tan Sri Razali is the Chairman of Yayasan Salam (the Malaysian Peace Corps) since its inception in July 1997, and also chairman of a few other companies dealing with project development, chip technology, engineering, insurance and the environment. Tan Sri Razali received the first Elizabeth Haub Prize for Environmental Diplomacy by Pace University in New York in May 1999, and was conferred a Fellow of the Institut Tadbiran Awam Negara (“**INTAN**”) in May 1999.

He was a founding member of the first Governing Council of War-torn Societies Project International based in Geneva in April 2000 and was previously the United Nations (UN) Secretary-General’s Special Envoy for Myanmar from April 2000 to January 2006. He is an Honorary Fellow of the Institute for Environment and Development of the National University of Malaysia and was appointed as a Pro-Chancellor of Universiti Sains Malaysia, Penang from July 2001 to 2006. Tan Sri Razali was also the Special Adviser to the former Prime Minister, YAB Tun Dr Mahathir Mohamad and was appointed Panel Member of the Board of Advisers for National Unity from 2000 to 2002.

He was conferred the “Ordre Nation al du Merite” (National Order of Merit) by the French Government in November 2000 and conferred Honorary Doctorate of Law by Universiti Kebangsaan Sarawak in August 2002. In August 2002, Tan Sri Razali was appointed as President of World Wildlife Fund (“**WWF**”) Malaysia for a 5-year term from 1 July 2003.



**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

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Presently, he is a director of several public listed companies and private limited companies. Tan Sri Razali's work experience over the years has afforded him with the credibility and network in the overseas community, which in turn increased the credibility and network of our Group.

He is responsible for the formulation and execution of the overall business strategies of our Group. He plays a key role in the growth, development and the strategic direction of our Group, including implementing management policies and overseeing marketing and sales activities.

**Daud bin Ahmad**, a Malaysian, aged 44 is our Group's CEO and is one of the co-founders of CSB. He was appointed to the Board on 1 October 2006. He has been the CEO of our Company since January 2001. Encik Daud is an accountant by profession and has over 19 years of experience in the area of accounting, finance and business development from various industries.

Encik Daud obtained a Bachelor of Science (Accounting) with Honours and Distinction from Pennsylvania State University, USA in 1989 and was under the Malaysian Government Overseas Scholars Program. He had completed an Executive Management Program at University of Chicago (Barcelona) in year 2000. He obtained his membership in the Chartered Institute of Waste Management ("**CIWM**") UK in 2002.

Prior to joining our Company, he was working with a few large multinational companies such as KPMG in (1989 to 1990 as Audit Assistant), Motorola Malaysia Sdn Bhd (1990 to 1992 as Section Head of Finance) and ESSO Production Malaysia Inc. (1992-1994 as Senior Associate Accountant) as well as Ayer Molek Bhd, a public listed company (1994 to 1997 as Group Finance Manager). In 1998, Encik Daud started his involvement in landscape industry by joining ACL Asia as Group Finance, Human Resources and IT Manager.

During his employment tenure with Motorola, he was involved in a special team implementing the Six Sigma Quality Program in accounting processes. The team was then nominated to represent Motorola Malaysia and successfully awarded as the winner in the Motorola's Total Customer Satisfaction Competition (Finance Section) in the USA.

While working for Ayer Molek Bhd, he was involved in the setting-up of foreign business ventures in Australia, Hong Kong and South Africa. He successfully developed IT-related business in Hong Kong which was awarded with a contract by Hong Kong Government for the Provision and Maintenance of the Automated Court Proceeding System ("**Courtsmart System**") in more than 140 courts in Hong Kong valued more than Hong Kong Dollar 70 million.

**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

Currently, Encik Daud is the CEO of our Group and reports to the Board. Apart from his responsibilities to manage the operation of our Group, he is spearheading the overseas business development and marketing. He is directly involved in our Group's decision making processes through the development and formulation of strategic plans and policies, business development and diversification programs, investment decisions, mergers and acquisitions and financial management within our Group. In addition, he has a hands-on role in monitoring our Group's projects development through active involvement in weekly meetings and regular site visits to project sites.

**Siow Kwang Khee**, a Malaysian, aged 50, is the Non-Independent Executive Director of our Company. He was appointed to the Board on 1 October 2006. He is one of the co-founders of CSB and has contributed significantly to the growth of our Group. He was appointed to the Board of Directors of CSB in March 1999. Educated at Cambridge, Mr. Siow is a chemical engineer with almost 25 years of experience in managing businesses throughout Asia. He obtained a Bachelor of Engineering (Chemical and Materials) from Auckland University in 1983, a Master of Business Administration from Cranfield University in UK in 1992 and a Master of Studies in Interdisciplinary Design for the Built Environment from University of Cambridge in 2002.

He held the position of Regional General Manager (Asia) for Cuno Filtration Asia Pte. Ltd., a subsidiary of Cuno Inc, a US Multinational from 1989 to 1996. His 7-year tenure saw unprecedented growth in revenue and profits. In 1996, Mr. Siow joined Aspinwall Clouston Pte Ltd, a leading environmental and landscape consultancy firm in Asia and was responsible for the overall Asian business as an Executive Director. He was also a member of the Board of Directors of the holding company, Aspinwall & Co. Ltd in UK, which later merged with Enviros Ltd in 1997. He was appointed to the Board of Enviros Ltd from 1997 to 1999.

Currently, Mr Siow is the Executive Director of our Group and reports to the Board. Apart from his responsibilities to manage the operation of our Group, he is spearheading the overseas business development and marketing. He is directly involved in the Group's decision making processes through the development and formulation of strategic plans and policies, business development and diversification programs, investment decisions, mergers and acquisitions and financial management within our Group. In addition, he has a hands-on role in monitoring our Group's projects development through active involvement in weekly meetings and regular site visits to project sites.

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## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 5.1.3 Significant changes in Promoters' shareholdings in our Company for the past three (3) years

As at LPD, save as disclosed below, there are no other significant changes in our Promoters' shareholdings in our Company for the past three (3) years.

| Substantial Shareholders  | Allotment/<br>Acquisition |               | Transfer/<br>Disposal |               | Balance held  |      | Reason for change                                    |
|---------------------------|---------------------------|---------------|-----------------------|---------------|---------------|------|--|
|                           | Date                      | No. of shares | Date                  | No. of shares | No. of shares | %    |  |
| Siow Kwang Khee           | -                         | -             | 30 October 2008       | (2,960,000)   | 24,640,002    | 30.8 | Share disposal                                       |
|                           | 23 August 2010            | 10,780,000    | -                     | -             | 35,420,002    | 30.8 | Bonus Issue  |
| Tan Sri Razali bin Ismail | -                         | -             | 30 October 2008       | 2,960,000     | 2,960,000     | 28.6 | Share acquisition                                    |
|                           | -                         | -             | 18 November 2009      | 26,000,000    | 48,960,000    | 61.2 | Share acquisition from Che Azizuddin bin Che Ismail* |
|                           | 23 August 2010            | 21,419,996    | -                     | -             | 70,379,996    | 61.2 | Bonus Issue  |
| Daud Ahmad bin            | 23 August 2010            | 2,800,000     | -                     | -             | 9,200,002     | 8.0  | Bonus Issue  |

Note:-

\* Che Azizuddin bin Che Ismail resigned as a Director of our Company on 10 July 2009.

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**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)****5.2 SUBSTANTIAL SHAREHOLDERS****5.2.1 Particulars and shareholdings**

The details of the substantial shareholders of our Company and their shareholdings in our Company before and after the IPO are as follows: -

| Name                      | Nationality | No. of Shares Held Before the IPO <sup>^</sup> |      | No. of Shares Held After the IPO <sup>*</sup> |      |
|---------------------------|-------------|--|------|---|------|
|                           |             | Direct   | (%)  | Direct  | (%)  |
| Tan Sri Razali bin Ismail | Malaysian   | 61,962,000                                     | 53.9 | 47,125,600                                    | 32.5 |
| Daud bin Ahmad            | Malaysian   | 16,813,000                                     | 14.6 | 13,169,400                                    | 9.1  |
| Siow Kwang Khee           | Malaysian   | 23,290,000                                     | 20.3 | 14,470,000                                    | 10.0 |
| Tan Swee Loon             | Malaysian   | 12,935,000                                     | 11.3 | 13,185,000                                    | 9.1  |

Notes: -

<sup>^</sup>

Based on the issued and paid-up share capital of 115,000,000 Shares before the IPO.

<sup>\*</sup> Including their respective entitlements for the Pink Form allocation pursuant to the IPO and based on the enlarged issued and paid-up share capital of 145,000,000 Shares after the IPO.

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**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)****5.2.2 Profiles of Substantial Shareholders**

The profiles of Tan Sri Razali bin Ismail, Daud bin Ahmad and Siow Kwang Khee are set out in Section 5.1.2 herein.

**Ms Tan Swee Loon**, 47, is the Group Financial Controller of our Company. Ms Tan graduated with a Bachelor of Commerce, majoring in Accountancy, from University of Queensland, Australia in 1986. She is a Chartered Accountant member of the Malaysian Institute of Accountants, Certified Public Accountant member of the Australian Society of Certified Practising Accountants and Institute of Certified Public Accountants of Singapore.

Ms Tan commenced her career with KPMG Peat Marwick in Singapore in 1988 and was there until 1992. She later moved on to hold the position of Senior Accountant in the Chinese Development Assistance Council, a self-help/charitable quasi-government body headed by the Home Affairs Minister and Board of Trustees. In June 1994, Ms Tan joined Singapore-Suzhou Township Development Pte Ltd as Accounting and Personnel Manager. She was awarded the Outstanding Staff Member in the Work Year of 1995.

In 1997, Ms Tan proceeded to join Westport Holdings Sdn Bhd and was appointed as Finance Manager. During her tenure in Westport Holdings, she was responsible for the full spectrum of the financial and accounting reporting for its local and overseas property and infrastructure projects. Prior to joining our Company in 2002, Ms Tan was a Senior Audit Manager with a local accounting firm, Messrs Monteiro and Heng, where she was involved in statutory, internal and due diligence audits, special investigation, restructuring and corporate exercises of various clients including public listed companies.

She has been working in CSB since 2002, with 24 years of experience in the professional and commercial environment. Ms Tan has the overall responsibilities of overseeing the entire finance, administration and human resources of our Company

**5.2.3 Significant changes in Substantial Shareholders' shareholdings in our Company for the past three (3) years**

Save for the changes on the shareholdings of Tan Sri Razali bin Ismail, Daud bin Ahmad and Siow Kwang Khee which are set out on Section 5.1.3 herein, there are no other significant changes on the substantial shareholders' shareholdings in our Company for the past three (3) years.

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 5.3 DIRECTORS

#### 5.3.1 Particulars and shareholdings

The details of the Directors of our Company and their shareholdings in our Company before and after the IPO are as follows: -

| Name                              | Designation   | No. of Shares Held Before the IPO <sup>^</sup> |      | No. of Shares Held After the IPO <sup>*</sup> |     |            |      |   |   |
|-----------------------------------|---|--|------|---|-----|------------|------|---|---|
|                                   |   | Direct   | (%)  | Direct  | (%) | Indirect   | (%)  |   |   |
| Tan Sri Razali bin Ismail         | Non Independent Non-Executive Chairman                            | 61,962,000                                     | 53.9 | -   | -   | 47,125,600 | 32.5 | - | - |
| Daud bin Ahmad                    | Group Chief Executive Officer, Non-Independent Executive Director | 16,813,000                                     | 14.6 | -   | -   | 13,169,400 | 9.1  | - | - |
| Siow Kwang Khee                   | Non-Independent Executive Director                                | 23,290,000                                     | 20.3 | -   | -   | 14,470,000 | 10.0 | - | - |
| Dato' Dr. Freezailah bin Che Yeom | Independent Non-Executive Director                                | -  | -    | -   | -   | 25,000     | #    | - | - |
| Hasan bin Hamzah                  | Independent Non-Executive Director                                | -  | -    | -   | -   | 25,000     | #    | - | - |
| Headir bin Mahfidz                | Independent Non-Executive Director                                | -  | -    | -   | -   | 25,000     | #    | - | - |

Notes: -

<sup>^</sup> Based on the issued and paid-up share capital of 115,000,000 Shares before the IPO

<sup>\*</sup> Including their respective entitlements for the Pink Form allocation pursuant to the IPO and based on the enlarged issued and paid-up share capital of 145,000,000 Shares after the IPO.

# Less than 0.1%

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**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

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**5.3.2 Profiles of Directors**

Save for the profiles of Tan Sri Razali bin Ismail, Daud bin Ahmad and Siow Kwang Khee are set out in Section 5.1.2 herein. The profiles of the other Directors are as follows:-

**Dato' Dr. Freezailah bin Che Yeom**, a Malaysian, aged 70, is the Independent Non-Executive Director of Cypark. He was appointed to the Board on 8 June 2010. He obtained a First Class Honours degree in Forestry and PhD in Ecology from Edinburgh University in 1963 and 1974 respectively.

In 1986, Dato' Dr. Freezailah was appointed the founding Executive Director of the International Tropical Organisation ("ITTO") based in Japan, to promote the conservation, management and sustainable development of the world's tropical forests. He served the ITTO for 13 years and contributed to its establishment and development into a respected world body.

Dato' Dr. Freezailah returned to Malaysia in 1999 and was appointed Chairman of the Malaysian Timber Certification Council, which is the body responsible for certification of Malaysia's biodiversity-rich forests to ensure their sustainable management. The MTCC scheme is endorsed by the Programme for the Endorsement of Forest Certification schemes and is internationally recognised.

Dato' Dr. Freezailah is also currently an advisor to the Ministry of Plantation Industries and Commodities on negotiations with the European Union to conduct a voluntary partnership agreement to assure that only legal timber from Malaysia may be exported into markets of EU member states. He has also previously served in the Forestry Department of Peninsular Malaysia and has held several senior appointments such as Deputy Chief Research Officer of the Forest Research Institute, Director of Forestry in the States of Kelantan and Pahang and Deputy Director-General of Forestry.

**Hasan bin Haji Hamzah**, a Malaysian, aged 60, is the Independent Non-Executive Director of Cypark. He was appointed to the Board on 8 June 2010. He obtained his Diploma in Architecture from Mara Institute of Technology (now known as Universiti Teknologi MARA) ("UiTM") in 1972. He also holds a Diploma in Technology in Architecture from the South Australian Institute of Technology, University of South Adelaide which he obtained in 1978.

Encik Hasan began his career as an Architectural Assistant in 1972 at Goh Hock Guan and Associates. He then joined Architect Bersatu as an Architectural Assistant in 1973. After that, he became a Technical Assistant at the National University of Malaysia ("UKM") from 1974 to 1975. He then went on to join DBKL as an Architect in 1979 to 1996, where he held various other senior Architects' posts throughout the years.

He recently served as a Technical Advisor to the Mayor of Kuala Lumpur from 2006 to 2007 and was previously a Director in the Architect's Department of DBKL from 1996 to 2006. As Director in DBKL's Architect's Department, he was responsible for heading a department of more than 60 professionals including Architects, Civil, Structural, Electrical and Mechanical Engineers as well as Land Surveyors. His duties include implementing development projects and regulating conservation, urban design policies and guidelines. He currently lectures on a part-time basis at the International Islamic University Malaysia.

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

**Headir bin Mahfidz**, a Malaysian, aged 45, is the Independent Non-Executive Director of Cypark. He was appointed to the Board on 7 September 2010. He graduated from the University of Tasmania, Australia with a Bachelor of Commerce degree in 1989. In 1992, he qualified as a Certified Practising Accountant, as certified by CPA Australia. He is also a fellow of Malaysian Institute of Accountants, being admitted as a fellow since 1996.

Encik Headir began his career with Mayban Assurance Bhd in 1991, working as a Finance Executive. In 1993, he joined an audit firm, Messrs Raja Salleh, Lim & Co, where he worked for six (6) years in auditing engagements. His last position held at the firm was as a Principal of the firm. In 1999, Encik Headir set up his own accounting firm, Messrs Headir & Co which is principally involved in the provision of accountancy services. He is also interested in Agilex International Sdn Bhd, an international trading company, as a substantial shareholder.

Encik Headir does not currently hold any directorships in other companies.

### 5.3.3 Principal Directorships in Other Corporations for the Past 5 Years and Principal Business Activities Performed Outside our Company

Save as disclosed below, our Directors do not have any other principal directorship in other corporations for the past five (5) years prior to the LPD or any principal business activities performed outside our Group as at LPD:-

#### (i) Tan Sri Razali bin Ismail

| Company   | Position   | Date of Appointment | Resignation    | Principal activities  |
|---|--|---------------------|----------------|---|
| IRIS Corporation Bhd  | Independent Non-Executive Chairman and shareholder | 2 May 2002          | Not applicable | Technology and consulting                                   |
| IRIS Technologies Sdn Bhd   | Independent Non-Executive Chairman                 | 5 May 1998          | Not applicable | Technology and consulting                                   |
| Leader Universal Holdings Bhd   | Independent Non-Executive Chairman and shareholder | 16 September 1999   | Not applicable | Manufacture and sale of telecommunications and power cables |
| Allianz Malaysia Bhd (formerly known as Allianz General Insurance Malaysia Bhd) | Independent Non-Executive Chairman                 | 25 September 2001   | Not applicable | Underwriting of life and general insurance                  |
| Allianz Life Assurance Malaysia Bhd   | Independent Non-Executive Chairman                 | 1 August 2006       | Not applicable | Life insurance company                                      |
| Allianz General Insurance (Malaysia) Bhd  | Independent Non-Executive Chairman                 | 13 June 2007        | Not applicable | Underwriting of general insurance business                  |



**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

| Company  | Position  | Date of Appointment | Resignation                        | Principal activities   |
|--|---|---------------------|------------------------------------|--|
| Bright Mission Bhd<br>(formerly known as<br>Commerce Assurance<br>Bhd)   | Independent Non-<br>Executive Director                          | 28 August 2007      | Retired on 24<br>June 2009         | Insurance company  |
| PLUS Expressways Bhd   | Independent Non-<br>Executive Director<br>and shareholder       | 6 May 2002          | Retired on 4<br>June 2009          | Provision of<br>expressway operations<br>services                |
| CyEn Resources Sdn<br>Bhd  | Director and<br>shareholder                                     | 8 September<br>2005 | Not applicable                     | Environmental sub-<br>contracting works                          |
| CyWaste Sdn Bhd  | Director and<br>shareholder                                     | 8 September<br>2005 | Not applicable                     | General trading  |
| Aquarub Sdn Bhd  | Non Independent<br>Non-Executive<br>Director and<br>shareholder | 31 October<br>2006  | Not applicable                     | Manufacture of fish<br>feed                                      |
| Asdec Global Sdn Bhd   | Shareholder   | Not applicable      | Not applicable                     | Education and skill<br>training                                  |
| Jana DCS Sdn Bhd   | Non-Independent<br>Non-Executive<br>Director and<br>Shareholder | 1 April 2003        | Not applicable                     | Concession holder and<br>generator of district<br>cooling system |
| Stateside Resources Sdn<br>Bhd   | Shareholder   | Not applicable      | Not applicable                     | Environmental<br>consultants                                     |
| Sari Asli Sdn Bhd  | Shareholder   | Not applicable      | Not applicable                     | Supply of trees, plants<br>and operator of chalets               |
| Jana Fotacs Sdn Bhd<br>(formerly known as<br>Usaha Megaprima Sdn<br>Bhd) | Non-Independent<br>Non-Executive<br>Director                    | 25 August 2009      | Not applicable                     | General trading<br>investments and<br>properties                 |
| Tindakan Handal Sdn<br>Bhd   | Non-Independent<br>Non-Executive<br>Director and<br>shareholder | 22 October<br>2004  | Retired on 14<br>September<br>2007 | Electronic game<br>operator                                      |
| Kualiti Alam Sdn Bhd   | Independent Non-<br>Executive Chairman                          | 15 April 1998       | Retired on 14<br>May 2009          | Waste disposal<br>management                                     |
| Gerbang Perdana Sdn<br>Bhd   | Independent Non-<br>Executive Chairman                          | 2 January 2002      | Not applicable                     | Concession company<br>– construction                             |
| Pintar Teknologi Sdn<br>Bhd  | Non-Independent<br>Non-Executive<br>Chairman and<br>shareholder | 9 July 1999         | Retired on 2<br>July 2009          | Supply of computers to<br>smart schools                          |

**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

| Company  | Position   | Date of Appointment | Resignation                 | Principal activities                         |
|--|--|---------------------|-----------------------------|--|
| Pintar Teknologi Bumi Asia JV Sdn Bhd                | Non-Independent Non-Executive Director and shareholder | 15 January 2000     | Retired on 31 July 2009     | Provision of Information technology services |
| Salcon Bhd   | Independent Non-Executive Chairman                     | 21 July 2003        | Retired on 18 October 2007  | Provision of water treatment services        |
| Salcon Engineering Sdn Bhd                           | Independent Non-Executive Director                     | 17 January 2001     | Retired on 19 August 2005   | Engineering and construction                 |
| Pedu Hydro Sdn Bhd                                   | Non-Independent Non-Executive Chairman                 | 22 December 2003    | Retired on 15 January 2008  | Dormant                                      |
| Mighty Atlas Sdn Bhd                                 | Independent Non-Executive Director and shareholder     | 20 April 2004       | Retired on 21 February 2006 | Dormant                                      |
| International Centre for Security Management Sdn Bhd | Independent Non-Executive Director and shareholder     | 20 June 2005        | Retired on 23 December 2008 | Security management consultants              |
| Gunung-Ganang Corporation Sdn Bhd                    | Non-Independent Non-Executive Chairman and shareholder | 15 July 2002        | Not applicable              | Environmental Management                     |

**(ii) Daud bin Ahmad**

| Company                  | Position                 | Date of Appointment | Resignation    | Principal activities                |
|--------------------------|--------------------------|---------------------|----------------|-------------------------------------|
| CyEn Resources Sdn Bhd   | Director and shareholder | 8 September 2005    | Not applicable | Environmental sub-contracting works |
| CyWaste Sdn Bhd          | Director and shareholder | 8 September 2005    | Not applicable | General trading                     |
| Layar Stabil (M) Sdn Bhd | Shareholder              | Not applicable      | Not applicable | Dormant                             |

**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**
**(iii) Siow Kwang Khee**

| Company                | Position                 | Date of Appointment | Resignation    | Principal activities                |
|------------------------|--------------------------|---------------------|----------------|-------------------------------------|
| CyEn Resources Sdn Bhd | Director and shareholder | 8 September 2005    | Not applicable | Environmental sub-contracting works |
| CyWaste Sdn Bhd        | Director and shareholder | 8 September 2005    | Not applicable | General trading                     |

**(iv) Dato' Dr. Freezailah bin Che Yeom**

| Company    | Position   | Date of Appointment | Resignation    | Principal activities                  |
|------------|--|---------------------|----------------|---------------------------------------|
| Salcon Bhd | Independent Non-Executive Director and shareholder | 21 July 2003        | Not applicable | Provision of water treatment services |

**(v) Hasan bin Hj Hamzah**

| Company                       | Position | Date of Appointment | Resignation    | Principal activities                                  |
|-------------------------------|----------|---------------------|----------------|---|
| X'PO Jaya Sdn Bhd             | Director | 18 May 2007         | Not applicable | Provision of event management                         |
| Mutiara Asia Services Sdn Bhd | Director | 11 January 2010     | Not applicable | Information technology management and security system |

**(vi) Headir bin Mahfidz**

| Company                      | Position    | Date of Appointment | Resignation    | Principal activities                  |
|------------------------------|-------------|---------------------|----------------|---------------------------------------|
| Agilex International Sdn Bhd | Shareholder | Not applicable      | Not applicable | Trading of food and consumer products |
| TS Tan Consulting Sdn Bhd    | Director    | 26 February 2002    | Not applicable | Management and consulting services    |

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

Our Directors' involvement in the above businesses does not require a significant amount of their time as the businesses are managed by experienced personnel. Accordingly, their involvement in the abovementioned businesses does not affect their contribution to our Group or negatively impact their ability to act as our Directors.

### 5.3.4 Directors' and Chief Executive's Remuneration and Benefits

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to the Directors and Chief Executive of our Company on an individual basis for services rendered in all capacities to our Group for the FYE 2009 and the proposed FYE 2010 are as follows: -

|                                  | FYE 2009                   |   |     | Proposed for FYE 2010      |   |     |
|----------------------------------|----------------------------|---|-----|----------------------------|---|-----|
|                                  | Remuneration Band (RM'000) |   |     | Remuneration Band (RM'000) |   |     |
| Tan Sri Razali bin Ismail        | 150                        | - | 200 | 250                        | - | 300 |
| Daud bin Ahmad                   | 350                        | - | 400 | 550                        | - | 600 |
| Siow Kwang Khee                  | 350                        | - | 400 | 550                        | - | 600 |
| Dato' Dr Freezailah bin Che Yeom | -                          | - | -   | 0                          | - | 50  |
| Hasan bin Hamzah                 | -                          | - | -   | 0                          | - | 50  |
| Headir bin Mahfidz               | -                          | - | -   | 0                          | - | 50  |

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## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 5.4 COMMITTEES

#### 5.4.1 Audit Committee

An Audit Committee provides the Board with assurance of the quality and reliability of financial information used by the Board and of the financial information issued publicly by our Company. It provides an additional and more specialised oversight of the financial reporting process by facilitating the discharge of our Board's responsibility in respect of the timely preparation and issuance of financial statements. The main functions of the Audit Committee which fall within the ambit of the Listing Requirements, include assessing the risks, (including the levels of authority delegated to the management by the Board) and control environment, the review of audit plans and audit reports with our Group's auditors, review of the auditors' evaluation of internal controls, program and review of the scope of internal audit procedures, reviewing conflict of interest situations and related party transactions, and candid discussions with management, internal and external auditors and nomination of the auditors. The Audit Committee comprises the following individuals:-

| Name                              | Designation | Directorship                           |
|-----------------------------------|-------------|--|
| Dato' Dr. Freezailah bin Che Yeom | Chairman    | Independent Non-Executive Director     |
| Headir bin Mahfidz                | Member      | Independent Non-Executive Director     |
| Tan Sri Razali bin Ismail         | Member      | Non-Independent Non-Executive Chairman |

#### 5.4.2 Remuneration Committee

The Remuneration Committee is principally responsible for reviewing and recommending to our Board the terms of employment of our Directors, to develop a policy on the remuneration of Executive Directors and propose balanced packages to these Directors so as to attract, retain and motivate Executive Directors with a mix of skills to participate with the appropriate levels of experience and knowledge, and align the interests of Directors and shareholders in promoting our Company's progress. The Remuneration Committee comprises the following members:-

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

| Name                              | Designation | Directorship                           |
|-----------------------------------|-------------|--|
| Dato' Dr. Freezailah bin Che Yeom | Chairman    | Independent Non-Executive Director     |
| Hasan bin Hamzah                  | Member      | Independent Non-Executive Director     |
| Tan Sri Razali bin Ismail         | Member      | Non-Independent Non-Executive Chairman |

### 5.4.3 Nomination Committee

The Nomination Committee is principally responsible for recommending to our Board the appointment of new Directors of our Company and committee members. It should annually review our Board's required mix of skills and experience and other qualities including core competencies which the Non-Executive Directors should bring to our Board and assess the effectiveness of the Board as a whole, the committees of our Board and the contribution of each individual Director. It should work with our Board to ensure a succession plan including appointing, training, fixing the compensation of and, where appropriate, replacing senior management. The Nomination Committee comprises the following members:-

| Name                              | Designation | Directorship                           |
|-----------------------------------|-------------|--|
| Dato' Dr. Freezailah bin Che Yeom | Chairman    | Independent Non-Executive Director     |
| Hasan bin Hamzah                  | Member      | Independent Non-Executive Director     |
| Tan Sri Razali bin Ismail         | Member      | Non-Independent Non-Executive Chairman |

## 5.5 BOARD PRACTICES

Our Memorandum and Articles of Associations provide that one-third (or the number nearest to a third) of our Board are required to retire from office by rotation at every annual general meeting of our Company. Further, all our Directors are required to retire from office at least once every three (3) years. However, Directors who retire are eligible to stand for re-election at the meeting at which he retires. Additionally, persons appointed as additional Directors in the course of a financial year shall hold office only until the next annual general meeting but shall be eligible for re-election. Such Directors' retirement shall be additional to and not be taken into account in the determination of the usual one-third retirement of Directors by rotation.

**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

As at the date of this Prospectus, the respective Directors' term of office are as shown below:-

| Name                              | Designation                                   | Length of Service as Director of our Company as at date of this Prospectus | Date of expiration of current term of office  |
|-----------------------------------|---|--|---|
| Tan Sri Razali bin Ismail         | Non-Independent Non-Executive Chairman        | 3 years 11 months  | At the 7 <sup>th</sup> Annual General Meeting of our Company to be held in year 2012. |
| Daud bin Ahmad                    | Group CEO, Non-Independent Executive Director | 3 years 11 months  | At the 8 <sup>th</sup> Annual General Meeting of our Company to be held in year 2013. |
| Siow Kwang Khee                   | Non-Independent Executive Director            | 3 years 11 months  | At the 6 <sup>th</sup> Annual General Meeting of our Company to be held in year 2011. |
| Dato' Dr. Freezailah bin Che Yeom | Independent Non-Executive Director            | *  | At the 6 <sup>th</sup> Annual General Meeting of our Company to be held in year 2011. |
| Hasan bin Hamzah                  | Independent Non-Executive Director            | *  | At the 6 <sup>th</sup> Annual General Meeting of our Company to be held in year 2011. |
| Headir bin Mahfidz                | Independent Non-Executive Director            | *  | At the 6 <sup>th</sup> Annual General Meeting of our Company to be held in year 2011. |

Note:-

\* Dato' Dr. Freezailah bin Che Yeom and Hasan bin Hamzah were appointed on 8 June 2010 and Headir bin Mahfidz was appointed on 7 September 2010.

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## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 5.6 KEY MANAGEMENT

#### 5.6.1 Particulars and Shareholdings of the Key Management

The details of the key management of our Group and their shareholdings in our Group before and after the IPO are as follows:-

| Name                                   | Designation                                      | No. of Shares Held Before the IPO * |              | No. of Shares Held After the IPO |              |
|--|--|-------------------------------------|--------------|----------------------------------|--------------|
|  |  | Direct                              | Indirect (%) | Direct                           | Indirect (%) |
| Daud bin Ahmad                         | Group CEO  | 16,813,000                          | 14.6         | 13,169,400                       | 9.1          |
| Achmat Nadhrain bin Ibrahim            | General Manager                                  | -                                   | -            | 40,0000                          | #            |
| Tan Swee Loon                          | Group Financial Controller                       | 12,935,000                          | 11.3         | 13,185,000                       | 9.1          |
| Ramizan bin Ismail                     | Senior Project Manager                           | -                                   | -            | 10,000                           | #            |
| Sahrul Rizal bin Tokimin               | Division Manager/Construction Manager            | -                                   | -            | 10,000                           | #            |
| Syahidan bin Muhammad Kuzi             | Finance Manager                                  | -                                   | -            | 10,000                           | #            |
| Wan Mohammed Faitouri bin Wan Mohammed | Senior Quantity Surveyor cum Procurement Officer | -                                   | -            | 10,000                           | #            |

Notes:-

^ Based on the issued and paid-up share capital of 115,000,000 Shares before the IPO.

\* Including their respective entitlements for the Pink Form allocation pursuant to the IPO and based on the enlarged issued and paid-up share capital of 145,000,000 Shares after the IPO.

# Less than 0.1%



## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (*Cont'd*)

### 5.6.2 Profiles of the Key Management

Save for the profiles of Daud bin Ahmad and Tan Swee Loon whose profiles are disclosed in Section 5.1.2 and Section 5.2.2 herein respectively, the profiles of the other Key Management are as follows: -

**Encik Achmat Nadhrain bin Ibrahim**, 39, is the General Manager of our Company. He graduated with a Bachelor (Hons.) in Mechanical Engineering from the University of Brighton, United Kingdom in 1994.

In 1994, Encik Achmat started his career as an engineer with Scomi Sdn. Bhd. ("**Scomi**"), a company involved in the design and fabrication of Special Purpose Vehicles under the 'KING's' brand. He was involved in areas of design, procurement and fabrication. Encik Achmat later joined Malaysia's national car manufacturer, Perusahaan Otomobil Nasional Bhd, also known as Proton, in 1997. During his time in Proton, he was involved in localisation, technology transfer and vendor development activities. In 2000, he was employed as a General Manager in Penambang Holdings (Pty) Ltd, a Malaysian owned property development and construction company based in South Africa. Encik Achmat was responsible for managing the construction projects and exploring new opportunities in South Africa. In 2001, Encik Achmat returned to Malaysia to join Shapadu Properties Sdn Bhd ("**Shapadu**"), a wholly owned subsidiary of the Shapadu Group of Companies. He was involved in the company's construction activities and also helped to re-establish Farabina Sdn. Bhd., a subsidiary of Shapadu which is involved in Facilities Management. In 2003, Encik Achmat joined Hartasuma Sdn. Bhd. ("**Hartasuma**") as its Head of Project.

Encik Achmat joined our Group in May 2004 as General Manager. Presently, he overlooks the company's daily operations, which includes business development and marketing. Some of the portfolios that Encik Achmat has accomplished so far include the Taman Beringin Safe Landfill Restoration Project.

**Ramizan bin Ismail**, a Malaysian, aged 44, is the Senior Project Manager of Cypark. He graduated with a Bachelor in Civil Engineering from Universiti Teknologi Mara in 1990 and further obtained an MBA from Universiti Utara Malaysia in 2007.

Encik Ramizan began his career as a Design Engineer with Perak State Development Corporation in 1990. He then joined Gopeng Bhd as a Site Engineer in the same year and was promoted to Planning Engineer in 1993. He subsequently joined HSS Integrated Sdn Bhd as a Measurement Engineer in 1994 where he was involved in earthwork projects for the Kuala Lumpur International Airport ("**KLIA**"). In 1995, he joined Maju Bangun Sdn Bhd as a Technical Manager where he was Head of the Technical Department and was responsible for contract procurement, budgeting, technical evaluation, project planning, implementation and monitoring. In 2002 he joined Seri Jurutera Perunding as a Design Engineer and in 2003, he joined Pembinaan Marwan Sdn Bhd as General Manager. Thereafter, he joined Anjung Emas Sdn Bhd as a Civil and Structural Manager in 2005. From 2007 to 2009, he was Project Manager at Gabungan Stategik Sdn Bhd.

**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

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Encik Ramizan joined Cypark in his current position in March 2009. He is primarily responsible for the project staff and the overall performance of all projects undertaken by Cypark. His duties include documenting, preparing and presenting all project documentation internally as well as externally.

**Sahrul Rizal bin Tokimin**, a Malaysian, aged 38, is the Division Manager and Construction Manager of Cypark. He obtained an Advanced Diploma in Building Surveying from UiTM in 1995.

He commenced his career in Almatlab Sdn Bhd as a Site Engineer in May 1997 and worked his way up to Site Manager. He subsequently left Almatlab Sdn Bhd in April 2008 and joined Kitacon Sdn Bhd as a Site Manager in June 2008. He then joined Arah Jitu Sdn Bhd as a Project Manager in January 2009 where he was involved in the project for building the Lebuhraya Kemuning – Shah Alam toll plaza. While at Arah Jitu Sdn Bhd, he was responsible for planning and monitoring the progress of work being carried out while at the same time, he was also involved with the budgeting of the project.

Encik Sahrul joined Cypark in his present position in July 2009. His primary duties at Cypark include managing all aspects of engineering projects such as the preparation of project contracts and assigning work to engineers, technician and other professionals. He is also responsible for developing, monitoring and updating project schedules as well as the allocation of project funds.

**Syahidan Mohamad Kuzi**, aged 31 is the Finance Manager of Cypark. He graduated with a Diploma in Accountancy and a Bachelor in Accounting from Universiti Teknologi Mara in 2001 and 2004 respectively. He is a member of the MIA.

Encik Syahidan commenced his career as graduate Accountant Assistant with Cypark Group in 2004. He was subsequently promoted to his current position in 2009 to Head of Finance Department of out Group and oversees all aspects of the finance and project accounting needs.

He is competent in the use of spreadsheet and database programs, and is familiar with common accounting software. He also keep abreast of the latest developments on software systems used to track and share financial data within an office.

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

**Wan Mohammed Faitouri bin Wan Mohammed**, a Malaysian, aged 33, is the Senior Quantity Surveyor and Procurement Officer of Cypark. He graduated with a Diploma in Building from UiTM in 1999.

He commenced his career as a Trainee Site Supervisor at PATI LRT Sdn Bhd and Perembun (M) Sdn Bhd in 1997. In 1999, he joined D.C. One Technologies Sdn Bhd as a Junior Executive of Information Technology. He then returned to Perembun (M) Sdn Bhd as a Project Executive from 2000 to 2002. In 2002, he joined Rampai Idaman Sdn Bhd as Technical Manager before moving on to Sigma RC Joint Venture Private Limited in 2005 as a Project Executive where he was involved in various engineering projects in Bangladesh. He subsequently joined Eagles-CSL Consortium as a Lead Consultant in 2006.

In 2008, he joined Ericsson (M) Sdn Bhd as a Support Executive for its Maxis Phoenix 3G Nationwide Broadband expansion where he was responsible for contract administration, coordination and planning of implementation work, site surveys, site acquisitions, site procurement and related activities. He was also responsible for liaising with the relevant government departments and corresponding government ministries during his time at Eagles-CSL Consortium.

Encik Wan Mohammed joined Cypark in his current position in June 2009. His primary responsibilities include evaluating project budgets and cost estimates and contract documentation between Cypark and its clients, joint-venture partners, consultants, contractors and suppliers. He is also in-charge of managing issues arising from project claims.

### 5.7 INVOLVEMENT OF EXECUTIVE DIRECTORS/KEY MANAGEMENT IN OTHER BUSINESSES/ CORPORATIONS

For the involvement of our Executive Directors in other businesses/corporations, please refer to Section 5.3.3 of this Prospectus.

As at LPD and save as disclosed below, none of our key management is involved in other businesses or corporations.

#### (a) Tan Swee Loon

| Company                 | Position                           | Date of Appointment | Resignation    | Principal activities                        |
|-------------------------|------------------------------------|---------------------|----------------|---|
| Swiss Original Sdn Bhd* | Independent Non-Executive Director | 13 August 1998      | Not applicable | Sales and distribution of skincare products |

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

### (b) Achmat Nadhrain bin Ibrahim

| Company                                  | Position | Resignation    | Principal activities |
|--|----------|----------------|----------------------|
| Aquasis Construction Engineering Sdn Bhd | Director | Not applicable | Dormant              |
| Butik Adek Sdn Bhd                       | Director | Not applicable | Dormant              |
| Zazen Biodiesel Tech Sdn Bhd             | Director | Not applicable | Dormant              |
| The Crane Onstream (M) Sdn Bhd           | Director | Not applicable | Dormant              |

Tan Swee Loon and Achmat Nadhrain bin Ibrahim are not involved in the day-to-day activities of the abovementioned business and accordingly, their involvement of the abovementioned business does not affect their contribution to our Group or negatively impact their ability to act as the Group Financial Controller and General Manager of our Group.

### 5.8 DECLARATION OF PROMOTERS, DIRECTORS AND KEY MANAGEMENT

Save for the disclosure made under Section 5.3.3 of this Prospectus with regards to Azhim Hadi bin Daud, none of our Promoters, Directors, key management or person nominated to become a director or key management is or has been involved in any of the following events:-

- (a) A petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (b) Disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) Charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) Any judgment was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (e) The subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 5.9 FAMILY RELATIONSHIPS

There is no family relationship (as defined in Section 122A of the Act) between the Substantial Shareholders, Promoters, Directors and key management of our Group.

### 5.10 EXISTING OR PROPOSED SERVICE AGREEMENTS

There are no existing or proposed service agreements between the Directors and key management personnel of our Group with the Company and/or its subsidiaries.

### 5.11 EMPLOYEES

The number of employees in our Group as at FYE 2005 to 2009 and FPE 2010 are as follows:-

| Category   | No. of Employees      |                       |                       |                       |                       |                     |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
|  | As at 31 October 2005 | As at 31 October 2006 | As at 31 October 2007 | As at 31 October 2008 | As at 31 October 2009 | As at 31 March 2010 |
| Managerial and professional  | 16                    | 23                    | 13                    | 13                    | 17                    | 10                  |
| Technical and supervisory  | 41                    | 56                    | 22                    | 30                    | 72                    | 67                  |
| Clerical and related occupations (e.g. Clerks typists, stenographers, personal secretaries, etc) | 6                     | 9                     | 1                     | 3                     | 20                    | 39                  |
| General workers (e.g. telephone operators, drivers, office boys, watchman etc)                   | 28                    | 15                    | 9                     | 11                    | 29                    | 41                  |
| <b>TOTAL</b>   | <b>91</b>             | <b>103</b>            | <b>45</b>             | <b>57</b>             | <b>138</b>            | <b>157</b>          |

Our Group employees by geographical location as at FYE 31 October 2005 to 2009 and FPE 2010 are as follows:-

| Geographical location | No. of Employees      |                       |                       |                       |                       |                     |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
|                       | As at 31 October 2005 | As at 31 October 2006 | As at 31 October 2007 | As at 31 October 2008 | As at 31 October 2009 | As at 31 March 2010 |
| Malaysia              | 78                    | 52                    | 40                    | 51                    | 137                   | 157                 |
| Qatar                 | 13                    | 51                    | 5                     | 6                     | 1                     | -                   |
| <b>TOTAL</b>          | <b>91</b>             | <b>103</b>            | <b>45</b>             | <b>57</b>             | <b>138</b>            | <b>157</b>          |

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

In FYE 2009, on average, our Group had employed 94 contractual/temporary employees. With regards to the employees based in Qatar for FYEs 2007 to 2009, the countries of origin of these employees are Malaysia, Philippines and India.

As at LPD, none of our employees are members of any labour union and in this regard, there are no industrial disputes involving our Group.

As at LPD, our Group has not received any notification from the labour department regarding non-compliance with the labour laws.

|                                 | No. of Employees      |                       |                       |                       |                       |                     |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
|                                 | As at 31 October 2005 | As at 31 October 2006 | As at 31 October 2007 | As at 31 October 2008 | As at 31 October 2009 | As at 31 March 2010 |
| Permanent employees             | 78                    | 51                    | 32                    | 33                    | 44                    | 30                  |
| Contractual/temporary employees | 13                    | 52                    | 13                    | 24                    | 94                    | 127                 |
| <b>TOTAL</b>                    | <b>91</b>             | <b>103</b>            | <b>45</b>             | <b>57</b>             | <b>138</b>            | <b>157</b>          |

Of the total 91 employees as at 31 October 2005, 78 numbers were based in Malaysia. The employees mainly comprised technical and supervisory staff and general workers. The technical and supervisory personnel were employed for the Putrajaya Waterfront project, Precinct 15, Putrajaya project and Taman Beringin Landfill Restoration Project. The general workers were employed for the maintenance business. In the Middle East, our Group had 13 contractual employees during the initial set up of its operations.

Total number of employees increased from 91 as at 31 October 2005 to 103 as at 31 October 2006. The number of employees in Malaysia however decreased from 78 to 53 as at 31 October 2006 mainly due to less general workers required as a result of the completion of a contract for maintenance of the recreational and open space within Kuala Lumpur vicinity from DBKL.

In the Middle East, the number of employees increased from 13 in the previous year to 51 mainly for the AGV project.

Total number of employees reduced significantly from 103 as at 31 October 2006 to 45 as at 31 October 2007 due to the completion of the AGV project (in Qatar) and Putrajaya Waterfront project and Precinct 15, Putrajaya (in Malaysia).

Total employees increased from 45 as at 31 October 2007 to 57 persons as at 31 October 2008, mainly due to additional employees employed on a contract basis for the National Landfill Restoration project. As the National Landfill Restoration project progressed, our Group employed more on a contract basis thus showing a significant increase of employees as at 31 October 2009 and as at 31 March 2010.

**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)****Training and Development**

The Human Resources and Administration (“HRA”) Department conducts regular internal training programmes and activities such as:-

- Employee knowledge enhancement programme;
- Leadership skills development;
- Problem solving and decision-making training;
- Financial accounting and management training;
- Environmental awareness training;
- Environmental management system;
- Contaminated land assessment methodology; and
- Capping engineering and leachate treatment.

These are mainly technical training, motivational and leadership/management development programmes aimed at increasing the staff's knowledge and to enhance their proficiency in their daily tasks. The HRA Department also organises training courses with external training centres and associations to run both workshops and in-house training seminars on a regular basis. Employees are provided with opportunities to acquire new skills and knowledge through various external courses and training in areas of management skills and technical know-how. The types of external programmes include management courses, strategic planning, total quality standards management and environmental management courses.

**Management Succession Plans**

Our Group's business is organised along functional lines where functional/department managers are responsible for the execution of their duties. Our Group practices management empowerment whereby functional/department managers are relatively autonomous and have significant decision making authority within their span of control and within clearly defined boundaries. As such, there is no over reliance on the Group CEO to be involved in all the details and aspects of the operational and functional areas. This allows the Group CEO to focus on strategic matters and on further developing the business for growth and success.

Nevertheless, we recognise the need to ensure continuity in our management in order to maintain our competitive edge over our competitors. Our Board believes that the continued success of our Company depends, among others, on the support and dedication of our management personnel. Our Company has in place human resource strategies which, include, amongst others, attractive remuneration packages and further training activities and promotion opportunities. Our Company's initiatives on succession planning include:-

**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

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- (a) Identifying key competencies and requirements for managers and higher positions. Job and candidate profiles are developed for management position in line with the business goals, strategies and culture of our Group; and
- (b) Taking a proactive approach towards addressing talent management to ensure the organisation has talent readily available from a capability perspective to undertake leadership positions throughout the organisation.

In addition, our middle management are constantly exposed to various aspects of our business activities in order to ensure that they have a full understanding of the responsibilities and the decision making process and are equipped with the knowledge necessary for them to succeed to senior management positions.

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## 6. APPROVAL AND CONDITIONS

### 6.1 APPROVALS AND CONDITIONS

The Listing of our Company on the Main Market of Bursa Securities was approved by the relevant authorities as follows:-

| Authority                |   |
|--------------------------|---|
| MITI                     | 20 June 2008, 26 September 2008 and 8 July 2010.  |
| SC                       | 30 July 2008, 7 August 2008, 8 October 2008, 4 December 2008, 9 November 2009 26 April 2010, 18 August 2010, 30 August 2010 and 2 September 2010. |
| Shariah Advisory Council | 7 September 2010  |
| Bursa Securities         | 20 September 2010   |

#### 6.1.1 MITI's approvals

- (a) The MITI had approved the IPO via its letters dated 20 June 2008, 26 September 2008 and 8 July 2010. The conditions imposed by MITI and status of compliance are as follows: -

| Conditions Imposed By MITI  |   | Status of Compliance  |                             |                         |  |                        |                             |    |                           |            |       |    |                |            |      |    |                              |            |       |  |  |                   |              |  |  |
|---|---|---|-----------------------------|-------------------------|--|------------------------|-----------------------------|----|---------------------------|------------|-------|----|----------------|------------|------|----|------------------------------|------------|-------|--|--|-------------------|--------------|--|--|
| <b><u>MITI via its letter dated 20 June 2008</u></b>  |   |   |                             |                         |  |                        |                             |    |                           |            |       |    |                |            |      |    |                              |            |       |  |  |                   |              |  |  |
| (i)   | To obtain the SC's approval and compliance with the guidelines on the acquisitions of interests, mergers and take-overs by local and foreign interests; and | MITI had approved a revision of our Company's listing scheme on 26 September 2008. Please refer to the conditions imposed by MITI via its letter dated 26 September 2008. |                             |                         |  |                        |                             |    |                           |            |       |    |                |            |      |    |                              |            |       |  |  |                   |              |  |  |
| (ii)  | MITI has recognised the shareholdings of Bumiputera investors in our Company as follows:  | MITI had approved a revision of our Company's listing scheme on 26 September 2008. Please refer to the conditions imposed by MITI via its letter dated 26 September 2008. |                             |                         |  |                        |                             |    |                           |            |       |    |                |            |      |    |                              |            |       |  |  |                   |              |  |  |
| <table border="1"> <thead> <tr> <th rowspan="2">No</th> <th rowspan="2">Shareholders</th> <th colspan="2">Shareholdings after IPO</th> </tr> <tr> <th>No. of shares (Direct)</th> <th>% of enlarged share capital</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Tan Sri Razali bin Ismail</td> <td>33,458,200</td> <td>23.90</td> </tr> <tr> <td>2.</td> <td>Daud bin Ahmad</td> <td>10,916,304</td> <td>7.80</td> </tr> <tr> <td>3.</td> <td>Che Azizuddin bin Che Ismail</td> <td>14,878,000</td> <td>10.62</td> </tr> <tr> <td colspan="2"></td> <td><b>59,252,504</b></td> <td><b>42.32</b></td> </tr> </tbody> </table> |   | No  | Shareholders                | Shareholdings after IPO |  | No. of shares (Direct) | % of enlarged share capital | 1. | Tan Sri Razali bin Ismail | 33,458,200 | 23.90 | 2. | Daud bin Ahmad | 10,916,304 | 7.80 | 3. | Che Azizuddin bin Che Ismail | 14,878,000 | 10.62 |  |  | <b>59,252,504</b> | <b>42.32</b> |  |  |
| No  | Shareholders  |   |                             | Shareholdings after IPO |  |                        |                             |    |                           |            |       |    |                |            |      |    |                              |            |       |  |  |                   |              |  |  |
|   |   | No. of shares (Direct)  | % of enlarged share capital |                         |  |                        |                             |    |                           |            |       |    |                |            |      |    |                              |            |       |  |  |                   |              |  |  |
| 1.  | Tan Sri Razali bin Ismail   | 33,458,200  | 23.90                       |                         |  |                        |                             |    |                           |            |       |    |                |            |      |    |                              |            |       |  |  |                   |              |  |  |
| 2.  | Daud bin Ahmad  | 10,916,304  | 7.80                        |                         |  |                        |                             |    |                           |            |       |    |                |            |      |    |                              |            |       |  |  |                   |              |  |  |
| 3.  | Che Azizuddin bin Che Ismail  | 14,878,000  | 10.62                       |                         |  |                        |                             |    |                           |            |       |    |                |            |      |    |                              |            |       |  |  |                   |              |  |  |
|   |   | <b>59,252,504</b>   | <b>42.32</b>                |                         |  |                        |                             |    |                           |            |       |    |                |            |      |    |                              |            |       |  |  |                   |              |  |  |

**6. APPROVAL AND CONDITIONS (Cont'd)**

| Conditions Imposed By MITI  | Status of Compliance |
|---|----------------------|
| Subject to:<br><br>MITI's approval is required for the sale/transfer of shares recognised. However, sale/transfer of 30% of the total said shares is allowed without obtaining MITI's approval. |                      |

- (b) The conditions imposed by MITI via its letter dated 26 September 2008 and the status of compliance are as follows:-

| Conditions Imposed By MITI  | Status of Compliance  |                             |                         |                         |                        |                             |    |                           |            |       |    |                |            |      |    |                              |            |       |  |  |                   |              |  |
|---|---|-----------------------------|-------------------------|-------------------------|------------------------|-----------------------------|----|---------------------------|------------|-------|----|----------------|------------|------|----|------------------------------|------------|-------|--|--|-------------------|--------------|--|
| <b><u>MITI via its letter dated 26 September 2008</u></b>   |   |                             |                         |                         |                        |                             |    |                           |            |       |    |                |            |      |    |                              |            |       |  |  |                   |              |  |
| (i) To obtain the SC's approval and compliance with the guidelines on the acquisitions of interests, mergers and take-overs by local and foreign interests; and   | MITI had approved a revision of our Company's listing scheme on 8 July 2010. Please refer to the conditions imposed by MITI via its letter dated 8 July 2010. |                             |                         |                         |                        |                             |    |                           |            |       |    |                |            |      |    |                              |            |       |  |  |                   |              |  |
| (ii) MITI has recognised the shareholdings of Bumiputera investors in our Company as follows:   | MITI had approved a revision of our Company's listing scheme on 8 July 2010. Please refer to the conditions imposed by MITI via its letter dated 8 July 2010. |                             |                         |                         |                        |                             |    |                           |            |       |    |                |            |      |    |                              |            |       |  |  |                   |              |  |
| <table border="1"> <thead> <tr> <th rowspan="2">No</th> <th rowspan="2">Shareholders</th> <th colspan="2">Shareholdings after IPO</th> </tr> <tr> <th>No. of shares (Direct)</th> <th>% of enlarged share capital</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Tan Sri Razali bin Ismail</td> <td>35,779,000</td> <td>24.50</td> </tr> <tr> <td>2.</td> <td>Daud bin Ahmad</td> <td>11,673,500</td> <td>8.00</td> </tr> <tr> <td>3.</td> <td>Che Azizuddin bin Che Ismail</td> <td>15,910,000</td> <td>10.90</td> </tr> <tr> <td></td> <td></td> <td><b>63,362,500</b></td> <td><b>43.40</b></td> </tr> </tbody> </table> | No  | Shareholders                | Shareholdings after IPO |                         | No. of shares (Direct) | % of enlarged share capital | 1. | Tan Sri Razali bin Ismail | 35,779,000 | 24.50 | 2. | Daud bin Ahmad | 11,673,500 | 8.00 | 3. | Che Azizuddin bin Che Ismail | 15,910,000 | 10.90 |  |  | <b>63,362,500</b> | <b>43.40</b> |  |
| No  |   |                             | Shareholders            | Shareholdings after IPO |                        |                             |    |                           |            |       |    |                |            |      |    |                              |            |       |  |  |                   |              |  |
|   | No. of shares (Direct)  | % of enlarged share capital |                         |                         |                        |                             |    |                           |            |       |    |                |            |      |    |                              |            |       |  |  |                   |              |  |
| 1.  | Tan Sri Razali bin Ismail   | 35,779,000                  | 24.50                   |                         |                        |                             |    |                           |            |       |    |                |            |      |    |                              |            |       |  |  |                   |              |  |
| 2.  | Daud bin Ahmad  | 11,673,500                  | 8.00                    |                         |                        |                             |    |                           |            |       |    |                |            |      |    |                              |            |       |  |  |                   |              |  |
| 3.  | Che Azizuddin bin Che Ismail  | 15,910,000                  | 10.90                   |                         |                        |                             |    |                           |            |       |    |                |            |      |    |                              |            |       |  |  |                   |              |  |
|   |   | <b>63,362,500</b>           | <b>43.40</b>            |                         |                        |                             |    |                           |            |       |    |                |            |      |    |                              |            |       |  |  |                   |              |  |

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**6. APPROVAL AND CONDITIONS (Cont'd)**

- (c) The conditions imposed by MITI via its letter dated 8 July 2010 and the status of compliance are as follows:-

| Conditions Imposed By MITI                          |   | Status of Compliance  |                             |    |              |                         |  |                        |                             |    |                           |            |       |    |                |            |      |  |  |                   |              |
|---|---|---|-----------------------------|----|--------------|-------------------------|--|------------------------|-----------------------------|----|---------------------------|------------|-------|----|----------------|------------|------|--|--|-------------------|--------------|
| <b><u>MITI via its letter dated 8 July 2010</u></b> |   |   |                             |    |              |                         |  |                        |                             |    |                           |            |       |    |                |            |      |  |  |                   |              |
| (i)   | To obtain the SC's approval and compliance with the guidelines on the acquisitions of interests, mergers and take-overs by local and foreign interests; and | Complied.<br><br>The SC had approved the Listing, the Listing Scheme and the applications for extension of time for our Company to complete the Listing via its letters dated 30 July 2008, 7 August 2008, 8 October 2008, 4 December 2008, 9 November 2009, 26 April 2010, 18 August 2010, 30 August 2010 and 2 September 2010.  |                             |    |              |                         |  |                        |                             |    |                           |            |       |    |                |            |      |  |  |                   |              |
| (iii)   | MITI has recognised the shareholdings of Bumiputera investors in our Company as follows:  | Noted.  |                             |    |              |                         |  |                        |                             |    |                           |            |       |    |                |            |      |  |  |                   |              |
|   |   | <table border="1"> <thead> <tr> <th rowspan="2">No</th> <th rowspan="2">Shareholders</th> <th colspan="2">Shareholdings after IPO</th> </tr> <tr> <th>No. of shares (Direct)</th> <th>% of enlarged share capital</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Tan Sri Razali bin Ismail</td> <td>46,875,600</td> <td>32.30</td> </tr> <tr> <td>2.</td> <td>Daud bin Ahmad</td> <td>12,719,400</td> <td>8.80</td> </tr> <tr> <td></td> <td></td> <td><b>59,595,000</b></td> <td><b>41.10</b></td> </tr> </tbody> </table> |                             | No | Shareholders | Shareholdings after IPO |  | No. of shares (Direct) | % of enlarged share capital | 1. | Tan Sri Razali bin Ismail | 46,875,600 | 32.30 | 2. | Daud bin Ahmad | 12,719,400 | 8.80 |  |  | <b>59,595,000</b> | <b>41.10</b> |
| No  | Shareholders  | Shareholdings after IPO   |                             |    |              |                         |  |                        |                             |    |                           |            |       |    |                |            |      |  |  |                   |              |
|   |   | No. of shares (Direct)  | % of enlarged share capital |    |              |                         |  |                        |                             |    |                           |            |       |    |                |            |      |  |  |                   |              |
| 1.  | Tan Sri Razali bin Ismail   | 46,875,600  | 32.30                       |    |              |                         |  |                        |                             |    |                           |            |       |    |                |            |      |  |  |                   |              |
| 2.  | Daud bin Ahmad  | 12,719,400  | 8.80                        |    |              |                         |  |                        |                             |    |                           |            |       |    |                |            |      |  |  |                   |              |
|   |   | <b>59,595,000</b>   | <b>41.10</b>                |    |              |                         |  |                        |                             |    |                           |            |       |    |                |            |      |  |  |                   |              |

**6. APPROVAL AND CONDITIONS (Cont'd)****6.1.2 SC's approvals**

- (a) The SC, pursuant to Section 212(5) of the Capital Markets and Services Act 2007 and equity requirements for public companies had approved the IPO via its letter dated 30 July 2008. The conditions imposed by the SC and status of compliance are as follows:-

| Conditions Imposed By SC  | Status of Compliance   |
|---|--|
| <b><u>SC via its letter dated 30 July 2008</u></b>  |  |
| (i) As represented to the SC in AmlInvestment Bank Berhad's (AmlInvestment) letter dated 9 June 2008, the directors of Cypark had on 5 June 2008 resolved to execute a new management agreement between Thimar Business Development Co. WLL (Thimar) and Cypark Sdn Bhd. In this regard, the directors of Cypark should confirm to the SC, prior to the issuance of the listing prospectus, that the new management agreement has been executed;  | Complied.<br><br>The new management agreement between Thimar and CSB had been executed on 14 August 2008.<br><br>The Directors of our Company had on 23 August 2010 provided a confirmation to the SC that the new management agreement had been executed.   |
| (ii) As represented to the SC in Cypark's letter dated 12 June 2008, Cypark was to negotiate actual terms with the Ministry of Local Government and Housing on the National Landfill Restoration project. In this regard, the directors of Cypark should confirm to the SC, prior to the issuance of the listing prospectus, that the said project has been secured by Cypark;  | Complied.<br><br>A contract between our Company and the Ministry of Local Government and Housing on the National Landfill Restoration project had been executed on 11 May 2010.<br><br>The Directors of our Company have on 23 August 2010 provided a confirmation to the SC that the said project had been secured by Cypark. |
| (iii) With regard to the trade debtors of the Cypark Group, prior to the issuance of the listing prospectus, Cypark should fully collect all long overdue debts which have been outstanding for more than 6 months. In the event that the long overdue debts are not collectible, full provision should be made. In addition, full provision should also be made for all overdue debts which are in dispute or under legal action. Where full provisions of debt are made, the compliance with the profit track record requirements for listing should not be compromised. The directors of Cypark should confirm to the SC that this condition has been complied with prior to the issuance of the prospectus; | This condition was varied as set out in the SC's letter dated 18 August 2010. Please refer below for the condition varied by the SC.   |

**6. APPROVAL AND CONDITIONS (Cont'd)**

| Conditions Imposed By SC   | Status of Compliance  |
|--|---|
| (iv) Full disclosure should be made in the listing prospectus of Cypark on the following:  |   |
| (a) The management agreements (existing and new) entered into between Thimar and Cypark Sdn Bhd and the rationale for Cypark Sdn Bhd entering into a new management agreement:   | Complied. Please refer to Chapter 14.11 (a) and (b) of this Prospectus.   |
| (b) Legal opinion on the legality of the management agreements (existing and new) between Thimar and Cypark Sdn Bhd under the laws of Qatar and whether or not the agreements are in contravention of any laws, rules, or regulations;                               | Complied. Please refer to Chapter 14.11 (c) of this Prospectus.   |
| (c) Legal opinion on the enforceability of the management agreements (existing and new) between Thimar and Cypark Sdn Bhd under the laws of Qatar and whether or not any recourse are available to Cypark in the event of non-enforceability of the said agreements; | Complied. Please refer to Chapter 14.11 (c) of this Prospectus.   |
| (d) Trade debtor's position, the ageing analysis and, for amounts exceeding the credit period, comments by directors of Cypark on the recoverability of the amounts;   | Complied. Please refer to Section 9.5.11 of this Prospectus.  |
| (e) Trade creditors' position and turnaround period for the past 5 financial years ended (FYE) 31 October 2003 to 2007, reason for the increase in trade creditors turnover period (if any) and steps taken/to be taken to address the issues;                       | The condition was varied as set out in the SC's letter dated 18 August 2010. Please refer below for the condition varied by the SC. |
| (f) High borrowings and gearing level and steps taken/to be taken to address and improve the situation;  | Complied. Please refer to Section 9.5.3 of this Prospectus.   |
| (g) The cash flow statements for the past 5 FYEs 31 October 2003 to 2007, reasons for the negative cash flow from operating activities and steps taken/to be taken to address the issues; and  | The condition was varied as set out in the SC's letter dated 18 August 2010. Please refer below for the condition varied by the SC. |
| (h) Steps taken/to be taken to address and mitigate concerns on any related-party transactions.  | Complied. Please refer to Section 7.1 of this Prospectus.   |

**6. APPROVAL AND CONDITIONS (Cont'd)**

| <b>Conditions Imposed By SC</b>   | <b>Status of Compliance</b>  |
|---|--|
| (v) Cypark should comply with the enhanced disclosure with regard to the Management's Discussion and Analysis Section under the new Chapter 13 of the SC's Prospectus Guidelines;   | Complied.  |
| (vi) The remaining directors of Cypark, once appointed, should submit their respective declarations to the SC, based on Schedule 16.02(3) of the SC's Policies and Guidelines on Issue/Offer of Securities (Issues Guidelines);   | Complied.<br>The declarations by the respective remaining directors were furnished to SC on 23 August 2010 and 15 September 2010.  |
| (vii) The directors/proposed directors and substantial shareholders of the Cypark Group should not, in the future, carry out any new businesses which will compete directly or indirectly and be in conflict with the business of the Group;  | Will be complied in accordance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements.   |
| (viii) All amounts due from promoters/substantial shareholders/ directors and/or companies related to them should be settled prior to the issuance of the listing prospectus. In this regard, AmInvestment and the auditors of the Cypark Group should submit confirmations to the SC that the amounts have been settled;   | Complied.<br>As at 31 March 2010, there is no amount due from the promoters/ substantial shareholders/ directors.<br>A confirmation letter from AmInvestment Bank and Messrs Ernst & Young to confirm that the amounts have been settled prior to the issuance of the listing prospectus had been provided to the SC on 21 September 2010. |
| (ix) Any future transactions between the Cypark Group and the directors/substantial shareholders or companies related to the directors/substantial shareholders, if any, must be on an "arm's-length" basis and must not be unfavourable to the Cypark Group. In this regard, the Audit Committee of Cypark should monitor and the directors to report on the position of such transactions, in the annual report of Cypark, on a yearly basis; and | Noted and will be complied with.   |
| (x) Cypark and AmInvestment should fully comply with all the relevant requirements pertaining to the implementation of the flotation proposal as specified in the Issues Guidelines.  | Cypark and AmInvestment Bank will fully comply with all the relevant requirements pertaining to the implementation of the flotation proposal as specified in the Issues Guidelines.  |

**6. APPROVAL AND CONDITIONS (Cont'd)**

| Conditions Imposed By SC   |  |   | Status of Compliance |  |   |            |       |       |                |       |       |         |   |   |              |               |               |  |
|--|--|---|----------------------|--|---|------------|-------|-------|----------------|-------|-------|---------|---|---|--------------|---------------|---------------|--|
| <p>The SC noted that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company would change arising from the implementation of the listing proposal, as follows:</p> <table border="1"> <thead> <tr> <th>Shareholders</th> <th>Before proposal<sup>(1)</sup><br/>% held</th> <th>After proposal<sup>(2)</sup><br/>% held</th> </tr> </thead> <tbody> <tr> <td>Bumiputera</td> <td>65.50</td> <td>37.23</td> </tr> <tr> <td>Non-Bumiputera</td> <td>34.50</td> <td>62.77</td> </tr> <tr> <td>Foreign</td> <td>-</td> <td>-</td> </tr> <tr> <td><b>Total</b></td> <td><b>100.00</b></td> <td><b>100.00</b></td> </tr> </tbody> </table> <p>Note:-<br/>           1) As at incorporation.<br/>           2) Subject to approval from the MITI.</p> |  |   | Shareholders         | Before proposal <sup>(1)</sup><br>% held | After proposal <sup>(2)</sup><br>% held | Bumiputera | 65.50 | 37.23 | Non-Bumiputera | 34.50 | 62.77 | Foreign | - | - | <b>Total</b> | <b>100.00</b> | <b>100.00</b> | <p>Please refer below for the equity structure which has been varied as set out in the SC's letter dated 18 August 2010.</p> |
| Shareholders   | Before proposal <sup>(1)</sup><br>% held | After proposal <sup>(2)</sup><br>% held |                      |  |   |            |       |       |                |       |       |         |   |   |              |               |               |  |
| Bumiputera   | 65.50                                    | 37.23                                   |                      |  |   |            |       |       |                |       |       |         |   |   |              |               |               |  |
| Non-Bumiputera   | 34.50                                    | 62.77                                   |                      |  |   |            |       |       |                |       |       |         |   |   |              |               |               |  |
| Foreign  | -  | -                                       |                      |  |   |            |       |       |                |       |       |         |   |   |              |               |               |  |
| <b>Total</b>   | <b>100.00</b>                            | <b>100.00</b>                           |                      |  |   |            |       |       |                |       |       |         |   |   |              |               |               |  |

- (b) The SC had via its letter dated 4 December 2008 approved the application for extension of time of six (6) months up to 30 July 2009 for our Company to complete the Listing.
- (c) The SC had via its letter dated 9 November 2009 approved our application for extension of time of six (6) months up to 30 January 2010 for our Company to complete the Listing. The SC had in the same letter imposed the following conditions:-

| Conditions Imposed By SC  | Status of Compliance   |
|---|--|
| <b><u>SC via its letter dated 9 November 2009</u></b>   |  |
| (i) Cypark's accounts for financial year ended 31 October 2008 be audited.                        | Complied.<br><br>Our Company's accounts for FYE 2008 has been audited.   |
| (ii) The audited accounts be submitted to the SC before submission of the registrable prospectus. | Complied.<br><br>A copy of the audited accounts for FYEs 2008 and 2009 have been furnished to the SC on 17 March 2010. |

**6. APPROVAL AND CONDITIONS (Cont'd)**

| Conditions Imposed By SC   | Status of Compliance  |      |                 |      |       |      |       |      |        |      |       |      |       |              |               |
|--|---|------|-----------------|------|-------|------|-------|------|--------|------|-------|------|-------|--------------|---------------|
| (iii) The historical profit track record requirement for listing on the Main Market continues to be met. | <p>Complied.</p> <p>Based on our Company's audited financial statements for five (5) FYEs 2005 to 2009, our Company's profit after tax and minority interest ("PATAMI") are as follows:-</p> <table border="1" data-bbox="1034 517 1401 824"> <thead> <tr> <th data-bbox="1034 517 1193 573">FYEs</th> <th data-bbox="1198 517 1401 573">PATAMI (RM'000)</th> </tr> </thead> <tbody> <tr> <td data-bbox="1034 595 1193 629">2005</td> <td data-bbox="1198 595 1401 629">8,791</td> </tr> <tr> <td data-bbox="1034 629 1193 663">2006</td> <td data-bbox="1198 629 1401 663">8,691</td> </tr> <tr> <td data-bbox="1034 663 1193 696">2007</td> <td data-bbox="1198 663 1401 696">11,478</td> </tr> <tr> <td data-bbox="1034 696 1193 730">2008</td> <td data-bbox="1198 696 1401 730">4,018</td> </tr> <tr> <td data-bbox="1034 730 1193 763">2009</td> <td data-bbox="1198 730 1401 763">9,437</td> </tr> <tr> <td data-bbox="1034 763 1193 797"><b>Total</b></td> <td data-bbox="1198 763 1401 797"><b>42,415</b></td> </tr> </tbody> </table> <p>As shown in the above table, our Company has met the historical profit track record requirement with an uninterrupted aggregate proforma PATAMI of approximately RM44.42 million over five (5) full financial years and an audited proforma PATAMI of approximately RM9.44 million in respect of the most recent financial year.</p> | FYEs | PATAMI (RM'000) | 2005 | 8,791 | 2006 | 8,691 | 2007 | 11,478 | 2008 | 4,018 | 2009 | 9,437 | <b>Total</b> | <b>42,415</b> |
| FYEs   | PATAMI (RM'000)   |      |                 |      |       |      |       |      |        |      |       |      |       |              |               |
| 2005   | 8,791   |      |                 |      |       |      |       |      |        |      |       |      |       |              |               |
| 2006   | 8,691   |      |                 |      |       |      |       |      |        |      |       |      |       |              |               |
| 2007   | 11,478  |      |                 |      |       |      |       |      |        |      |       |      |       |              |               |
| 2008   | 4,018   |      |                 |      |       |      |       |      |        |      |       |      |       |              |               |
| 2009   | 9,437   |      |                 |      |       |      |       |      |        |      |       |      |       |              |               |
| <b>Total</b>   | <b>42,415</b>   |      |                 |      |       |      |       |      |        |      |       |      |       |              |               |

- (d) The SC had via its letter dated 26 April 2010 approved our application for a revision made to the Listing Scheme and the application for extension of time of seven (7) months up to 30 August 2010 for our Company to complete Listing.

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**6. APPROVAL AND CONDITIONS (Cont'd)**

- (e) The SC had via its letter dated 18 August 2010 approved our application for a revision made to the Listing Scheme and the application for variation to the conditions imposed via its letter dated 30 July 2008.

| Relevant paragraph under the conditions imposed by the SC via a letter dated 30 July 2008  | Details of the variation granted  |
|--|---|
| <p><b>Paragraph 1.2 (iii)</b></p> <p>With regard to the trade debtors of the Cypark Group, prior to the issuance of the listing prospectus, Cypark should fully collect all long overdue debts which have been outstanding for more than 6 months. In the event that the long overdue debts are not collectible, full provision should be made. In addition, full provision should also be made for all overdue debts which are in dispute or under legal action. Where full provisions of debt are made, the compliance with the profit track record requirements for listing should not be compromised. The directors of Cypark should confirm to the SC that this condition has been complied with prior to the issuance of the prospectus;</p> | <p>The SC has allowed a variation to their previous condition where, prior to the issuance of listing prospectus, our Company should fully collect in full all long overdue debts which have been outstanding for more than 6 months <b>except for</b> the retention sum of RM3.98 million as per our Company's audited FPE 2010.</p> <p>As such, the revised condition has been complied with.</p> <p>Please refer to Sections 9.5.11 and Section 14.4 (iii) of this Prospectus.</p> |
| <p><b>Paragraph 1.2 (iv) (e)</b></p> <p>Trade creditors' position and turnaround period for the past 5 financial years ended (FYE) 31 October 2003 to 2007, reason for the increase in trade creditors turnover period (if any) and steps taken/to be taken to address the issues;</p>   | <p>The SC has allowed a variation to their previous condition where our Company shall disclose the trade creditors' position and turnaround period for the past five (5) FYEs <b>2005 to 2009</b>.</p> <p>As such, the condition has been complied with. Please refer to Section 9.5.12 of this Prospectus.</p>   |
| <p><b>Paragraph 1.2 (iv) (g)</b></p> <p>The cash flow statements for the past 5 FYEs 31 October 2003 to 2007, reasons for the negative cash flow from operating activities and steps taken/to be taken to address the issues; and</p>  | <p>The SC has allowed a variation to their previous condition where our Company shall disclose the cash flow statements for the past five (5) FYEs <b>2005 to 2009</b>.</p> <p>As such, the condition has been complied with. Please refer to Section 9.5.2 of this Prospectus.</p>   |

**6. APPROVAL AND CONDITIONS (Cont'd)**

The SC, in the same letter, had imposed the following equity condition:-

| Conditions Imposed By SC   | Status of Compliance |
|--|----------------------|
| <p><b><u>SC via its letter dated 18 August 2010</u></b></p> <p>Cypark is required to allocate 14,500,000 Offer Shares to Bumiputera investors approved by MITI and 3,625,000 Public Issue Shares offered under the balloted public offer portion, are to be offered to the retail Bumiputera investors. In the event that Cypark/MITI is unable to allocate the shares to the potential Bumiputera investors, the unsubscribed shares shall be offered to the Bumiputera public investors via balloting.</p> | Will be complied     |

The equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company would change arising from the implementation of the listing proposal, as follows:-

| Shareholders   | Before proposal <sup>(1)</sup><br>% held | After proposal <sup>(2)</sup><br>% held |
|----------------|--|---|
| Bumiputera     | 69.2                                     | 54.1 <sup>(3)</sup>                     |
| Non-Bumiputera | 30.8                                     | 45.9                                    |
| Foreign        | -  | -                                       |
| <b>Total</b>   | <b>100.00</b>                            | <b>100.00</b>                           |

Note:-

(1) Existing as at 30 April 2010.

(2) Excluding the effect from the Proposed ESOS.

(3) Inclusive of 10.0% of the enlarged share capital of Cypark upon Listing to be offered to Bumiputera investors nominated by Cypark and/or MITI and approved by MITI and 2.5% of the enlarged share capital of Cypark set aside for Bumiputera investors through Public Issue.

- (f) The SC had via its letter dated 30 August 2010 approved the application for extension of time of three (3) months up to 30 November 2010 for our Company to complete the Listing.
- (g) The SC had, vide its letter dated 2 September 2010, approved our application for an exemption from full compliance with Paragraph 18.01 (c) of the Prospectus Guidelines – Equity and Debt ("**Prospectus Guidelines**") contained in the clauses and schedules of the National Landfill Restoration project contract are allowed to be excluded in the copy of the contract to be made available for inspection purposes by the investing public.

**6. APPROVAL AND CONDITIONS****6.1.3 Bursa Securities' approvals**

Bursa Securities had via its letter dated 20 September 2010, approved the following:-

- (i) Admission to the Official List and the listing and quotation of the entire issued and paid-up of Cypark of RM72,500,000 comprising 145,000,000 ordinary shares of RM0.50 each (which include the shares arising from the proposed bonus issue of 34,999,996 new ordinary shares of RM0.50 each to be issued to the existing shareholders of Cypark on the basis of seven (7) new shares for every sixteen (16) existing shares held) on the "Trading/Services" sector of the Main Market of Bursa Securities.
- (ii) Listing of such number of additional new ordinary shares of RM0.50 each, representing up to 15% of the issued and paid-up ordinary share capital of Cypark to be issued pursuant to the exercise of options under the ESOS.

The conditions imposed by Bursa Securities and the status of the compliance with the conditions are as follows:-

| Conditions Imposed by Bursa Securities  | Status of Compliance |
|---|----------------------|
| (i) Make the relevant announcements pursuant to Paragraph 8.1 and 8.2 of Practice Note 21 of the Main Market Listing Requirements ("Main LR")   | Will be complied     |
| (ii) Furnish the exchange a copy of the schedule of distribution showing compliance of the share spread requirements based on the entire issued and paid-up share capital of Cypark on the first day of the listing.  | Will be complied.    |
| In relation to approving the listing of up to 15% of the issued and paid-up ordinary share capital of Cypark to be issued pursuant to the ESOS, is subject to the following:-   |                      |
| (i) AmInvestment Bank is required to submit a confirmation to Bursa Securities of full compliance of the ESOS pursuant to paragraph 6.43 (1) of the Main Market Listing Requirements and stating the effective date of implementation; and  | Will be complied     |
| (ii) Payment of additional listing fees of RM10,000. In this respect, Cypark is required to furnish Bursa Securities on a quarterly basis a summary of the total number of ESOS shares listed as at the end of each quarter together with a detailed computation of listing fees payable. | Will be complied     |

**6. APPROVAL AND CONDITIONS (Cont'd)****6.2 MORATORIUM ON SHARES**

In accordance with the SC Guidelines, our Promoters will not be allowed to sell, transfer or assign their entire shareholdings in our Company for six (6) months from the date of admission.

Upon admission, our Promoters' shareholdings, which will be subjected to the moratorium, are as set out below:-

| Name                      | No. of Shares held upon Admission <sup>^</sup> |      |          |   |
|---------------------------|--|------|----------|---|
|                           | Direct   | %    | Indirect | % |
| Tan Sri Razali bin Ismail | 47,125,600                                     | 32.5 | -        | - |
| Daud bin Ahmad            | 13,169,400                                     | 9.1  | -        | - |
| Siong Kwang Khee          | 14,470,000                                     | 10.0 | -        | - |

Note:-

<sup>^</sup> Including their respective entitlements for the pink form allocation pursuant to the IPO and based on the enlarged issued and paid-up share capital of 145,000,000 Shares after the IPO.

The moratorium is specifically endorsed on the Share certificates representing the shareholdings of our Promoters to ensure that our registrars do not register any transfer not in compliance with the moratorium restrictions. In compliance with the restrictions, Bursa Depository will, on our registrars' instructions in the prescribed forms, ensure that trading of these shares are not permitted in the moratorium period.

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**7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST****7.1 EXISTING AND PROPOSED RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST**

Save as disclosed below and in Section 7.4 of this Prospectus, our Group does not have any other existing and/or proposed material related party transactions or other subsisting contracts of arrangement entered into by our Group which involved the interest, direct or indirect, of the Directors, substantial shareholders of our Company and/or key management and/or persons connected to them as defined under the Listing Requirements of Bursa Securities for the past five (5) FYEs 2005 to 2009 and FPE 2010:-

| Related Party           | Interested Promoter / Director / Substantial Shareholder / Key Management          | Nature of Transactions   | Transaction Value RM ('000) |          |          |          |          |          |
|-------------------------|--|--|-----------------------------|----------|----------|----------|----------|----------|
|                         |  |  | FYE 2005                    | FYE 2006 | FYE 2007 | FYE 2008 | FYE 2009 | FPE 2010 |
| Sutera Anugerah Sdn Bhd | Datuk Abdul Malek bin Abdul Aziz, Datuk Zakaria Shamsuddin Dahlan <sup>#</sup> bin | Sub-contractor charges paid for landscape work                                     | 4,596                       | 1,838    | -        | 19,186   | -        | -        |
|                         |  | Interest received on advances  | -                           | (15)     | (302)    | -        | -        | -        |
| CyEn Resources Sdn Bhd  | Siow Kwang Khee, Daud bin Ahmad, Tan Sri Razali bin Ismail and Tan Swee Loon       | Sub-contractor charges and consulting fees paid for environmental/ landscape works | 4,058                       | 3,409    | 12,978   | 3,520    | 22,231   | 7,731    |
|                         |  | Interest received on advances  | -                           | (384)    | (616)    | *        | *        | *        |
|                         |  | Operating and maintenance fees   | -                           | -        | -        | -        | 1,040    | -        |

Notes: -  
#

Directors of Artis Botanica, a subsidiary of Cypark Sdn Bhd. Both resigned as the Directors of Artis Botanica on 22 June 2009. In year 2008, the advances given were for CyEn Resources Sdn Bhd to perform preliminary investigation works for the National Landfill Restoration project and to collect data and information for the Group to commence negotiation with KPKT. It is trade in nature and as such no interest is charged on these advances.

## 7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

The Directors of our Company have confirmed that our Group had previously transacted with Sutera Anugerah Sdn Bhd and may transact with Sutera Anugerah Sdn Bhd in the future, whereby the nature of the transactions will be revenue in nature and required for day to day operations. Our Directors will ensure that the nature and terms of the transaction will comply with the Listing Requirements of Bursa Securities as set out in Section 7.6 of this Prospectus.

The Directors of our Company are of the opinion that all business transactions between our Group and the Directors and substantial shareholders of our Company and/or persons connected to them are on arm's length basis and on terms not more favourable to the related parties than those generally available to the public. The Audit Committee will supervise the terms of related party transactions, and the Directors of our company will report related party transactions, if any, annually in our Company's annual report.

Saved as disclosed above and in Section 7.4 of this Prospectus, our Directors and substantial shareholders have no direct and indirect interests in:-

- (i) other businesses and corporations carrying on a similar trade as our Group; and
- (ii) other businesses and corporations which are the customers or suppliers of our Group.

The following are the mitigating factors and steps taken/to be taken by our Group to ensure that tenders and awarding of jobs to suppliers and contractors of our Group are undertaken on an arm's length basis and on normal commercial terms consistent with our Group's usual business practices and policies:-

- (a) The Group's existing centralised contract services department ("**Contract Services Department**") consists of six (6) experienced competent quantity surveyors who execute a set of standard procedures in the assessment of consultants and contractors by considering, amongst others, the following factors:-
  - (i) past working experiences;
  - (ii) invitation of quotation
  - (iii) tenders; and
  - (iv) our client's reference.

The contracts to be awarded to any consultants and/or contractors, whether they are related parties or not, are preliminarily screened through by the Contract Services Department and shall only be recommended to the Tender Committee for a formal award after meeting all relevant criteria required by the Group and our client.

- (b) A list of the related parties of our Group has been and will regularly be circulated within the Contract Services Department and Tender Committee and at the same time, both, the Contract Services Department and Tender Committee is required to be mindful that projects/jobs granted to related parties must be on an arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders of our Group (post listing);
- (c) If a member of the Tender Committee has an interest, as the case may be, he/she will abstain from any decision making by the Tender Committee in respect of the said transaction;

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**7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)**

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- (d) Proper records will be maintained by our Group to document all contracts awarded/ entered into with a related party ("**Related Party Contracts**") for onward transmission to the internal and external auditors, Tender Committee and Audit Committee for their review;
- (e) The internal auditors will review and report on all such Related Party Contracts in their audit exercise to ensure the review procedures in respect of such transactions are strictly adhered to;
- (f) The Audit Committee shall have the overall responsibility for determining the review guidelines and procedures and has the authority to delegate such responsibility to individuals within the Company as they deem appropriate;
- (g) All approvals of the Related Party Contracts by the Tender Committee will be tabled before the Audit Committee for its review and to satisfy itself that the established guidelines and procedures are sufficient to ensure that the Related Party Contracts are carried out on an arm's length basis and on normal commercial terms consistent with the Company's usual business practices and policies, which are no more favourable to the related parties than those extended to third parties or those generally available to the public and are not to the detriment of the minority shareholders. All reviews by the Audit Committee are reported to the Board of Directors of our Group for its further action.

Such review methods and procedures as mentioned above may be modified, supplemented or replaced from time to time by the Audit Committee.

In addition to the above steps, our Group also has gradually been working on enlarging our pool of suppliers, contractors and consultants.

Further to the above, certain of our Group's clients, particularly in relation to the larger scaled projects, do appoint an external professional or consultancy firm as their "employer representative" throughout the whole contract period to oversee and verify the performance of our Group. Claims made by our Group are subjected to review by the appointed external professional or consultancy firm prior to our client making payments to us for work done for a particular stage of the project. This stringent requirement indirectly also assesses the performance of individual contractors/consultants placed by our Group at our project sites. As such, the work performance of related parties are assessed on equal footing as the non-related parties and are subjected to the same standards and requirements set by our client to ensure the completion of project meets with the full specifications required. Non-performing contractors/consultants will be disqualified and evacuated from project sites. As at LPD, none of our contractors/consultants have been disqualified and/or evacuated from our project sites.

**7.2 TRANSACTIONS UNUSUAL IN THEIR NATURE OR CONDITIONS**

Save as disclosed in Section 7.1 of this Prospectus, our Directors have confirmed that to the best of their knowledge and belief, there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we or any of our subsidiaries was a party in respect of the past three (3) FYEs up to 31 October 2009 and up to LPD.

**7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)****7.3 OUTSTANDING LOANS TO/FOR THE BENEFIT OF RELATED PARTIES**

Save as disclosed below and in Section 9.5.3, there are no outstanding loans (including guarantees of any kind) made by our Group to or for the benefit of the related parties as at the end of each of the past five (5) financial years ended 31 October 2009 and FPE 2010:

| Company                    | FYE 2005<br>RM'000 | FYE 2006<br>RM'000 | FYE 2007<br>RM'000   | FYE 2008<br>RM'000   | FYE 2009<br>RM'000 | FPE 2010<br>RM'000 |
|----------------------------|--------------------|--------------------|----------------------|----------------------|--------------------|--------------------|
| CyEn Resources<br>Sdn Bhd  | 3,031              | 1,030              | 5,357 <sup>(1)</sup> | 7,999 <sup>(2)</sup> | -                  | -                  |
| Sutera Anugerah<br>Sdn Bhd | -                  | -                  | 3,393                | -                    | -                  | -                  |

Notes:-

(1) The amount due was fully settled in FYE 2009

(2) The amount due was fully settled in FYE 2009

The above advances by our Group were made on arms length basis and were mainly for CyEn Resources Sdn Bhd to perform the required preliminary works for the National Landfill Restoration project prior to securing the contract.

**7.4 INTEREST IN SIMILAR BUSINESS**

Save as disclosed below and the involvement of our Directors and substantial shareholders which are set out in Section 5.3.3 and Section 5.7 herein, to the best knowledge and belief of the Directors and substantial shareholders of our Company, none of the Directors or substantial shareholders of our Company are interested, directly or indirectly in any business carrying on a similar or competing trade as our Group.

Tan Sri Razali bin Ismail, Siow Kwang Khee and Daud bin Ahmad are directors and substantial shareholders of CyEn Resources Sdn Bhd whilst Tan Swee Loon is a shareholder of CyEn Resources Sdn Bhd as detailed below:-

|                           | No of ordinary shares held in CyEn Resources<br>Sdn Bhd as at 31 March 2010 |      |          |     |
|---------------------------|---|------|----------|-----|
|                           | Direct  | (%)  | Indirect | (%) |
| Tan Sri Razali bin Ismail | 375,000   | 50.0 | -        | -   |
| Siow Kwang Khee           | 255,000   | 34.0 | -        | -   |
| Daud bin Ahmad            | 112,500   | 15.0 | -        | -   |
| Tan Swee Loon             | 7,500   | 1.0  | -        | -   |



**7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)**

CyEn Resources Sdn Bhd is principally engaged in environmental sub-contracting works and consulting for environmental services specialising in waste management. As such CyEn Resources Sdn Bhd's business activities are not in conflict with the existing business of Cypark Group as it is principally involved in sub-contracting works of the environmental goods and services industry. Sub-contracting works undertaken by CyEn Resources Sdn Bhd includes leachate collection network, passive gas venting and also constructing of leachate, groundwater and gas wells. In addition, CyEn Resources Sdn Bhd does not hold the same licences as our Group.

Besides the Promoters, i.e. Tan Sri Razali bin Ismail, Daud bin Ahmad and Siow Kwang Khee, there are another two (2) directors sitting on the Board of CyEn Resources Sdn Bhd. The Promoters are non-executive directors of CyEn Resources Sdn Bhd whilst the other two (2) directors are executive directors. The day-to-day operations are managed by the two executive directors. As such, the involvement of the Promoters in CyEn Resources Sdn Bhd do not require much of their time. Tan Swee Loon is not involved in any day-to-day operations of CyEn Resources Sdn Bhd. The Promoters are also not involved in the formation of CyEn Resources Sdn Bhd's company policies and do not receive any remuneration as directors of CyEn Resources Sdn Bhd. Their principal roles in CyEn Resources Sdn Bhd are mainly in contributing strategic ideas and plans as well as attending company events, including those which involves clients and authorities. As such, the executive directors of our Group, i.e. Siow Kwang Khee and Daud bin Ahmad, spend a substantial portion of their working hours on the affairs of our Group.

**7.5 CONTRACTS OR ARRANGEMENTS IN WHICH THE DIRECTORS OR SUBSTANTIAL SHAREHOLDERS ARE INTERESTED AND WHICH IS SIGNIFICANT IN RELATION TO THE BUSINESS OF OUR GROUP**

As at LPD, save as disclosed in Section 7.1 and Section 4.25 of this Prospectus, none of the Directors and/or substantial shareholders of our Company have interest in any contracts or arrangements, which is significant in relation to the business of our Group.

**7.6 RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

Pursuant to Paragraph 10.09 of the Listing Requirements, a listed issuer may seek a shareholder's mandate in respect of related party transactions involving recurrent transactions of revenue or trading in nature subject to the following: -

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or exceeds the applicable prescribed threshold under paragraph 2.1 of Practice Note No. 12/2001 of the Listing Requirements;

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**7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)**

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- (c) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

Our Group would, in the ordinary course of our business, enter into transactions, including but not limited to the transactions described in related party transactions set out in Section 10.1 herein, with persons which are considered "related party" as defined in Chapter 10 of the Listing Requirements. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

Due to the time-sensitive nature of commercial transactions, the shareholders mandate will enable our Company, in our normal course of business, to enter into the categories of related party transactions, provided such interested person transactions are made at arm's length and on normal commercial terms.

**7.7 DECLARATION BY ADVISERS**

AmInvestment Bank hereby confirms that there is no conflict of interest with respect of their capacity as the Adviser to our Group for the IPO.

AmInvestment Bank is the Sole Underwriter and Sole Placement Agent for the IPO Shares. AmInvestment Bank hereby confirms that, as at the date of this Prospectus, there is no conflict of interest with respect to its capacity as the Sole Underwriter and Sole Placement Agent for the IPO Shares. The Underwriting Agreement, which certain details are as set out in Section 2.10 of this Prospectus, was entered into an arms-length basis and on market terms.

Messrs Lee Choon Wan & Co hereby confirms that there is no conflict of interest with respect of their capacity as Solicitors to our Group for the IPO.

Messrs Ernst & Young hereby confirms that there is no conflict of interest with respect of their capacity as Auditors and Reporting Accountants to our Group for the IPO.

Protégé Associates Sdn Bhd hereby confirms that there is no conflict of interest with respect of their capacity as Independent Market Researcher to our Group for the IPO.

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**8. OTHER INFORMATION CONCERNING THE CORPORATION / GROUP****8.1 INFORMATION ON PROPERTY, PLANT AND EQUIPMENT**

As at LPD, there are no material property (including leased property), plant and equipment owned by our Group.

Our Company rented two (2) business office units and details are as follows:-

| Tenant | Address   | Description   | Property Owner  | Built up area  | Tenancy period         | Rental per month                               |
|--------|---|---|-----------------|--|------------------------|--|
| CSB    | 13A-09 and 13A-10, Block A Phileo Damansara II, No. 15 Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan | Two (2) business office units, Block 13A-09 and 13A-10 used as corporate office | Mr Tan Kim Kock | Unit 13A-09 – 2,583 sqft<br>Unit 13A-10 – 2,478 sqft | 3 years for both units | Unit 13A-09 – RM5,100<br>Unit 13A-10 – RM5,400 |

As at LPD, the Directors of our Company have confirmed that we are in compliance with the relevant land rules and building regulations in relation to the properties rented above.

**8.2 REGULATORY REQUIREMENT AND ENVIRONMENTAL ISSUES**

Apart from the licenses which are detailed in Section 4.19 of this Prospectus, our Group has been awarded by KPKT a project known as "*Projek Penutupan Selamat dan Pemulihan 16 Tapak Pelupusan Sisa Pepejal Di Semenanjung Malaysia*" under the National Landfill Restoration project. For the purpose of the construction of those leachate treatment plants, our Group is required to obtain approvals from the following authorities:-

- (a) the director general under the recommendation of the Solid Waste and Public Cleansing Management Corporation, a body established under the Solid Waste And Public Cleansing Management Corporation Act 2007 which came into force 1 June 2008 ("**SWPCMC**");
- (b) Local Authorities; and
- (c) Department of Environment ("**DOE**").

**8.2.1 SWPCMC**

All solid waste management services and facilities must be approved by the director general under the recommendation of SWPCMC pursuant to the Solid Waste and Public Cleansing Management Act 2007 ("**SWPCMA 2007**"). However as at the date of this Prospectus, the said SWPCMA 2007 has not come into operation. As such, our Group is not required to obtain the license from the director general at this moment.

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**8. OTHER INFORMATION CONCERNING THE CORPORATION / GROUP (Cont'd)**

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**8.2.2 Local Authorities**

Before our Group can construct the leachate treatment plant, a Planning Permission ("PP") from the respective local authority must be obtained. This PP will be granted by the respective local authority after our Group has obtained approvals from Tenaga Nasional Bhd (for electricity), Indah Water Konsortium Bhd (for sewerage), the relevant water authority (for water supply), Fire Department (for fire safety), Jabatan Keselamatan & Kesihatan Pekerja (for workers' safety), DOE and other relevant approvals or permits required by the local authority.

**8.2.3 DOE**

To operate the leachate treatment plant, our Group must obtain:

- (a) Certification from the DOE that our Group is competent to operate the leachate treatment plant; and
- (b) Approval from DOE to authorise that the discharge from the leachate treatment plant is in accordance to the standards set by the DOE.

As at the date of this Prospectus, our Group is in the midst of preparing the submission to obtain the necessary approvals to build the leachate treatment plant in connection with the National Landfill Restoration project which is expected to be in October 2010. Currently the design of the leachate treatment plant is being finalised.

Upon construction of the leachate treatment plants, our Group will make the necessary applications to obtain items (a) and (b) above.

Our Group does not require any other regulatory approvals or licenses to carry on the above National Landfill Restoration project save and except for the regulatory requirements and approvals described above and the licenses detailed in Section 4.19 of this Prospectus.

**8.3 MATERIAL PLANS TO CONSTRUCT, EXPAND OR IMPROVE FACILITIES**

As at LPD, our Group has no immediate plans to construct, expand or improve on existing facilities.

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## 9. FINANCIAL INFORMATION

### 9.1 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

*(Prepared for inclusion in the Prospectus)*



**ERNST & YOUNG**

**Ernst & Young**

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(Prepared for inclusion in this Prospectus)

25 August 2010

The Board of Directors  
Cypark Resources Berhad  
Unit 12A-9, Block A  
Phileo Damansara II  
46350 Petaling Jaya  
Selangor Darul Ehsan

#### **Cypark Resources Berhad ("Cypark") Reporting accountants' letter on the pro forma consolidated financial information**

We report on the pro forma consolidated financial information of Cypark and its subsidiaries (collectively known as the "Cypark Group") for the five (5) financial years ended 31 October 2009, and two (2) financial periods ended 31 March 2009 and 2010 respectively as set out in the attached Notes, which we have stamped for the purpose of identification. The pro forma consolidated financial information have been prepared based on audited financial statements of Cypark Group for the past five (5) years ended 31 October 2009, unaudited 5 months financial period ended 31 March 2009 and audited 5 months financial period ended 31 March 2010 for illustrative purposes only on the basis of assumptions as set out in the Notes and after making certain adjustments to show:

- (a) the financial results of Cypark Group for the five (5) financial years ended 31 October 2009 and two (2) financial periods ended 31 March 2009 and 2010 assuming the Group structure as at the date of the Prospectus had been in existence throughout the financial years reported thereon;
- (b) the financial position of Cypark Group as at 31 March 2010 assuming the Group structure as at the date of the Prospectus had been in place on 31 March 2010 and adjusted for the proceeds from the public issue, the payment of the estimated listing expenses and utilisation of listing proceeds; and
- (c) the cash flows of Cypark Group for the financial year ended 31 March 2010 assuming the Group structure as at the date of the Prospectus had been in existence throughout the financial period ended 31 March 2010 adjusted for the proceeds from the public issue, the payment of the estimated listing expenses and utilisation of listing proceeds.

The pro forma consolidated financial information, because of its nature, may not be reflective of Cypark Group's actual financial results, financial position and cash flows.



**Cypark Resources Berhad ("Cypark")  
Reporting accountants' letter on the pro forma consolidated financial information  
(contd.)**

It is solely the responsibility of the Board of Directors of Cypark to prepare the pro forma consolidated financial information in accordance with the guidelines issued by the Securities Commission. Our responsibility is to form an opinion as to the proper preparation of pro forma consolidated financial information and to report our opinion to you based on our work.

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the pro forma consolidated financial information to the audited financial statements of Cypark Group for the five (5) financial years ended 31 October 2009, unaudited 5 months financial period ended 31 March 2009 and audited 5 months financial period ended 31 March 2010, considering the evidence supporting the adjustments and discussing the pro forma consolidated financial information with the Directors of Cypark.

In our opinion:

- (i) the pro forma consolidated financial information have been properly prepared under merger accounting principles based on the audited financial statements of Cypark and the audited financial statements of its subsidiaries which have been prepared in accordance with the Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies adopted by Cypark; and
- (ii) each material adjustment made to the information used in the preparation of the pro forma consolidated financial information is appropriate for the purposes of preparing the pro forma consolidated financial information.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Ernst &amp; Young'.

Ernst & Young  
AF: 0039  
Chartered Accountants

Kuala Lumpur, Malaysia

A handwritten signature in black ink, appearing to be 'Low Khung Leong'.

Low Khung Leong  
No. 2697/01/11(J)  
Chartered Accountant

**9. FINANCIAL INFORMATION (Cont'd)****ERNST & YOUNG** (AF: 0039)Chartered Accountants, Kuala Lumpur  
For identification purposes only**Cypark Resources Berhad  
(Incorporated in Malaysia)****Pro forma consolidated financial information****1.0 Abbreviations**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:

|                       |   |
|-----------------------|---|
| Artis Botanica        | Artis Botanica Sdn. Bhd.  |
| CSB                   | Cypark Sdn. Bhd.  |
| CSB Group             | Cypark Sdn. Bhd. and its subsidiaries, namely<br>Cypark Landscape Services Qatar WLL,<br>Cypark International Sdn. Bhd.,<br>Artis Botanica Sdn. Bhd.                          |
| Cypark Qatar          | Cypark Landscape Services Qatar WLL   |
| Cypark Middle East    | Cypark Landscape Services Middle East Ltd. Co.  |
| Cypark International  | Cypark International Sdn. Bhd.  |
| Cypark or Company     | Cypark Resources Berhad   |
| Cypark Group or Group | Cypark Resources Berhad and its subsidiaries,<br>namely Cypark Sdn. Bhd., Cypark International<br>Sdn. Bhd., Cypark Landscape Services Qatar<br>WLL, Artis Botanica Sdn. Bhd. |
| FPE                   | Financial period ended 31 March   |
| FYE                   | Financial year ended 31 October   |

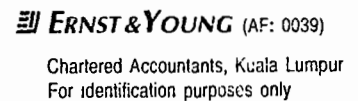
**2.0 Introduction**

The pro forma consolidated financial information, comprising the pro forma consolidated income statements for the five (5) FYE 2005 to 2009 and two (2) FPE 31 March 2009 and 31 March 2010, the pro forma consolidated balance sheet as at 31 March 2010, and the pro forma consolidated cash flow statement for the FPE 2010. The pro forma consolidated financial information have been prepared for Cypark for illustrative purposes only, for the purpose of inclusion in the Prospectus in connection with the Proposals as listed below and may differ from the actual financial position and results. Further, such information does not purport to predict the future financial position and results for the pro forma of the Group.

The pro forma consolidated financial information covers the financial statements of Cypark and its subsidiaries, namely CSB, Cypark International, Artis Botanica and Cypark Qatar. The pro forma consolidated income statements have been prepared assuming Cypark Middle East was not part of the Group as the Group has disposed off its entire equity interest in Cypark Middle East to the minority shareholder for a cash consideration of RM4,200,000 on 30 October 2007.

The pro forma consolidated financial information has been prepared on the basis consistent with the accounting policies of the Group as disclosed in its audited financial statements for the FPE 2010.

9. FINANCIAL INFORMATION (Cont'd)



**2.0 Introduction (contd.)**

As part of the listing scheme, Cypark undertook the following:

**(a) Shareholdings Restructuring**

Shareholdings Restructuring involving Bonus Issue and Transfer of Shares between certain shareholders as follows:

- Bonus Issue

Bonus Issue of 34,999,996 new ordinary shares of RM0.50 each to its existing shareholders on the basis of approximately seven (7) ordinary shares of RM0.50 each for every sixteen (16) ordinary shares of RM0.50 each held in Cypark.

- Transfer of Shares

Transfer of a total of 20,547,997 ordinary shares of RM0.50 each between certain shareholders. The transaction will not have any financial impact in the pro forma consolidated financial information.

**(b) Public Issue**

Public Issue of 30,000,000 new ordinary shares of RM0.50 each at an issue price of RM1.10 per share payable in full on application. The Public Issue is to be allocated as follows:

- 7,250,000 new ordinary shares of RM0.50 each for application by Malaysia citizens, companies, societies, co-operatives and institutions to be allotted by way of balloting;
- 3,000,000 new ordinary shares of RM0.50 each for application by the eligible Directors, employees, business associates; and
- 19,750,000 new ordinary shares of RM0.50 each by way of private placement to identified investors.

**(c) Offer for Sale**

Offer for Sale to be allocated and allotted by way of private placement to selected investors a total of 28,000,000 ordinary shares of RM0.50 each. The transaction will not have any financial impact in the pro forma consolidated financial information.



## 9. FINANCIAL INFORMATION (Cont'd)

 **ERNST & YOUNG** (AF: 0039)
Chartered Accountants, Kuala Lumpur  
For identification purposes only

## 2.0 Introduction (contd.)

## (d) Listing and Quotation

Admission to the Official List and the listing and quotation of the entire enlarged issued and paid up share capital in Cypark of RM72,500,000 comprising 145,000,000 new ordinary shares of RM0.50 each on the Main Market of Bursa Malaysia Securities Berhad.

## (e) Employee Share Option Scheme ("ESOS")

Employee Share Option Scheme ("ESOS") by the Board to implement an ESOS for eligible employees of Cypark Group and Director(s) of the Company. The total number of Shares which may be issued under options granted pursuant to ESOS ("Options") will be up to 15% of the issued and paid-up ordinary share capital. As the number of Options to be granted under the Cypark ESOS is uncertain and not determinable due to, amongst others, different vesting period of the Options, the impact of the ESOS has not been reflected in the pro forma consolidated balance sheet.

The ESOS is expected to have an impact on Cypark Group's pro forma consolidated balance sheet in accordance with Financial Reporting Standard 2 ("FRS 2") "Share-based Payment". In accordance with FRS 2, the cost arising from the issuance of Options will be measured by the fair value of the Options at the date of the written offer thereof to an eligible employee ("Offer Date"), thereby reducing Cypark Group's consolidated earnings with a corresponding charge to ESOS reserve. The fair value is dependent on, amongst others, the market price of the Shares and the implied volatility thereof, the exercise price of the Options, the remaining tenure of the Options as at the Offer Date and the projected dividend yield of the Company. The charge will be recognised over the vesting period of the Options. Upon exercise of the Options, there will be an increase in share capital, share premium and reversal of ESOS reserve.

## 2.1 Rate of exchange

In preparing the proforma financial statements, the Group have converted all profit and loss and balance sheet figures of Cypark Qatar in Qatari Riyal ("QAR") to Ringgit Malaysia ("RM") using the average rate and closing rate respectively.

The applied rates of exchange are as follows:

|                 |        | Average rate<br>RM | Closing rate<br>RM |
|-----------------|--------|--------------------|--------------------|
| 31 October 2005 | 1 QAR: | 1.0423             | 1.0346             |
| 31 October 2006 | 1 QAR: | 1.0228             | 1.0020             |
| 31 October 2007 | 1 QAR: | 0.9187             | 0.9210             |
| 31 October 2008 | 1 QAR: | 0.9089             | 0.9708             |
| 31 October 2009 | 1 QAR: | 0.9873             | 0.9713             |
| 31 March 2009   | 1 QAR: | 0.9891             | 1.0003             |
| 31 March 2010   | 1 QAR: | 0.9342             | 0.8962             |

9. FINANCIAL INFORMATION (Cont'd)

**3.0 Basis of preparation of pro forma consolidated financial information**

3.1 The pro forma consolidated financial information has been prepared to illustrate:

- (a) the financial results of Cypark Group for the past five (5) FYE 2005 to 2009 and the two (2) FPE 31 March 2009 and 31 March 2010 assuming the Group structure as of the date of the Prospectus had been in existence throughout the financial years/periods under review. The pro forma consolidated income statements have also been prepared assuming Cypark Middle East was not part of the Group.
- (b) the financial position of Cypark Group as at 31 March 2010 assuming the Group structure as of the date of the Prospectus had been in place on that date, adjusted for the special dividends, shareholdings restructuring, the proceeds from the public issue, the payment of the borrowings and estimated listing expenses and utilisation of listing proceeds; and
- (c) the cash flows of Cypark Group for the FPE 31 March 2010 assuming the Group structure as of the date of the Prospectus had been in existence throughout the FPE 2010, adjusted for the special dividends, shareholdings restructuring, the proceeds from the public issue, the payment of the borrowings and estimated listing expenses and utilisation of listing proceeds.

3.2 The pro forma financial information have been prepared for illustrative purposes, based on the audited financial statements of Cypark Group for the past five (5) FYE 2005 to 2009, unaudited financial statements for the FPE 31 March 2009 and audited financial statements for the FPE 31 March 2010 using the bases and accounting principles consistent with those adopted in the Cypark Group's audited financial statements for the FPE 2010, after giving effect to the pro forma adjustments which is considered appropriate.

The audited financial statements of the Cypark Group for the past five (5) FYE 2005 to 2009, unaudited financial statements for the FPE 31 March 2009 and the audited financial statements for the FPE 31 March 2010 comply with provisions of of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia being the approved accounting standards in Malaysia.

3.3 The auditors' reports on the respective financial statements included in this report, where applicable, were not subject to any qualifications or modifications, except for the FPE 31 March 2010, whereby the report was modified to state that the comparative information for the interim period for the FPE 31 March 2009 are unaudited for the income statement, statement of changes in equity, cash flow statement and the related notes.

## 9. FINANCIAL INFORMATION (Cont'd)

## 4.0 Pro forma consolidated income statements of Cypark Group

4.1 The pro forma consolidated income statements have been prepared for illustrative purposes only to show the aggregate results of the Cypark Group for the past five (5) FYE 2009 and two (2) FPE 2010, assuming the Group has been in existence throughout the financial years/periods under review. The pro forma consolidated income statements have also been prepared assuming Cypark Middle East was not part of the Group.

|                               | Audited FYE 2005 |              | Adjusted FYE 2006 |              | Audited FYE 2007 |              | Adjusted FYE 2007 |              | Audited FYE 2008 |              | Adjusted FYE 2009 |              | Unaudited FPE 2009 |              | Audited FPE 2010 |              |
|-------------------------------|------------------|--------------|-------------------|--------------|------------------|--------------|-------------------|--------------|------------------|--------------|-------------------|--------------|--------------------|--------------|------------------|--------------|
|                               | RM               | RM           | RM                | RM           | RM               | RM           | RM                | RM           | RM               | RM           | RM                | RM           | RM                 | RM           | RM               | RM           |
| Revenue                       | 69,753,956       | 69,753,956   | 86,035,751        | 86,035,751   | 77,604,597       | 87,920,883   | 77,604,597        | 87,920,883   | 87,786,544       | 94,037,184   | 87,786,544        | 94,037,184   | 43,501,520         | 81,353,158   | 43,501,520       | 81,353,158   |
| Cost of sales                 | (52,659,523)     | (52,659,523) | (65,907,032)      | (65,907,032) | (58,413,474)     | (58,301,441) | (58,413,474)      | (58,301,441) | (61,843,827)     | (74,035,762) | (61,843,827)      | (74,035,762) | (34,300,024)       | (80,302,038) | (34,300,024)     | (80,302,038) |
| Gross profit                  | 17,094,433       | 17,094,433   | 20,128,719        | 20,128,719   | 19,191,123       | 29,619,442   | 19,191,123        | 29,619,442   | 25,944,717       | 20,001,422   | 25,944,717        | 20,001,422   | 9,201,496          | 21,051,120   | 9,201,496        | 21,051,120   |
| Other income                  | 1,235,987        | 1,235,987    | 1,326,714         | 1,326,714    | 1,326,714        | 2,545,078    | 1,326,714         | 2,545,078    | 638,918          | 807,180      | 638,918           | 807,180      | 266,815            | 301,626      | 266,815          | 301,626      |
| Administrative expenses       | (4,923,865)      | (4,923,865)  | (3,342,850)       | (3,342,850)  | 472,317          | (2,870,513)  | (2,870,513)       | (2,870,513)  | (11,930,813)     | (3,469,621)  | (11,930,813)      | (3,469,621)  | (1,426,801)        | (5,010,922)  | (1,426,801)      | (5,010,922)  |
| Operating profit              | 13,406,555       | 13,406,555   | 18,112,603        | 18,112,603   | 17,647,324       | 19,432,547   | 17,647,324        | 19,432,547   | 14,652,822       | 17,318,981   | 14,652,822        | 17,318,981   | 8,040,510          | 16,341,824   | 8,040,510        | 16,341,824   |
| Finance costs                 | (1,475,020)      | (1,475,020)  | (6,827,104)       | (6,827,104)  | (6,681,214)      | (5,287,449)  | (6,681,214)       | (5,287,449)  | (4,243,560)      | (4,483,270)  | (4,243,560)       | (4,483,270)  | (1,877,865)        | (4,271,869)  | (1,877,865)      | (4,271,869)  |
| Profit before tax             | 11,931,535       | 11,931,535   | 11,285,499        | 11,285,499   | 10,966,110       | 14,145,098   | 10,966,110        | 14,145,098   | 13,447,484       | 12,835,711   | 13,447,484        | 12,835,711   | 6,162,625          | 12,069,955   | 6,162,625        | 12,069,955   |
| Income tax expense            | (3,161,636)      | (3,161,636)  | (2,498,413)       | (2,498,413)  | (2,498,413)      | (2,457,696)  | (2,498,413)       | (2,457,696)  | (3,990,947)      | (3,998,300)  | (3,990,947)       | (3,998,300)  | (1,551,639)        | (3,431,784)  | (1,551,639)      | (3,431,784)  |
| Profit for the year           | 8,769,899        | 8,769,899    | 8,841,610         | 8,841,610    | 8,467,697        | 11,687,402   | 8,467,697         | 11,687,402   | 10,989,788       | 4,018,315    | 10,989,788        | 4,018,315    | 4,610,786          | 8,638,171    | 4,610,786        | 8,638,171    |
| Attributable to:              |                  |              |                   |              |                  |              |                   |              |                  |              |                   |              |                    |              |                  |              |
| Equity holders of the Company | 8,769,899        | 8,769,899    | 8,841,610         | 8,841,610    | 8,467,697        | 11,478,118   | 8,467,697         | 11,478,118   | 10,989,788       | 4,018,315    | 10,989,788        | 4,018,315    | 4,610,786          | 8,638,171    | 4,610,786        | 8,638,171    |
| Minority interests            | -                | -            | -                 | -            | -                | 209,284      | -                 | 209,284      | -                | -            | -                 | -            | -                  | -            | -                | -            |
|                               |                  |              |                   |              |                  |              |                   |              |                  |              |                   |              |                    |              |                  |              |
|                               |                  |              |                   |              |                  |              |                   |              |                  |              |                   |              |                    |              |                  |              |

4.2 The performance indices of the Group based on the pro forma consolidated income statements for the past five (5) FYE 2009 and two (2) FPE 2010 are as follows:

|   | Audited FYE 2005 |             | Adjusted FYE 2006 |             | Audited FYE 2007 |             | Adjusted FYE 2007 |             | Audited FYE 2008 |             | Adjusted FYE 2009 |             | Unaudited FPE 2009 |             | Audited FPE 2010 |             |
|---|------------------|-------------|-------------------|-------------|------------------|-------------|-------------------|-------------|------------------|-------------|-------------------|-------------|--------------------|-------------|------------------|-------------|
|   | RM               | RM          | RM                | RM          | RM               | RM          | RM                | RM          | RM               | RM          | RM                | RM          | RM                 | RM          | RM               | RM          |
| Profit before tax                                   | 13,062,609       | 13,125,125  | 18,029,303        | 18,029,303  | 17,529,500       | 18,421,865  | 17,529,500        | 18,421,865  | 14,492,779       | 17,053,901  | 14,492,779        | 17,053,901  | 7,952,861          | 16,363,133  | 7,952,861        | 16,363,133  |
| Depreciation and interest                           | (754,074)        | (753,041)   | (692,604)         | (692,604)   | (658,280)        | (526,987)   | (658,280)         | (526,987)   | (405,264)        | (335,367)   | (405,264)         | (335,367)   | (96,497)           | (180,874)   | (96,497)         | (180,874)   |
| Interest expense                                    | (1,475,020)      | (1,475,020) | (6,827,104)       | (6,827,104) | (6,681,214)      | (5,287,449) | (6,681,214)       | (5,287,449) | (4,243,560)      | (4,483,270) | (4,243,560)       | (4,483,270) | (1,877,865)        | (4,271,869) | (1,877,865)      | (4,271,869) |
| Interest income                                     | 1,098,020        | 1,098,020   | 776,104           | 776,104     | 776,104          | 1,537,669   | 776,104           | 1,537,669   | 565,327          | 600,467     | 565,327           | 600,467     | 184,146            | 159,565     | 184,146          | 159,565     |
| Profit before tax                                   | 11,931,535       | 12,003,246  | 11,285,499        | 11,285,499  | 10,966,110       | 14,145,098  | 10,966,110        | 14,145,098  | 13,447,484       | 12,835,711  | 13,447,484        | 12,835,711  | 6,162,625          | 12,069,955  | 6,162,625        | 12,069,955  |
| Weighted average number of ordinary shares in issue | 80,000,004       | 80,000,004  | 80,000,004        | 80,000,004  | 80,000,004       | 80,000,004  | 80,000,004        | 80,000,004  | 80,000,004       | 80,000,004  | 80,000,004        | 80,000,004  | 80,000,004         | 80,000,004  | 80,000,004       | 80,000,004  |
| Gross profit margin (%)                             | 24.51            | 24.51       | 23.40             | 23.40       | 24.73            | 33.69       | 24.73             | 33.69       | 29.55            | 21.27       | 29.55             | 21.27       | 21.15              | 25.88       | 21.15            | 25.88       |
| Profit before tax margin (%)                        | 17.11            | 17.21       | 13.12             | 13.12       | 14.13            | 16.09       | 14.13             | 16.09       | 11.86            | 13.65       | 11.86             | 13.65       | 14.17              | 14.84       | 14.17            | 14.84       |
| Profit for the year margin (%)                      | 12.57            | 12.66       | 10.21             | 10.21       | 10.91            | 13.29       | 10.91             | 13.29       | 18.82            | 10.04       | 18.82             | 10.04       | 10.60              | 10.62       | 10.60            | 10.62       |
| Gross earnings per share (RM) #                     | 0.15             | 0.15        | 0.14              | 0.14        | 0.14             | 0.18        | 0.14              | 0.18        | 0.13             | 0.16        | 0.13              | 0.16        | 0.08               | 0.15        | 0.08             | 0.15        |
| Basic earnings per share (RM)*                      | 0.11             | 0.11        | 0.11              | 0.11        | 0.11             | 0.14        | 0.11              | 0.14        | 0.05             | 0.12        | 0.05              | 0.12        | 0.06               | 0.11        | 0.06             | 0.11        |
| Diluted earnings per share (RM)^                    | 0.11             | 0.11        | 0.11              | 0.11        | 0.11             | 0.14        | 0.11              | 0.14        | 0.05             | 0.12        | 0.05              | 0.12        | 0.06               | 0.11        | 0.06             | 0.11        |

Profit before tax is analysed as follows:

Profit before depreciation and net of interest expense

and interest income

Depreciation

Interest expense

Interest income

Profit before tax

# The gross earnings per share is computed based on the profit before tax divided by the weighted average number of ordinary shares in issue during the financial years/periods.

\* The basic earnings per share is computed based on the profit for the year attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial years/periods.

^ The diluted earnings per share is computed based on the profit for the year attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial years/periods. There are no dilutive effects.

4.3 The pro forma consolidated income statements for the past five (5) FYE 2005 to 2009 and two (2) FPE 31 March 2010 are prepared based on the audited income statements of Cypark Group for financial years/period ended 31 October 2005 to 31 March 2010, unaudited income statement for FPE 31 March 2009 and audited income statement for FPE 31 March 2010.

## 9. FINANCIAL INFORMATION (Cont'd)

## 5.0 Pro forma consolidated balance sheets of Cypark Group

The pro forma consolidated balance sheets of Cypark Group as set out below are prepared solely for illustrative purposes only to show the effects of the Proposals referred to in Section 2.0 had these transactions been effected on 31 March 2010.

| Assets  | Adjustment I       |                                | Adjustment II      |                 | Adjustment III     |                   | Adjustment IV      |                    |
|---|--------------------|--------------------------------|--------------------|-----------------|--------------------|-------------------|--------------------|--------------------|
|   | 31 March 2010 RM   | Shareholdings Restructuring RM | Pro forma I RM     | Public Issue RM | Pro forma II RM    | Offer for Sale RM | Pro forma III RM   | ESOS RM            |
| <b>Non-current assets</b>                                   |                    |                                |                    |                 |                    |                   |                    |                    |
| Plant and equipment   | 1,395,062          |                                | 1,395,062          |                 | 1,395,062          |                   | 1,395,062          | 1,395,062          |
| Intangible asset  | 127,316            |                                | 127,316            |                 | 127,316            |                   | 127,316            | 127,316            |
| Other investments   | 2,450,000          |                                | 2,450,000          |                 | 2,450,000          |                   | 2,450,000          | 2,450,000          |
| Deferred taxation   | 53,524             |                                | 53,524             |                 | 53,524             |                   | 53,524             | 53,524             |
|   | <u>4,025,902</u>   |                                | <u>4,025,902</u>   |                 | <u>4,025,902</u>   |                   | <u>4,025,902</u>   | <u>4,025,902</u>   |
| <b>Current assets</b>                                       |                    |                                |                    |                 |                    |                   |                    |                    |
| Trade receivables   | 214,652,851        |                                | 214,652,851        |                 | 214,652,851        |                   | 214,652,851        | 214,652,851        |
| Other receivables   | 10,852,496         |                                | 10,852,496         |                 | 10,852,496         |                   | 10,852,496         | 10,852,496         |
| Tax recoverable   | 81,321             |                                | 81,321             |                 | 81,321             |                   | 81,321             | 81,321             |
| Cash and bank balances                                      | 42,663,580         |                                | 42,663,580         | 20,618,615      | 63,282,195         |                   | 63,282,195         | 63,282,195         |
|   | 288,250,248        |                                | 288,250,248        |                 | 288,868,863        |                   | 288,868,863        | 288,868,863        |
| <b>Total assets</b>   | <u>272,276,150</u> |                                | <u>272,276,150</u> |                 | <u>292,894,765</u> |                   | <u>292,894,765</u> | <u>292,894,765</u> |
| <b>Equity and liabilities</b>                               |                    |                                |                    |                 |                    |                   |                    |                    |
| <b>Equity attributable to equity holders of the Company</b> |                    |                                |                    |                 |                    |                   |                    |                    |
| Share capital   | 40,000,000         |                                | 40,000,000         |                 | 40,000,000         |                   | 40,000,000         | 40,000,000         |
| Share premium   | -                  | 17,499,998                     | 17,499,998         |                 | 17,499,998         |                   | 17,499,998         | 17,499,998         |
| Foreign exchange reserve                                    | (700,370)          |                                | (700,370)          |                 | (700,370)          |                   | (700,370)          | (700,370)          |
| Foreign statutory reserve                                   | 89,622             |                                | 89,622             |                 | 89,622             |                   | 89,622             | 89,622             |
| Reverse acquisition reserve                                 | (36,700,000)       |                                | (36,700,000)       | 15,000,000      | (21,700,000)       |                   | (21,700,000)       | (21,700,000)       |
| Retained earnings   | 42,868,953         | (17,499,998)                   | 25,368,955         |                 | 25,368,955         |                   | 25,368,955         | 25,368,955         |
| <b>Total equity</b>   | <u>45,558,207</u>  |                                | <u>45,558,207</u>  |                 | <u>76,176,822</u>  |                   | <u>76,176,822</u>  | <u>76,176,822</u>  |
| <b>Non-current liability</b>                                |                    |                                |                    |                 |                    |                   |                    |                    |
| Borrowings  | 1,168,008          |                                | 1,168,008          |                 | 1,168,008          |                   | 1,168,008          | 1,168,008          |
| Deferred taxation   | 10,509             |                                | 10,509             |                 | 10,509             |                   | 10,509             | 10,509             |
|   | <u>1,178,517</u>   |                                | <u>1,178,517</u>   |                 | <u>1,178,517</u>   |                   | <u>1,178,517</u>   | <u>1,178,517</u>   |
| <b>Current liabilities</b>                                  |                    |                                |                    |                 |                    |                   |                    |                    |
| Trade payables  | 25,016,045         |                                | 25,016,045         |                 | 25,016,045         |                   | 25,016,045         | 25,016,045         |
| Other payables  | 42,197,767         |                                | 42,197,767         |                 | 42,197,767         |                   | 42,197,767         | 42,197,767         |
| Borrowings  | 146,858,826        |                                | 146,858,826        | (10,000,000)    | 136,858,826        |                   | 136,858,826        | 136,858,826        |
| Tax payables  | 11,466,788         |                                | 11,466,788         |                 | 11,466,788         |                   | 11,466,788         | 11,466,788         |
|   | 225,539,426        |                                | 225,539,426        |                 | 215,539,426        |                   | 215,539,426        | 215,539,426        |
| <b>Total liabilities</b>                                    | <u>226,717,943</u> |                                | <u>226,717,943</u> |                 | <u>216,717,943</u> |                   | <u>216,717,943</u> | <u>216,717,943</u> |
| <b>Total equity and liabilities</b>                         | <u>272,276,150</u> |                                | <u>272,276,150</u> |                 | <u>292,894,765</u> |                   | <u>292,894,765</u> | <u>292,894,765</u> |
| Number of shares in issue                                   | 80,000,004         |                                | 80,000,004         |                 | 80,000,004         |                   | 80,000,004         | 80,000,004         |
| Net tangible assets (RM)                                    | 45,430,891         |                                | 45,430,891         |                 | 76,049,506         |                   | 76,049,506         | 76,049,506         |
| Net tangible assets per share (RM)                          | 0.57               |                                | 0.40               |                 | 0.52               |                   | 0.52               | 0.52               |

The pro forma adjustments III and IV have no financial impact to the pro forma consolidated balance sheets.

**9. FINANCIAL INFORMATION (Cont'd)**

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**5.1 Notes to the pro forma consolidated balance sheets**

The pro forma consolidated balance sheets have been prepared for illustrative purposes only and assuming Cypark Middle East was not part of the Group and the following transactions assuming they were effected on 31 March 2010:

**Pro forma I**

Pro forma I takes into account the Shareholdings Restructuring involving Bonus Issue and Transfer of Shares between certain shareholders as follows:

## - Bonus Issue

Bonus Issue of 34,999,996 new ordinary shares of RM0.50 each to its existing shareholders on the basis of approximately seven (7) ordinary shares of RM0.50 each for every sixteen (16) ordinary shares of RM0.50 each held in Cypark:

## - Transfer of Shares

Transfer of a total of 20,547,997 ordinary shares of RM0.50 each between certain shareholders. The transaction will not have any financial impact in the pro forma consolidated financial information.

**Pro forma II**


Public Issue of 30,000,000 new ordinary shares of RM0.50 each at an issue price of RM1.10 per share payable in full on application. The Public Issue is to be allocated as follows:

- 7,250,000 new ordinary shares of RM0.50 each for application by Malaysia citizens, companies, societies, co-operatives and institutions to be allotted by way of balloting;
- 3,000,000 new ordinary shares of RM0.50 each for application by the eligible Directors, employees and business associates; and
- 19,750,000 new ordinary shares of RM0.50 each by way of private placement to identified investors.

The proceeds from the Public Issue will be utilised as follows:

|                            |                   |
|----------------------------|-------------------|
|                            | <b>RM</b>         |
| Repayment of borrowings    | 10,000,000        |
| Working capital            | 20,618,615        |
| Estimated listing expenses | 2,381,385         |
|                            | <u>33,000,000</u> |

**9. FINANCIAL INFORMATION (Cont'd)**

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**5.1 Notes to the pro forma consolidated balance sheets (contd.)****Pro forma II (contd.)**

|   | <b>RM</b>          |
|---|--------------------|
| Share premium arising from public issue | 18,000,000         |
| Less: Share issue expenses              | <u>(2,381,385)</u> |
|   | <u>15,618,615</u>  |

The estimated listing expenses of RM4,000,000 includes share issue expense of RM2,381,385 which are charged to the available share premium account. The balance of RM1,618,615 of expenses incidental to the Offer for Sale will be borne by the offerors. For the purpose of this pro forma consolidated financial information, these expenses have been settled using the proceeds from the public issue.

**Pro forma III**

Pro forma III takes into account of Offer for Sale to be allocated and allotted by way of private placement to selected investors a total of 28,000,000 ordinary shares of RM0.50 each. The transaction will not have any financial impact in the pro forma consolidated financial information.

**Proforma IV**

Pro forma IV takes into account of Employee Share Option Scheme ("ESOS") by the Board to implement an ESOS for eligible employees of Cypark Group and Director(s) of the Company. The total number of Shares which may be issued under options granted pursuant to ESOS ("Options") will be up to 15% of the issued and paid-up ordinary share capital. As the number of Options to be granted under the Cypark ESOS is uncertain and not determinable due to, amongst others, different vesting period of the Options, the impact of the ESOS has not been reflected in the pro forma consolidated balance sheet.

The ESOS is expected to have an impact on Cypark Group's pro forma consolidated balance sheet in accordance with Financial Reporting Standard 2 ("FRS 2") "Share-based Payment". In accordance with FRS 2, the cost arising from the issuance of Options will be measured by the fair value of the Options at the date of the written offer thereof to an eligible employee ("Offer Date"), thereby reducing Cypark Group's consolidated earnings with a corresponding charge to ESOS reserve. The fair value is dependent on, amongst others, the market price of the Shares and the implied volatility thereof, the exercise price of the Options, the remaining tenure of the Options as at the Offer Date and the projected dividend yield of the Company. The charge will be recognised over the vesting period of the Options. Upon exercise of the Options, there will be an increase in share capital, share premium and reversal of ESOS reserve.

## 9. FINANCIAL INFORMATION (Cont'd)

 **ERNST & YOUNG** (AF: 0039)
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For identification purposes only**5.2 Pro forma consolidated balance sheet**

The following is a pro forma consolidated balance sheets of the Group prepared based on the audited financial statements of Cypark as at 31 March 2010.

The pro forma consolidated balance sheet is prepared for illustrative purposes only, to show the effects of all the transactions stated in Note 5.1.

|   | Note   | Group<br>Pro forma I - IV<br>RM |
|---|--------|---------------------------------|
| <b>Assets</b>   |        |                                 |
| <b>Non-current assets</b>                                   |        |                                 |
| Plant and equipment   | 5.3(a) | 1,395,062                       |
| Intangible asset  | 5.3(b) | 127,316                         |
| Other investments   | 5.3(c) | 2,450,000                       |
| Deferred tax assets   | 5.3(d) | 53,524                          |
|   |        | <u>4,025,902</u>                |
| <b>Current assets</b>                                       |        |                                 |
| Trade receivables   | 5.3(e) | 214,652,851                     |
| Other receivables   | 5.3(f) | 10,852,496                      |
| Tax recoverable   |        | 81,321                          |
| Cash and bank balances                                      | 5.3(g) | 63,282,195                      |
|   |        | <u>288,868,863</u>              |
| <b>Total assets</b>   |        | <u>292,894,765</u>              |
| <b>Equity and liabilities</b>                               |        |                                 |
| <b>Equity attributable to equity holders of the Company</b> |        |                                 |
| Share capital   | 5.3(h) | 72,500,000                      |
| Share premium   | 5.3(i) | 15,618,615                      |
| Foreign exchange reserve                                    | 5.3(j) | (700,370)                       |
| Foreign statutory reserve                                   | 5.3(k) | 89,622                          |
| Reverse acquisition reserve                                 | 5.3(l) | (36,700,000)                    |
| Retained earnings   |        | 25,368,955                      |
| <b>Total equity</b>   |        | <u>76,176,822</u>               |
| <b>Non-current liabilities</b>                              |        |                                 |
| Borrowings  | 5.3(m) | 1,168,008                       |
| Deferred tax liabilities                                    | 5.3(d) | 10,509                          |
|   |        | <u>1,178,517</u>                |
| <b>Current liabilities</b>                                  |        |                                 |
| Trade payables  | 5.3(o) | 25,016,045                      |
| Other payables  | 5.3(p) | 42,197,767                      |
| Borrowings  | 5.3(m) | 136,858,826                     |
| Tax payables  |        | 11,466,788                      |
|   |        | <u>215,539,426</u>              |
| <b>Total liabilities</b>                                    |        | <u>216,717,943</u>              |
| <b>Total equity and liabilities</b>                         |        | <u>292,894,765</u>              |

## 9. FINANCIAL INFORMATION (Cont'd)

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## 5.3 Notes to the pro forma consolidated financial statements

## (a) Plant and equipment

|                                     | <b>Machinery,<br/>furniture<br/>and site<br/>equipment<br/>RM</b> | <b>Office<br/>equipment<br/>RM</b> | <b>Motor<br/>vehicles<br/>RM</b> | <b>Computer<br/>and<br/>peripherals<br/>RM</b> | <b>Total<br/>RM</b> |
|-------------------------------------|---|------------------------------------|----------------------------------|--|---------------------|
| <b>Cost</b>                         |   |                                    |                                  |  |                     |
| At 1 November 2009                  | 1,540,182   | 33,335                             | 1,674,517                        | 1,271,605                                      | 4,519,639           |
| Additions                           | 5,280   | -                                  | 1,121,806                        | 7,090  | 1,134,176           |
| Disposals                           | -   | -                                  | (273,000)                        | -  | (273,000)           |
| Exchange differences                | (15,916)  | -                                  | -                                | (15,182)                                       | (31,098)            |
| At 31 March 2010                    | <u>1,529,546</u>  | <u>33,335</u>                      | <u>2,523,323</u>                 | <u>1,263,513</u>                               | <u>5,349,717</u>    |
| <b>Accumulated<br/>depreciation</b> |   |                                    |                                  |  |                     |
| At 1 November 2009                  | 1,449,367   | 33,334                             | 1,334,673                        | 1,187,647                                      | 4,005,021           |
| Charge for the period               | 28,678  | -                                  | 132,081                          | 20,115   | 180,874             |
| Disposals                           | -   | -                                  | (273,000)                        | -  | (273,000)           |
| Impairment loss                     | 38,606  | -                                  | -                                | 30,166   | 68,772              |
| Exchange differences                | (13,441)  | -                                  | -                                | (13,571)                                       | (27,012)            |
| At 31 March 2010                    | <u>1,503,210</u>  | <u>33,334</u>                      | <u>1,193,754</u>                 | <u>1,224,357</u>                               | <u>3,954,655</u>    |
| <b>Net carrying amount</b>          |   |                                    |                                  |  |                     |
| At 31 March 2010                    | <u>26,336</u>   | <u>1</u>                           | <u>1,329,569</u>                 | <u>39,156</u>                                  | <u>1,395,062</u>    |

The carrying amounts of the Group's assets as at balance sheet date held under hire purchase arrangements amounted to RM1,329,569. Assets held under hire purchase contracts are pledged as security for the related hire purchase liabilities.

## (b) Intangible asset

Intangible asset relates to goodwill arising from the reverse acquisition of CSB during the financial year 2006.

The recoverable amount of goodwill has been determined based on value in the calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to the cash flow projections is 12%. Gross margins are based on average values achieved in the preceding three-years.

Based on the aforementioned assumptions, the goodwill does not appear impaired.



## 9. FINANCIAL INFORMATION (Cont'd)

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## 5.3 Notes to the pro forma consolidated financial statements (contd.)

## (c) Other investments

|                                     | RM                 |
|-------------------------------------|--------------------|
| Subordinated bonds                  | 4,000,000          |
| Less: Accumulated impairment losses | <u>(1,720,000)</u> |
|                                     | <u>2,280,000</u>   |
| Corporate golf membership           | <u>170,000</u>     |
|                                     | <u>2,450,000</u>   |

The Company subscribed to RM4,000,000 Subordinated Bonds issued by Capone Berhad pursuant to the Primary Collateralised Loan Obligations Transaction in connection with the acceptance of an Unsecured Fixed Rate Term Loan Facility. The salient terms of the Unsecured Fixed Rate Term Loan Facility are detailed in Note 5.3(m). Details of the impairment made are disclosed in Note 6.1(b)(iii).

## (d) Deferred taxation

|  | RM              |
|--|-----------------|
| At 1 November 2009                                 | (25,071)        |
| Recognised in the income statement                 | <u>(17,944)</u> |
| At 31 March 2010                                   | <u>(43,015)</u> |
| Presented after appropriate offsetting as follows: |                 |
| Deferred tax assets                                | (53,524)        |
| Deferred tax liabilities                           | <u>10,509</u>   |
|  | <u>(43,015)</u> |

The components and movements of deferred tax liability and asset during the financial period prior to offsetting are as follows:

|                                    | Other payables<br>RM | Plant and equipment<br>RM | Total<br>RM     |
|------------------------------------|----------------------|---------------------------|-----------------|
| At 1 November 2009                 | (268,317)            | 243,246                   | (25,071)        |
| Recognised in the income statement | <u>(31,659)</u>      | 13,715                    | <u>(17,944)</u> |
| At 31 March 2010                   | <u>(299,976)</u>     | 256,961                   | <u>(43,015)</u> |

## (e) Trade receivables

|   | RM                 |
|---|--------------------|
| Unbilled amount due from a customer on work performed | 113,553,485        |
| Trade receivables                                     | 88,350,929         |
| Less: Provision for doubtful debts                    | <u>(296,251)</u>   |
|   | 201,608,163        |
| Add: Retention sum                                    | <u>13,044,688</u>  |
|   | <u>214,652,851</u> |

## 9. FINANCIAL INFORMATION (Cont'd)

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## 5.3 Notes to the pro forma consolidated financial statements (contd.)

## (e) Trade receivables (contd.)

During the financial year, allowance for doubtful debts of RM296,251 was provided for.

The Group's and Company's normal trade credit term ranges from 60 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has a significant concentration of credit risk in the form of outstanding balances from 5 customers representing approximately 77% of total trade receivables.

The amount due from a customer on work performed represent unbilled portion of work performed on the closure and restorations of landfills located throughout Peninsular Malaysia. Subsequent billings to and collection from the client amounted to RM60,834,406 and RM54,966,378 respectively.

As at 31 March 2010, the ageing analysis of trade receivables (excluding the unbilled amount due from a customer for work performed) of the Group is as follows:

|               | Total<br>RM | Impaired<br>RM | Neither past<br>due nor<br>impaired | Past due but not impaired |                    |                |
|---------------|-------------|----------------|-------------------------------------|---------------------------|--------------------|----------------|
|               |             |                | < 30 days<br>RM                     | 31 - 60 days<br>RM        | 61 - 90 days<br>RM | >90 days<br>RM |
| 31 March 2010 | 101,395,617 | 296,251        | 63,261,573                          | 204,111                   | -                  | 37,633,682     |

In assessing the recoverability of debts (particularly those debts which are aged more than a year of RM13,217,535 and those advances made to other debtors as disclosed in Note 5.3(f), the directors have given due consideration to all pertinent information relating to the ability of these debtors to settle their debts. With these consideration, the directors have assessed the amounts owing from these debtors to be fully recoverable. Accordingly, no allowance has been made in respect of these overdue debts.

Included in trade receivables is an amount of RM27,216,691 due from a customer in relation to the Asian Games Village Project for which an advance of RM21,644,929 was received from DAGOC as detailed in Note 5.3(p).

## (f) Other receivables

|                   | RM                |
|-------------------|-------------------|
| Other receivables | 9,897,005         |
| Deposits          | 257,382           |
| Prepayments       | 698,109           |
|                   | <u>10,852,496</u> |

Also included in other receivables of the Group are advances of RM9,042,808 to suppliers and contractors for the closure and restoration of landfill project. These advances are expected to be recouped via future billings by the said suppliers and contractors.

Included in other receivables of the Group is an amount of RM830,260 due from a former subsidiary, Cypark Landscape Services Middle East Ltd. Co. The amount was fully recovered subsequent to 31 March 2010.

## 9. FINANCIAL INFORMATION (Cont'd)

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## 5.3 Notes to the pro forma consolidated financial statements (contd.)

## (g) Cash and cash equivalents

|   | RM                  |
|---|---------------------|
| Deposits with licensed banks  | 39,667,643          |
| Cash and bank balances  | <u>2,995,937</u>    |
|   | 42,663,580          |
| Add: Pro forma adjustment from Public Issue net of<br>repayment of borrowings and listing expense | <u>20,618,615</u>   |
|   | 63,282,195          |
| Bank overdraft (Note 5.3(m))  | (51,206,663)        |
| Bank overdraft against progress<br>claims (Note 5.3(m))   | (27,176,523)        |
| Trust receipts (Note 5.3(m))  | <u>(28,234,504)</u> |
| Cash and cash equivalents   | <u>(43,335,495)</u> |

Deposits with licensed banks amounting to RM17,661,906 of the Group are pledged to banks for credit facilities granted to the Company and a subsidiary. Included herein are deposits totalling RM6,005,737 kept in a sinking fund pursuant to a condition prescribed in the agreement for a credit facility obtained and hence, are not available for general use.

The weighted average effective interest rate of deposits with licensed banks at the balance sheet date is 3.1% per annum. The maturity of deposits as at the end of the financial period range from 7 to 180 days.


## (h) Share capital

|  | Number of<br>ordinary<br>shares of<br>RM0.50 each | Amount<br>RM       |
|--|---|--------------------|
| <b>Authorised share capital</b>                        |   |                    |
| Ordinary share of RM0.50 each                          | <u>200,000,000</u>                                | <u>100,000,000</u> |
| <b>Issued and fully paid</b>                           |   |                    |
| Ordinary share of RM0.50 each                          | 80,000,004  | 40,000,002         |
| Add: Pro forma adjustment from Public and Bonus issues |   |                    |
| Bonus issue  | 34,999,996  | 17,499,998         |
| Public issue   | <u>30,000,000</u>                                 | <u>15,000,000</u>  |
|  | <u>145,000,000</u>                                | <u>72,500,000</u>  |

As at the date of this report, no redeemable preference shares have been issued.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

## 9. FINANCIAL INFORMATION (Cont'd)

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## 5.3 Notes to the pro forma consolidated financial statements (contd.)

## (i) Share premium

|  | RM                 |
|--|--------------------|
| Pro forma adjustment arising from public issue | 18,000,000         |
| Less: Estimated listing expenses               | <u>(2,381,385)</u> |
|  | <u>15,618,615</u>  |

## (j) Foreign exchange reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of subsidiaries whose functional currency is different from the presentation currency of the Company.

## (k) Foreign statutory reserve

The foreign statutory reserve is created to comply with Qatar Commercial Companies Law. Under the said laws, 10% of the net profit for the year is to be transferred to the statutory reserve until such time as a minimum of 50% of the share capital is set aside. This reserve is non-distributable except in certain circumstances as mentioned in the above-mentioned laws.

## (l) Reverse acquisition reserve

In accordance with the principles of reverse acquisition in FRS 3: Business Combination, the amount recognised as issued instruments in the consolidated financial statements is determined by adding the cost of the business combination to the issued equity of the subsidiary being acquired immediately before the business combination. However, the equity structure appearing in the consolidated financial statements is that of the Company.

Therefore, a reverse acquisition reserve of RM36,700,000 has been created, being the difference between the required Group's equity structure and the reported equity of the Company.

## (m) Borrowings

|  | RM                  |
|--|---------------------|
| <b>Short term borrowings</b>   |                     |
| Secured:   |                     |
| Bank overdrafts (Note 5.3(g))  | 51,206,663          |
| Bank overdraft against progress claims (Note 5.3(g))                       | 27,176,523          |
| Trust receipts (Note 5.3(g))   | 28,234,504          |
| Hire purchase (Note 5.3(n))  | 241,136             |
|  | <u>106,858,826</u>  |
| Unsecured:   |                     |
| Term loan  | 40,000,000          |
|  | <u>146,858,826</u>  |
| Less: Pro forma adjustment on utilisation of proceeds from<br>Public Issue | <u>(10,000,000)</u> |
|  | <u>136,858,826</u>  |
| <b>Long term borrowing</b>   |                     |
| Secured:   |                     |
| Hire purchase (Note 5.3(n))  | <u>1,168,008</u>    |

## 9. FINANCIAL INFORMATION (Cont'd)

|  |
|--|
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|--|

## 5.3 Notes to the pro forma consolidated financial statements (contd.)

## (m) Borrowings (contd.)

|  | RM                  |
|--|---------------------|
| <b>Total borrowings</b>  |                     |
| Secured:   |                     |
| Bank overdrafts (Note 5.3(g))  | 51,206,663          |
| Bank overdraft against progress claims (Note 5.3(g))                       | 27,176,523          |
| Trust receipts (Note 5.3(g))   | 28,234,504          |
| Hire purchase (Note 5.3(n))  | 1,409,144           |
|  | <u>108,026,834</u>  |
| Unsecured:   |                     |
| Term Loan  | 40,000,000          |
|  | <u>148,026,834</u>  |
| Less: Pro forma adjustment on utilisation of proceeds from<br>Public Issue | <u>(10,000,000)</u> |
|  | <u>138,026,834</u>  |

Trust receipts of the Group, which are undrawn at balance sheet date are secured by upfront placement of 10% marginal deposit.

The weighted average effective interest rates during the financial year for these borrowings, excluding hire purchase payables, were as follows:

|                 | %           |
|-----------------|-------------|
| Term loan       | 7.13        |
| Bank overdrafts | 7.05        |
| Trust receipts  | <u>7.30</u> |

The bank overdrafts and trust receipts are secured by existing fixed deposits and guaranteed jointly and severally by certain directors of the Company.

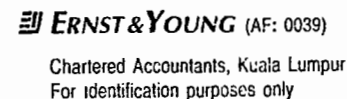
The bank overdraft against progress claims is a facility provided by a local licensed bank which can be withdrawn only against when there are certified progress claims available for the national landfill and restoration project.

In previous years, the Group entered into a Loan Facility Agreement with EON Bank Berhad ("EON Bank") and Capone Berhad ("Capone") in respect of the acceptance of an Unsecured Fixed Rate Term Loan Facility (the "Loan Facility") extended by EON Bank (the "Facility Agreement"). In accordance with the terms of the Facility Agreement, EON Bank sold all rights, titles and interests relating to the Loan Facility to Capone. Capone in turn issued asset-back securities, namely Senior and Subordinated Bonds, pursuant to a Primary Collateralised Loan Obligations Transaction ("CLO").

The term loans are secured by negative pledge over all or any part of its business or assets, both present or future, any security interest save and except:

- (i) statutory lien and/or any Security Interest arising in the ordinary course of business or by operation of law; or
- (ii) any existing Security Interest which the Borrower has disclosed in writing pursuant to a Discloser Letter addressed and delivered to the Lender prior to or on the date of the execution of the Agreement; or

## 9. FINANCIAL INFORMATION (Cont'd)



## 5.3 Notes to the financial statements (contd.)

## (m) Borrowings (contd.)

- (iii) any Security Interest which has been permitted with the consents of all persons to whom the Borrower has now or hereafter or from time to time provided a Negative Pledge; or
- (iv) any Security Interest which the Rating Agency has confirmed in writing that such Security Interest will not cause or result in a downgrade in the Corporate Credit Rating of the Borrower and consequently the rating of the Bonds.

EON Bank disbursed RM40 million of the Loan Facility to the Group in prior year with a tenure of five (5) years and the Group subscribed for Subordinated Bonds amounting to RM4 million issued by Capone pursuant to the CLO.

The Group is required to maintain a certain level of rating accorded by the Malaysian Rating Corporation Berhad. In the event that the rating falls below the prescribed level, it will trigger the prepayment clause stated in the Facility Agreement rendering the Loan Facility payable on demand.

## (n) Hire purchase and lease obligations

|   | RM               |
|---|------------------|
| <b>Future minimum lease payments</b>                          |                  |
| Not later than 1 year   | 310,603          |
| Later than 1 year and not later than 2 years                  | 295,053          |
| Later than 2 years and not later than 5 years                 | 723,988          |
| Later than 5 years  | 310,980          |
| Total future minimum lease payments                           | <u>1,640,624</u> |
| Less: Future finance charges                                  | (231,480)        |
| Present value of finance lease liabilities                    | <u>1,409,144</u> |
| <b>Analysis of present value of finance lease liabilities</b> |                  |
| Not later than 1 year   | 241,136          |
| Later than 1 year and not later than 2 years                  | 239,814          |
| Later than 2 years and not later than 5 years                 | 630,617          |
| Later than 5 years  | 297,577          |
|   | <u>1,409,144</u> |
| <b>Analysed as:</b>   |                  |
| Due within 1 year (Note 5.3(m))                               | 241,136          |
| Due after 1 year (Note 5.3(m))                                | 1,168,008        |
|   | <u>1,409,144</u> |

The hire purchase and lease liabilities bore effective interest rate of 2.8% per annum during the financial period.

## (o) Trade payables

The normal trade credit terms granted to the Group range from 30 to 90 days (2009: 30 to 90 days) although it is customary for the credit terms to be extended beyond 90 days but generally not more than 120 days.

## 9. FINANCIAL INFORMATION (Cont'd)

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## 5.3 Notes to the pro forma consolidated financial statements (contd.)

## (p) Other payables

|                          | RM                |
|--------------------------|-------------------|
| Advance from DAGOC       | 21,644,929        |
| Advance from shareholder | 7,989,342         |
| Advance from customer    | 10,000,000        |
| Other payables           | 462,868           |
| Accruals                 | 2,100,628         |
|                          | <u>42,197,767</u> |

The advance from DAGOC relates to an advance from Doha Asian Games Organising Committee ("DAGOC") as interim funding for the Asian Game Project, which is secured against the post-dated cheque issued by DAGOC for the same amount and is payable only upon full receipt of trade proceeds for the Asian Game Project. The said cheque has since expired. This advance is interest free and has no fixed term of repayment.

## (q) Related party disclosures

- (i) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial period:

|  | RM               |
|--|------------------|
| <b>Group</b>   |                  |
| Accounting fees receivable from a related party *                            | <u>(22,500)</u>  |
| <b>Company</b>   |                  |
| Operating and management fees payable to a subsidiary                        | 708,091          |
| Amount payable to a subsidiary for work performed on the landfill project    | 51,993,855       |
| Amount payable to a related party for work performed on the landfill project | <u>7,730,892</u> |

\* Related party is a company in which certain directors have financial interests, namely CyEn Resources Sdn. Bhd.

The directors are of the opinion that all transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed between the companies.

- (ii) Compensation of key management personnel

The remuneration of key management during the year was as follows:

|                              | RM               |
|------------------------------|------------------|
| Short term employee benefits | 1,085,760        |
| Defined contribution plan    | 114,999          |
| Other benefits               | 775              |
|                              | <u>1,201,534</u> |

Included in the total key management personnel's remuneration are:

|                         |                |
|-------------------------|----------------|
| Director's remuneration | <u>787,136</u> |
|-------------------------|----------------|

## 9. FINANCIAL INFORMATION (Cont'd)

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## 5.3 Notes to the pro forma consolidated financial statements (contd.)

## (r) Contingent liabilities

RM

**Secured:**

|  |            |
|--|------------|
| - Performance bond guarantees favouring Government/Statutory Bodies and companies acceptable to the banks for various projects | 18,517,031 |
| - Corporate guarantees given to bank for credit facilities granted to subsidiaries   | 500,000    |
| - Letter of credits given to suppliers for purchase of materials   | 1,059,450  |

**Unsecured:**

|   |                   |
|---|-------------------|
| - Bank guarantees extended to third parties in respect of various projects of the Group | 700,000           |
| - Litigation claims   | 3,087,614         |
|   | <u>23,864,095</u> |

The secured performance bonds, corporate guarantees and letter of credits are secured by way of charge over certain fixed deposits of the Group and personal guarantee by the shareholders of the Company.

The litigation claims relate to the dispute in the final amount claimed by the sub-contractors. The Group with the advise of their solicitors, is confident of defending these cases. Accordingly, the amount claimed have not been provided for in the financial statements.

## (s) Operating lease commitments

RM

Non-cancellable operating lease commitments - the Group as lessee

**Future minimum rentals payable:**

|  |                |
|--|----------------|
| Not later than 1 year                        | 470,750        |
| Later than 1 year and not later than 5 years | 358,790        |
|  | <u>829,540</u> |

Operating lease payments represent rentals payable by the Group for use of office. Leases are negotiated for an average term of 3 years and rentals are fixed for the terms negotiated.

## (t) Financial instruments

## (i) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.



## 9. FINANCIAL INFORMATION (Cont'd)

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## 5.3 Notes to the financial statements (contd.)

## (t) Financial instruments (contd.)

## (ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

The weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk are disclosed in Note 5.3(g), (m) and (n).

## (iii) Foreign exchange risk

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group operates internationally and is exposed to Qatari Riyal and United Arab Emirates Dirham currencies. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

| Functional currency of Group companies | Net financial<br>assets held in<br>non-functional<br>currencies |
|--|---|
|  | Qatari Riyals<br>RM   |
| At 31 March 2010                       |   |
| Ringgit Malaysia                       | 928,311   |

## (iv) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

**9. FINANCIAL INFORMATION (Cont'd)****ERNST & YOUNG** (AF: 0039)Chartered Accountants, Kuala Lumpur  
For identification purposes only**5.3 Notes to the financial statements (contd.)****(t) Financial instruments (contd.)****(v) Credit risk**

Credit risks, or the risk of counter-parties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risks related to any financial assets other than as disclosed in Note 5.3(e) and (f).

**(vi) Fair values**

It is not practicable to estimate the fair value of, amounts due to subsidiaries due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.

The carrying amounts of other financial assets and liabilities of the Group at the balance sheet date approximate their fair values.

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

**Term loan**

Fair value has been determined using discounted cash flows. The discount rate used is the current market incremental lending rates for similar types of borrowing arrangement.

**(u) Segment information****(i) Reporting format**

The primary segment reporting format is determined to be geographical segment as the Group's risks and rates of return are affected predominantly by differences in the geographical locations. Secondary information is reported by business segment. The operating businesses are organised and managed separately according to the geographical location of the assets of the Group, with each segment representing a strategic business unit that serves customers in different geographical locations.

**(ii) Geographical segments**

The Group's geographical segments are based on the location of the Group's assets customers. The Group operates in two geographical areas:

- Malaysia - the operations in this area are principally through Cypark Sdn. Bhd. and Artis Botanica Corporation Sdn. Bhd. This segment also includes the results of the Company which is an investment holding company.
- Middle East - the operations in this area are principally through Cypark Landscape Services Qatar WLL.

## 9. FINANCIAL INFORMATION (Cont'd)

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## 5.3 Notes to the financial statements (contd.)

## (u) Segment information (contd.)

The following provides an analysis of the Group's revenue, results, assets, liabilities and other information by geographical segment:

|   | Malaysia<br>RM     | Middle East<br>RM | Elimination<br>RM   | Total<br>RM        |
|---|--------------------|-------------------|---------------------|--------------------|
| <b>5 months ended 31.3.2010</b>                                   |                    |                   |                     |                    |
| <b>Revenue</b>  |                    |                   |                     |                    |
| Sales to external customers                                       | 81,353,158         | -                 | -                   | 81,353,158         |
| Inter-segment sales   | 52,701,946         | -                 | (52,701,946)        | -                  |
| Total revenue   | <u>134,055,104</u> | -                 | <u>(52,701,946)</u> | <u>81,353,158</u>  |
| <b>Results</b>  |                    |                   |                     |                    |
| Segment results   | 16,782,434         | (440,610)         | -                   | 16,341,824         |
| Finance cost  |                    |                   |                     | <u>(4,271,869)</u> |
| Profit before taxation  |                    |                   |                     | 12,069,955         |
| Taxation  |                    |                   |                     | <u>(3,431,784)</u> |
| Profit for the year attributable to equity holders of the Company |                    |                   |                     | <u>8,638,171</u>   |
| <b>Assets</b>   |                    |                   |                     |                    |
| Segment assets  | 330,609,482        | 27,313,004        | (85,781,181)        | 272,141,305        |
| Tax assets  | -                  | -                 | -                   | 134,845            |
| Total assets  | <u>330,609,482</u> | <u>27,313,004</u> | <u>(85,781,181)</u> | <u>272,276,150</u> |
| <b>Liabilities</b>  |                    |                   |                     |                    |
| Segment liabilities   | 234,236,478        | 26,450,666        | (45,446,498)        | 215,240,646        |
| Tax liabilities   | -                  |                   |                     | 11,477,297         |
| Total liabilities   | <u>234,236,478</u> | <u>26,450,666</u> | <u>(45,446,498)</u> | <u>226,717,943</u> |
| <b>Other segment information</b>                                  |                    |                   |                     |                    |
| Capital expenditure   | 1,134,176          | -                 | -                   | 1,134,176          |
| Depreciation  | 151,843            | 24,367            | -                   | 180,874            |
| Other significant non-cash expenses:                              |                    |                   |                     |                    |
| Provisions  | 296,251            | -                 | -                   | 296,251            |

**9. FINANCIAL INFORMATION (Cont'd)****ERNST & YOUNG** (AF: 0039)Chartered Accountants, Kuala Lumpur  
For identification purposes only**5.3 Notes to the financial statements (contd.)****(u) Segment information (contd.)****(ii) Geographical segments (contd.)****(iii) Business segments**

The Group comprises the following business segments:

- Landscaping provision of landscape services for public parks, public amenities and other landscape developments; and
- Maintenance maintenance of landscape services for public parks, public amenities and other landscape developments; and
- Environmental provision of nature conservation and environmental amelioration for customers.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

The following provides an analysis of the Group's revenue, carrying amount of segment assets and capital expenditure, analysed by business segments:

|                                 | Total<br>revenue from<br>external<br>customers<br>RM | Carrying<br>amount of<br>segment<br>assets<br>RM | Capital<br>expenditure<br>RM |
|---------------------------------|--|--|------------------------------|
| <b>5 months ended 31.3.2010</b> |  |  |                              |
| Environmental                   | 76,114,977   | -  | -                            |
| Landscaping                     | 4,530,090  | 270,774,582                                      | 1,134,176                    |
| Maintenance                     | 708,091  | 1,501,568  | -                            |
|                                 | <u>81,353,158</u>                                    | <u>272,276,150</u>                               | <u>1,134,176</u>             |

**(v) Comparatives**

This set of financial statements is prepared for the five months period ended 31 March 2010. Accordingly, the comparative information for the previous five months ended 31 March 2009 for the income statement, statement of changes in equity and cash flow statement as well as the related notes are unaudited for comparative purposes.

## 6.0 Summary of significant accounting policies

### (a) Basis of preparation

The financial statements comply with provisions of of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia being the approved accounting standards in Malaysia. The financial statements have also been prepared on a historical basis and presented in Ringgit Malaysia (RM).

Cypark undertook the following in connection with its listing on the Main Market of Bursa Malaysia.

#### (i) Shareholdings Restructuring

Shareholdings Restructuring involving bonus issue and transfer of shares between certain shareholders as follows:

##### - Bonus Issue

Bonus Issue of 34,999,996 new ordinary shares of RM0.50 each to its existing shareholders on the basis of approximately seven (7) ordinary shares of RM0.50 each for every sixteen (16) existing ordinary shares of RM0.50 each held in Cypark.


##### - Transfer of Shares

Transfer of a total of 20,547,997 ordinary shares of RM0.50 each between certain shareholders. The transaction will not have any financial impact in the pro forma consolidated financial information.

#### (ii) Public Issue

Public Issue of 30,000,000 new ordinary shares of RM0.50 each at an issue price of RM1.10 per share payable in full on application. The Public Issue is to be allocated as follows:

- 7,250,000 new ordinary shares of RM0.50 each for application by Malaysia citizens, companies, societies, co-operatives and institutions to be allotted by way of balloting;
- 3,000,000 new ordinary shares of RM0.50 each for application by the eligible Directors, employees and business associates; and
- 19,750,000 new ordinary shares of RM0.50 each by way of private placement to identified investors.

**9. FINANCIAL INFORMATION (Cont'd)** **ERNST & YOUNG** (AF: 0039)Chartered Accountants, Kuala Lumpur  
For identification purposes only**6.0 Summary of significant accounting policies (contd.)****(a) Basis of preparation (contd.)****(iii) Offer for Sale**

Offer for Sale to be allocated and allotted by way of private placement to selected investors a total of 28,000,000 ordinary shares of RM0.50 each. The transaction will not have any financial impact in the pro forma consolidated financial information.

**(iv) Listing and Quotation**

Admission to the Official List and the listing and quotation of the entire enlarged issued and paid up share capital in Cypark of RM72,500,000 comprising 145,000,000 new ordinary shares of RM0.50 each on the Main Market of Bursa Malaysia Securities Berhad.

**(v) Employee Share Option Scheme ("ESOS")**

Employee Share Option Scheme ("ESOS") by the Board to implement an ESOS for eligible employees of Cypark Group and Director(s) of the Company. The total number of shares which may be issued under options granted pursuant to ESOS ("Options") will be up to 15% of the issued and paid-up ordinary share capital. As the number of Options to be granted under the Cypark ESOS is uncertain and not determinable due to, amongst others, different vesting period of the Options, the impact of the ESOS has not been reflected in the pro forma consolidated balance sheet.

The ESOS is expected to have an impact on Cypark Group's pro forma consolidated balance sheet in accordance with Financial Reporting Standard 2 ("FRS 2") "Share-based Payment". In accordance with FRS 2, the cost arising from the issuance of Options will be measured by the fair value of the Options at the date of the written offer thereof to an eligible employee ("Offer Date"), thereby reducing Cypark Group's consolidated earnings with a corresponding charge to ESOS reserve. The fair value is dependent on, amongst others, the market price of the Shares and the implied volatility thereof, the exercise price of the Options, the remaining tenure of the Options as at the Offer Date and the projected dividend yield of the Company. The charge will be recognised over the vesting period of the Options. Upon exercise of the Options, there will be an increase in share capital, share premium and reversal of ESOS reserve.

## 6.0 Summary of significant accounting policies (contd.)

### (b) Subsidiaries and basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

#### (ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

On 1 October 2006, the Company acquired Cypark Sdn. Bhd. ("CSB") for a consideration satisfied by the issuance of 80,000,000 shares of RM0.50 each to the vendors. Under the Financial Reporting Standards ("FRS") 3: Business Combination, this transaction meets the criteria of a reverse acquisition. The consolidated financial statements have therefore been prepared under the reverse acquisition accounting method as set out by the said standard, with CSB being treated as the accounting acquirer of the Company. In accordance with the principles of reverse acquisition, the consolidated financial statements have been prepared as if it had been in existence in its current group form since 1 November 2005. The consolidated financial statements represent therefore a continuation of CSB's financial statements.

The key features of the basis of consolidation under reverse acquisition are as follows:

- The cost of the business combination is deemed to have been incurred by CSB in the form of equity instruments issued to the owners of the Company. CSB's shares were not listed prior to the acquisition and consequently the cost of the business combination has been based on the fair value of the Company's shares in issue immediately before the reverse acquisition;

## 9. FINANCIAL INFORMATION (Cont'd)

**6.0 Summary of significant accounting policies (contd.)****(b) Subsidiaries and basis of consolidation (contd.)****(ii) Basis of consolidation (contd.)**

- The assets and liabilities of CSB are recognised and measured in the consolidated financial statements at their pre-combination carrying amounts. The retained profits and other equity balances recognised in the consolidated financial statements are those of CSB immediately before the business combination;
- The Company has been consolidated from the date of the reverse acquisition using the fair value of the identifiable assets, liabilities and contingent liabilities at that date. The cost of business combination was RM2 and therefore, goodwill of RM127,316 arose from the reverse acquisition; and
- The amount recognised as issued instruments in the consolidated financial statements is determined by adding the cost of business combination to the issued equity of CSB immediately before the business combination. However, the equity structure appearing in the consolidated financial statements is of the Company. Therefore, a reverse acquisition reserve of RM36,700,000 has been created, being the difference between the required Group's equity structure and the reported equity of the Company.

**(c) Intangible asset****Goodwill**

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

**(d) Plant and equipment and depreciation**

All items of plant and equipment are initially recorded at cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.



**6.0 Summary of significant accounting policies (contd.)****(d) Plant and equipment and depreciation (contd.)**

Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

|   |              |
|---|--------------|
| Machinery, furniture and site equipment | 20%          |
| Office equipment                        | 20%          |
| Motor vehicles                          | 20%          |
| Computer and peripherals                | 20% - 33.33% |

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

**(e) Impairment of non-financial assets**

The carrying amounts of the Group's assets other than deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.