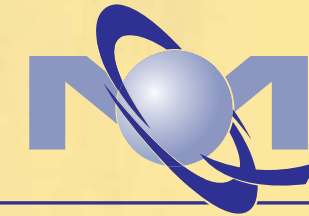


PROSPECTUS



MQ TECHNOLOGY

MQ TECHNOLOGY BERHAD

(635804-H)

(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF 36,508,000 NEW ORDINARY SHARES OF RM0.10 EACH COMPRISING OF:-

- 4,000,000 NEW ORDINARY SHARES OF RM0.10 EACH AVAILABLE FOR APPLICATION BY THE PUBLIC;
- 9,008,000 NEW ORDINARY SHARES OF RM0.10 EACH AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES OF MQ TECHNOLOGY BERHAD AND ITS SUBSIDIARIES; AND
- 23,500,000 NEW ORDINARY SHARES OF RM0.10 EACH AVAILABLE FOR PLACEMENT TO SELECTED INVESTORS;

AT AN ISSUE PRICE OF RM0.40 PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION PURSUANT TO ITS LISTING ON THE MESDAQ MARKET OF BURSA MALAYSIA SECURITIES BERHAD.

Adviser, Sponsor, Managing Underwriter and Placement Agent



AmMerchant Bank Berhad

(23742-V) A member of the AmBank Group

THIS PROSPECTUS IS DATED 31 DECEMBER 2004

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 3 HEREOF



RESPONSIBILITY STATEMENTS

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF MQ TECHNOLOGY BERHAD ("MQ" OR THE "COMPANY") AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM, HAVING MADE ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING. THE DIRECTORS HEREBY ACCEPT FULL RESPONSIBILITY FOR THE PROFIT ESTIMATE AND/OR FORECAST INCLUDED IN THIS PROSPECTUS AND CONFIRM THAT THE PROFIT ESTIMATE AND/OR FORECAST HAVE BEEN PREPARED BASED ON ASSUMPTIONS MADE.

AMMERCHANT BANK BERHAD, BEING THE ADVISER, MANAGING UNDERWRITER AND PLACEMENT AGENT, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PUBLIC OFFERING AND ARE SATISFIED THAT THE PROFIT ESTIMATE AND/OR FORECAST (FOR WHICH THE DIRECTORS OF MQ ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THE PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

STATEMENTS OF DISCLAIMER

THE SECURITIES COMMISSION AND BURSA MALAYSIA SECURITIES BERHAD HAVE APPROVED THE PUBLIC ISSUE IN RESPECT OF THE PUBLIC OFFERING AND THAT APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SECURITIES COMMISSION AND BURSA MALAYSIA SECURITIES BERHAD RECOMMEND THE PUBLIC OFFERING.

THE SECURITIES COMMISSION SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF MQ AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

BURSA MALAYSIA SECURITIES BERHAD SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF MQ AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS CORRECTNESS OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE PUBLIC ISSUE, MQ OR OF ITS SECURITIES.

CHARACTERISTICS OF THE MESDAQ MARKET OF BURSA MALAYSIA SECURITIES BERHAD:-

INVESTORS SHOULD BE AWARE THAT MESDAQ IS A DISTINCT MARKET FROM THE MAIN AND SECOND BOARDS IN MANY RESPECTS. IN PARTICULAR, COMPANIES LISTED ON MESDAQ ARE SUBJECT TO DIFFERENT QUANTITATIVE AND QUALITATIVE REQUIREMENTS, WHICH HAVE BEEN PRIMARILY DESIGNED TO ACCOMMODATE HIGH-GROWTH AND/OR TECHNOLOGY COMPANIES. COMPANIES THAT ARE LISTED ON MESDAQ MAY NOT HAVE AN OPERATING HISTORY OR ANY PROFIT TRACK RECORD PRIOR TO LISTING. AS SUCH, WHILST POTENTIAL INVESTMENT RETURNS MAY BE RELATIVELY HIGH, COMPANIES LISTED ON MESDAQ MAY BE OF HIGHER INVESTMENT RISK. THE REGULATORY PHILOSOPHY UNDERLYING THE MESDAQ MARKET IS THAT THE MARKET SHOULD BE ALLOWED TO DETERMINE THE MERITS OF THE SECURITIES/ INSTRUMENTS IN A PARTICULAR COMPANY. HENCE, AS WITH ALL INVESTMENTS, PROSPECTIVE INVESTORS SHOULD BE AWARE OF ALL POTENTIAL RISKS IN INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST AFTER DUE AND CAREFUL CONSIDERATION BY REFERRING TO, AMONGST OTHERS, THE PROSPECTUS, LATEST FINANCIAL STATEMENTS AND CORPORATE ANNOUNCEMENTS. IN THIS RESPECT, ADVICE FROM A SECURITIES PROFESSIONAL/ ADVISER IS STRONGLY RECOMMENDED.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SECURITIES COMMISSION. A COPY OF THIS PROSPECTUS, TOGETHER WITH THE FORM OF APPLICATION, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

OTHERS

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA MALAYSIA SECURITIES BERHAD'S WEBSITE AT www.bursamalaysia.com.my

INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for MQ's entire enlarged issued and paid-up share capital on the MESDAQ Market of BURSA MALAYSIA SECURITIES BERHAD is set out below:-

<u>Date</u>	<u>Event</u>
31 December 2004	: Issue of Prospectus/ Opening date of the Public Issue
7 January 2005	: Closing date of the Public Issue
13 January 2005	: Tentative date for balloting of applications
20 January 2005	: Tentative listing date

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. APPLICATIONS WILL BE ACCEPTED FROM 10.00 A.M. ON 31 DECEMBER 2004 AND WILL REMAIN OPEN UNTIL 5.00 P.M. ON 7 JANUARY 2005 OR FOR SUCH OTHER LATER DATE OR DATES AS THE DIRECTORS AND/OR PROMOTERS OF MQ TOGETHER WITH THE MANAGING UNDERWRITER MAY IN THEIR ABSOLUTE DISCRETION MUTUALLY DECIDE.

IN THE EVENT THAT THE CLOSING DATE FOR THE APPLICATIONS IS EXTENDED, INVESTORS WILL BE NOTIFIED OF THE CHANGE IN A WIDELY CIRCULATED ENGLISH AND BAHASA MALAYSIA NEWSPAPER IN MALAYSIA.

DEFINITIONS

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

Act	:	The Companies Act, 1965 or any statutory modification, amendment or re-enactment thereof for the time being in force
Acquisitions	:	Acquisitions of MPT, QBT and ME collectively
Acquisition of ME	:	The acquisition by MQ of 100% of the issued and paid-up share capital of ME comprising of 448,188 ordinary shares of RM1.00 each for a total purchase consideration of RM630,545 satisfied by the issuance of 630,545 new MQ ordinary shares of RM1.00 each credited as fully paid-up at an issue price of RM1.00 per share
Acquisition of MPT	:	The acquisition by MQ of 100% of the issued and paid-up share capital of MPT comprising of 336,000 ordinary shares of RM1.00 each for a total purchase consideration of RM3,294,058 satisfied by the issuance of 3,294,058 new MQ ordinary shares of RM1.00 each credited as fully paid-up at an issue price of RM1.00 per share
Acquisition of QBT	:	The acquisition by MQ of 100% of the issued and paid-up share capital of QBT comprising of 1,800,000 ordinary shares of RM1.00 each for a total purchase consideration of RM3,924,595 satisfied by the issuance of 3,924,595 new MQ ordinary shares of RM1.00 each credited as fully paid-up at an issue price of RM1.00 per share
ADA	:	Authorised Depository Agent
ADA Code	:	ADA (Broker) Code
AmMerchant Bank	:	AmMerchant Bank Berhad (23742-V)
Application	:	The application for the Public Issue Shares by way of Application Forms or by way of Electronic Share Application
Application Form(s)	:	The printed Application Form(s) for the application for the Public Issue Shares
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W) <i>(Formerly known as Malaysian Central Depository Sdn Bhd)</i>
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W) <i>(Formerly known as Malaysia Securities Exchange Berhad)</i>
CAD	:	Computer Aided Design
CAM	:	Computer Aided Manufacturing
CDS	:	Central Depository System
Central Depositories Act	:	The Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force
Deposited Security	:	A security in the Company standing to the credit of a Securities Account of a Depositor subject to the provision of the Central Depositories Act and the Rules

DEFINITIONS (Cont'd)

Depositor	:	A holder of a Securities Account
EBIDTA	:	Earnings before interest, depreciation, taxation and amortisation
EDM	:	Electrical Discharge Machine
Electronic Share Application	:	An application for the Public Issue Shares through Participating Financial Institutions
EPS	:	Earnings per share
FIC	:	Foreign Investment Committee
HDD	:	Hard Disk Drive
IC	:	Integrated Circuit
Issue Price	:	RM0.40 for each Public Issue Share
ISO	:	International Organisation for Standardisation
Listing	:	Admission to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of MQ of RM11,500,000 comprising 115,000,000 Shares on the MESDAQ Market
Listing Requirements	:	The Listing Requirements of Bursa Securities for the MESDAQ Market
Listing Scheme	:	The Acquisitions, Sub-division, Public Issue and Listing collectively
Market Day	:	Any day between Monday and Friday (both days inclusive) which is not a public holiday and on which Bursa Securities open for the trading of securities
MESDAQ Market	:	The MESDAQ Market of Bursa Securities
ME	:	Microlead Engineering Sdn Bhd (490824-D)
MI	:	Minority interest
MIH or Issuing House	:	Malaysian Issuing House Sdn Bhd (258345-X)
MITI	:	Ministry of International Trade and Industry
MNC(s)	:	Multi-national Corporation(s)
MPT	:	Microlead Precision Technology Sdn Bhd (370308-U)
MQ or Company	:	MQ Technology Berhad (635804-H)
MQ Group or Group	:	MQ and its subsidiaries
NTA	:	Net tangible assets
PAT	:	Profit after taxation
Participating Financial Institution(s)	:	Refers to the participating financial institutions for Electronic Share Application as listed in Section 13 of this Prospectus

DEFINITIONS (Cont'd)

PBT	:	Profit before taxation
PE Multiple	:	Price earnings multiple
Pink Form Shares	:	The 9,008,000 of the Public Issue Shares of MQ representing approximately 7.83% of the enlarged issued and paid-up share capital of MQ at the Issue Price to the Directors, employees and business associates of the MQ Group
Placement Agent	:	AmMerchant Bank
Private Placement	:	Private placement of 23,500,000 Shares in MQ representing approximately 20.44% of the enlarged issued and paid-up share capital of MQ at the Issue Price to selected investors by way of Placement Agent
Promoter(s)	:	Chatar Singh a/l Santa Singh, Tan Cheow Boon, Chin Tee Kheng and Lee Chai Hock collectively
Public	:	Public in general, including individuals, companies, societies, co-operatives and institutions
Public Issue	:	The public issue of 36,508,000 new Shares in MQ at an issue price of RM0.40 per new Share payable in full upon application, subject to the terms and conditions of this Prospectus
Public Issue Shares	:	The 36,508,000 new Shares in MQ which are the subject of the Public Issue
QBT	:	QB Technology Sdn Bhd (535997-K)
R&D	:	Research and development
Record of Depositors	:	A record provided by the Bursa Depository to the Company under Chapter 24.0 of the Rules
RM and sen	:	Ringgit Malaysia and sen respectively
Rules	:	The Rules of the Bursa Depository
SC	:	Securities Commission
SC Guidelines	:	SC's Policies and Guidelines on Issue/ Offer of Securities
Securities Account	:	An account established by the Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor
Share(s)	:	Ordinary share(s) of RM0.10 each
SGD	:	Singapore Dollar
THB	:	Thailand Baht
Sq. ft.	:	Square feet
Sub-division	:	Sub-division of each ordinary share of RM1.00 in MQ into ten (10) Shares

DEFINITIONS (Cont'd)

- Underwriting Agreement : The Underwriting Agreement dated 21 December 2004 between the Company, Managing Underwriter and Underwriters for the underwriting of 13,008,000 Public Issue Shares for an underwriting commission of 2.0% of the issue price of RM0.40 per Share.
- USD : United States Dollar
- US or USA : United States of America

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Address	Nationality/ Profession
Chatar Singh a/l Santa Singh	Executive Chairman	54-8-14, The Reef Jalan Low Yat 11100 Batu Ferringhi Penang	Malaysian/ Company Director
Tan Cheow Boon	Managing Director	1-B-3C Leader Garden Jalan Chee Seng 13 Tanjung Bungah 11200 Penang	Malaysian/ Company Director
Chin Tee Kheng	Executive Director	27, Lorong Mayang Pasir 2 Bayan Baru 11950 Bayan Baru Penang	Malaysian/ Company Director
Dato' Dr Chong Eng Keat @ Teoh Eng Keat	Independent Non- Executive Director	32, Jesselton Crescent 10450 Penang	Malaysian/ Company Director
Kok Seng Loong	Independent Non- Executive Director	69, Medan Tembaga Island Park 11600 Penang	Malaysian/ Accountant

AUDIT COMMITTEE

Name	Designation	Directorship
Kok Seng Loong	Chairman of Audit Committee	Independent Non-Executive Director
Chatar Singh a/l Santa Singh	Member of Audit Committee	Executive Chairman
Dato' Dr Chong Eng Keat @ Teoh Eng Keat	Member of Audit Committee	Independent Non-Executive Director

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CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARY** : Khoo Lay Tatt (MAICSA 7029262)
36-5-9, Bukit Jambul Apartment
Persiaran Bukit Jambul 1
11920 Bayan Baru
Penang
- REGISTERED OFFICE** : 3rd Floor, Wisma Wang
251-A, Jalan Burma
10350 Penang
Telephone No : 04-228 8155
Facsimile No : 04-269 2386
- HEAD OFFICE** : No. 3, Lintang Beringin 8
Off Jalan Permatang Damar Laut
Diamond Valley Industrial Park II
Bayan Lepas
11960 Penang
Telephone No : 04-626 4588
Facsimile No : 04-626 4677
E-mail : info@microlead.com.my
Website : http://www.microlead.com.my
- REGISTRARS AND TRANSFER OFFICE** : PFA Registration Services Sdn Bhd (19234-W)
1301, Level 13, Uptown 1
No. 1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Telephone No : 03-7725 4888
Facsimile No : 03-7722 2311
- AUDITORS AND REPORTING ACCOUNTANTS** : Deloitte KassimChan
Chartered Accountants (AF 0080)
4th Floor, Wisma Wang
251-A, Jalan Burma
10350 Penang
Telephone No : 04-228 8255
Facsimile No : 04-228 8355
- SOLICITORS FOR THE PUBLIC ISSUE** : Zaid Ibrahim & Co
Advocates & Solicitors
51-22-B&C, Menara BHL
Jalan Sultan Ahmad Shah
10050 Penang
Telephone No : 04-227 0888
Facsimile No : 04-228 6755
- PRINCIPAL BANKER** : Hong Leong Bank Berhad
No. 1, Light Street
Georgetown
10200 Penang
Telephone No : 04-261 9477
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (258345-X)
27th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Telephone No : 04-2693 2075

CORPORATE DIRECTORY (Cont'd)

- ADVISER, SPONSOR,
MANAGING UNDERWRITER
AND PLACEMENT AGENT** : AmMerchant Bank Berhad (23742-V)
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Telephone No : 03-2078 2633
- UNDERWRITERS** : AmMerchant Bank Berhad (23742-V)
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Telephone No : 03-2078 2633
- : AmSecurities Sdn Bhd (92977-U)
15th Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Telephone No : 03-2078 2788
- LISTING SOUGHT** : MESDAQ Market of Bursa Malaysia Securities Berhad

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