

4. INFORMATION ON THE MQ GROUP

4.1 BACKGROUND

4.1.1 Incorporation and Commencement of Business

MQ was incorporated in Malaysia under the Companies Act, 1965 on 2 December 2003 as a private limited company under the name of MQ Technology Sdn Bhd. Subsequently, on 13 February 2004 it was converted to a public limited company and since then assumed its present name. MQ is principally an investment holding company whilst its subsidiaries are involved in providing rapid tooling and prototyping, product development and manufacturing solutions namely trim and die form for semiconductor industries, precision tool and die making, jigs and fixtures for disk drives industry, cutting punch and die for electronic components, in-house carbide tool design and build, advanced test handler system module design and build, precision mould making and automation system for industrial applications, design and manufacture of high precision magnetic coils and coil assemblies for HDD, manufacturing of precision milling and drilling of metal plates, die making, jigs and fixtures for prototypes construction.

4.1.2 Share Capital And Changes In Share Capital

The present authorised share capital of MQ is RM15,000,000 comprising 150,000,000 Shares. The issued and paid-up share capital of MQ is RM7,849,200 comprising 78,492,000 Shares.

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

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital RM
02.12.2003	2	1.00	Subscribers' shares	2
25.11.2004	7,849,198	1.00	Acquisitions	7,849,200
29.11.2004	78,492,000	0.10	Sub-division	7,849,200

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4. INFORMATION ON THE MQ GROUP (Cont'd)**4.1.3 Listing Scheme**

In conjunction with, and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of MQ on the MESDAQ Market of Bursa Securities, the Company undertook a Listing Scheme which involved the following:-

(i) Acquisition of MPT

MQ had on 12 March 2004 entered into a conditional share sale agreement to acquire the entire issued and paid-up share capital of MPT comprising 336,000 ordinary shares of RM1.00 each for a purchase consideration of RM3,294,058 satisfied by the issuance of 3,294,058 new ordinary shares of RM1.00 each in MQ at an issue price of RM1.00 per share.

The purchase consideration for MPT was based on the audited NTA of MPT as at 31 December 2003.

The vendors' shareholdings in MQ after the acquisition of MPT are as follows:-

Shareholders	No. of Ordinary Shares of RM1.00 Each in MPT	Interest %	Purchase Consideration RM	No. of MQ Ordinary Shares of RM1.00 Each Issued
Tan Cheow Boon	134,000	39.88	1,313,700	1,313,700
Chin Tee Kheng	134,000	39.88	1,313,700	1,313,700
Ng Soo Hung	34,000	10.12	333,329	333,329
Lim Kean Hwa	34,000	10.12	333,329	333,329
Total	336,000	100.00	3,294,058	3,294,058

(ii) Acquisition of QBT

MQ had on 12 March 2004 entered into a conditional share sale agreement to acquire the entire issued and paid-up share capital of QBT comprising 1,800,000 ordinary shares of RM1.00 each for a purchase consideration of RM3,924,595 satisfied by the issuance of 3,924,595 new ordinary shares of RM1.00 each in MQ at an issue price of RM1.00 per share.

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4. INFORMATION ON THE MQ GROUP (Cont'd)

The purchase consideration for QBT was based on the audited NTA as at 31 December 2003.

The vendors' shareholdings in MQ after the acquisition of QBT are as follows:-

Shareholders	No. of Ordinary Shares of RM1.00 Each in QBT	Interest %	Purchase Consideration RM	No. of MQ Ordinary Shares of RM1.00 Each Issued
Chatar Singh a/l Santa Singh	1,324,000	73.55	2,886,760	2,886,760
Lee Chai Hock	176,000	9.78	383,740	383,740
Tan Saw Tin	260,000	14.45	566,880	566,880
Kok Seng Loong	40,000	2.22	87,215	87,215
Total	1,800,000	100.00	3,924,595	3,924,595

(iii) Acquisition of ME

MQ had on 12 March 2004 entered into a conditional share sale agreement to acquire the entire issued and paid-up share capital of ME comprising 448,188 ordinary shares of RM1.00 each for a purchase consideration of RM630,545 satisfied by the issuance of 630,545 new ordinary shares of RM1.00 each in MQ at an issue price of RM1.00 per share.

The purchase consideration for ME was based on the audited NTA as at 31 December 2003.

The vendors' shareholdings in MQ after the Acquisition of ME are as follows:-

Shareholders	No. of Ordinary Shares of RM1.00 Each in ME	Interest %	Purchase Consideration RM	No. of MQ Ordinary Shares of RM1.00 Each Issued
Tan Cheow Boon	145,186	32.39	204,260	204,260
Chin Tee Kheng	145,186	32.39	204,260	204,260
Cheng Yu Kiam	96,791	21.60	136,170	136,170
Kok Seng Loong	61,025	13.62	85,855	85,855
Total	448,188	100.00	630,545	630,545

The Acquisitions were completed on 25 November 2004. The Acquisitions resulted in the issued and paid-up share capital of MQ being increased from 2 ordinary shares of RM1.00 each to 7,849,200 ordinary shares of RM1.00 each.

4. INFORMATION ON THE MQ GROUP (Cont'd)

All the new ordinary shares of RM1.00 each issued pursuant to the Acquisitions ranked pari passu in all respect with the existing ordinary shares of RM1.00 each of MQ including voting rights and rights to all dividends that may be declared, subsequent to the date of allotment of the ordinary shares of RM1.00 each issued pursuant to the Acquisitions.

(iv) Sub-division

Upon completion of the Acquisitions, the par value of the ordinary shares of RM1.00 each of MQ was subdivided into ten (10) Shares prior to the Public Issue. Consequently, the number of issued and paid-up share capital of MQ increased from 7,849,200 ordinary shares of RM1.00 each to 78,492,000 Shares.

The Sub-division was completed on 29 November 2004.

(v) Public Issue

The Public Issue of 36,508,000 new Shares at an issue price of RM0.40 are payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:-

(a) Public

4,000,000 Public Issue Shares representing approximately 3.48% of the enlarged issued and paid-up share capital will be made available for application by the Public.

(b) Eligible Directors, Employees and Business Associates of the Group

9,008,000 Public Issue Shares representing approximately 7.83% of the enlarged issued and paid-up share capital will be reserved for the eligible Directors, employees and business associates (which include the suppliers, sales agents and customers) of the Group.

The Shares have been allocated to eligible Directors and employees of the Group based on the following criteria as approved by the Company's Board of Directors:-

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

The Shares are also allocated to business associates who have contributed to the success of the Group.

Further details of Pink Form Shares allocation are set out in Section 2.5 (ii) of this Prospectus.

4. INFORMATION ON THE MQ GROUP (Cont'd)**(c) Placees**

23,500,000 Public Issue Shares representing approximately 20.43% of the enlarged issued and paid-up share capital are reserved by way of Private Placement to selected investors, which have been identified who are deemed public.

(vi) Listing

Upon completion of the abovementioned Acquisitions, Sub-division and Public Issue, MQ will seek a listing of and quotation for its entire enlarged issued and paid-up share capital comprising 115,000,000 Shares on the MESDAQ Market of Bursa Securities.

(vii) Summary

In summary, the Public Issue Shares will be allocated and allotted in the following manner:-

	Public Issue Shares
Public	4,000,000
Eligible Directors, employees and business associates of the Group	9,008,000
Placees	23,500,000
Total	36,508,000

The 36,508,000 new Shares to be issued pursuant to the Public Issue will rank pari passu in all respect with the existing Shares of MQ including voting rights and rights to all dividends that may be declared, subsequent to the date of allotment of the Shares to be issued pursuant to the Public Issue.

All the Public Issue Shares available for application by the Public and the eligible Directors, employees and business associates of the Group have been fully underwritten. The Public Issue Shares available for application by identified placees are not underwritten. The Placement Agent has received irrevocable undertakings from the identified placees to take up the Public Issue Shares available for application under the private placement.

In the event of an under-subscription of the Public Issue Shares by the Public, the unsubscribed Public Issue Shares will be made available to identified placees.

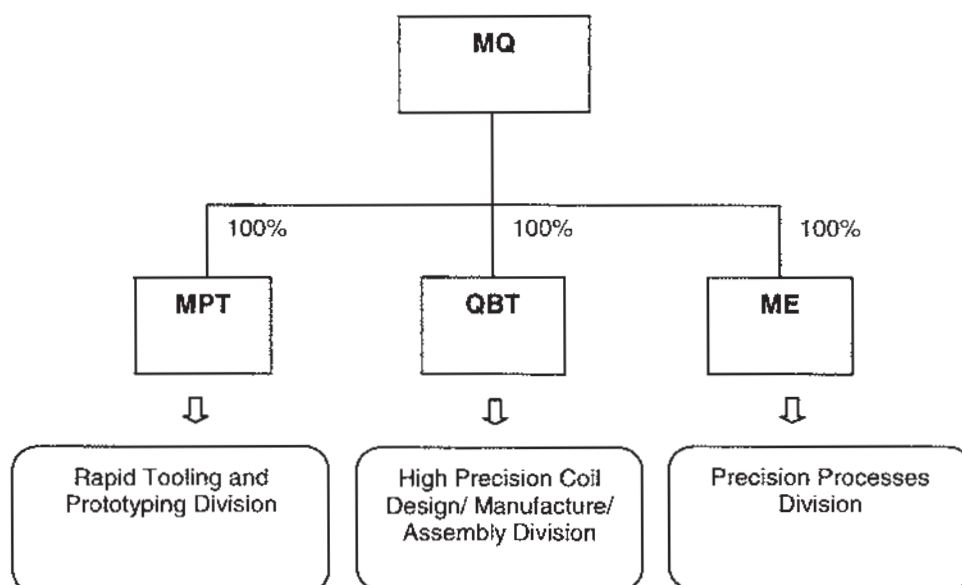
Any Public Issue Shares which are not taken up by eligible Directors, employees and business associates of the Group will be made available for application by the Public and/or selected placees via Private Placement.

4. INFORMATION ON THE MQ GROUP (Cont'd)

4.2 BUSINESS

4.2.1 Group Structure

An overview of the Group's structure is set out below:-



The details of the subsidiaries of MQ are summarised below:-

Company	Date/ Place of Incorporation	Issued and Paid-up Share Capital RM	Effective Equity Interest %	Principal Activities
MPT	12.12.1995/ Malaysia	336,000	100.00	Rapid tooling and prototyping, product development and manufacturing solutions namely trim and die form for semiconductor industries, precision tool and die making, jigs and fixtures for disk drives industry, cutting punch and die for electronic components, in-house carbide tool design and build, advanced test handler system module design and development, precision mould making and automation system for industrial applications
QBT	05.01.2001/ Malaysia	1,800,000	100.00	Design and manufacture of high precision magnetic coil and coil assemblies for HDD industry
ME	09.08.1999/ Malaysia	448,188	100.00	Manufacturing of precision metal plates, die making, jigs and fixtures for prototypes construction

4. INFORMATION ON THE MQ GROUP (Cont'd)

4.2.2 Types of Products and/or Services

The MQ Group aims to provide full range of integrated engineering services to its customers in the manufacturing industry. The Group's business activities can be divided into three main divisions:-

- (i) Rapid Tooling and Prototyping Division;
- (ii) High Precision Coil Manufacturing/ Assembly Division; and
- (iii) Precision Processes Division.

(i) **Rapid Tooling and Prototyping Division**

Rapid tooling and prototyping involves work at the forefront of current technology. An important aspect of the automation engineering industry is that it is usually high value low volume manufacturing. Present advanced technology products in the marketplace are dependent on high precision manufacturing processes, machines, control technologies and even nanotechnology. The achievement of ultra-high precision in the manufacture of extreme small devices opens the prospects in several diverse and futuristic fields such as massive computing power, global personal communication devices and high-resolution devices.

Rapid tooling and prototyping is cross-disciplinary, dealing with metrology, materials, machining processes, machine tool design, microsensors and actuators, manufacture of integrated circuits and mass storage devices, novel manufacturing methods and many other relevant fields. The development of new high quality products depends on the challenge of high precision.

This division provides customers with a modern engineering approach on rapid tooling and prototyping for semiconductor, electrical and electronics, disk drive and telecommunication within the manufacturing sector. Rapid tooling and prototyping has also been referred to as solid free-form manufacturing, computer automated manufacturing and layered manufacturing. Rapid tooling and prototyping has been used as a vehicle for visualisation. This approach adopted by MPT give it a leading edge for competition as it decreases development time by allowing corrections to a product to be made early in the development process. By giving engineering, manufacturing, marketing and purchasing a look at the product early in the design process, mistakes can be corrected and changes can be made without incurring unnecessary cost. The trends in manufacturing industries continue to emphasise on increasing number of variants of products and its complexity, at the same time decreasing product lifetime before obsolescence and delivery time. Through this approach, the division is able to offer extended solution to its customers on reverse engineering and enhancement modifications.

The range of products offered by MQ includes trim and die form for semiconductor industry, precision tool and die, jigs and fixtures for disk drive industry, cutting punch and die for electronic components, machining of spare parts, precision mould making and carbide tooling. Another supplementary segment of the business is the reliance by existing customers for regular moulds, tools, dies, jigs and fixtures repair, maintenance support and mould modification services. As the Group has designed and build all its moulds, tools, dies, jigs and fixtures design drawing, the customers will normally obtain the Group's support to fabricate replacement parts and rectify worn out parts.

4. INFORMATION ON THE MQ GROUP (Cont'd)

The Group is also moving towards turnkey design, fabrication and commissioning of machines/ equipments. The Group's design engineering team plays an important role in their customers' product development stage by working on the design of new and improved machines and equipments to either increase its capacity, efficiency or to develop new ways of production. The improvement of the machines or equipment will support their customers' end products such as disk drive, electronic and semiconductor components.

By working closely with its customers, the Group is able to provide innovative customised design solutions to maintain its competitiveness with the current market players. The Company has the ability to fabricate moulds, tools, dies, jigs and fixtures with a tolerance limit of +/- 0.0015mm or in laymen's term, 1/100th times the thickness of human hair. For the manufacturing process, MPT has on February 2002 obtained ISO 9001:2000 certification for Quality Management Systems.

There are many companies which are involved in this industry, however, the Group believes that it will be able to maintain its competitiveness through its technology used, high quality, close relationship and proven track records.

(ii) High Precision Coil Manufacturing/ Assembly Division

QBT has achieved a remarkable production system with strict quality control, maximisation of productivity and automation of production facilities.

The Group designs and manufactures high precision magnetic coils in various shapes, types and sizes customised to its customers' requirements. A coil is primarily defined as a spiral of magnet wire. Coils play a major part in electrical and mechanical energy exchanges. QBT is capable of manufacturing a wide variety of coils which are able to serve especially the HDD industry.

These magnetic coils are used in HDDs to control the movement of the head-stack assembly when electricity current is fed to it. The head-stack assembly which carries the read/ write heads is a very important part of the HDD. The read/ write head will read or write the data on the disk when the disk is spinning at a very high speed. As such making sure this movement can be done quickly and accurately is of paramount importance.

QBT is aiming to become a world class manufacturer in coil assembly technology. QBT hopes to continue to play a leading role in the coil industry and focus its efforts to increase its contribution to the development of the HDD industry.

The fully/ semi-automated coil winding production is capable of producing millions of coil per quarter. QBT is currently able to produce 6 million units per quarter and is expected to increase its capacity to 8 million units per quarter in the near future.

The assembly process includes ultrasonic cleaning, post baking, pin insertion and subsequently another ultrasonic cleaning before the bobbin assembly and soldering. Upon completion of the above, the assembled products will be cleaned another time before going through visual and resistance inspection process to ensure that the final product meets all the specifications required by the customer.

The Group will then go through an outgoing buy off process follow by packing, storage and lastly delivery of goods to the customer.

4. INFORMATION ON THE MQ GROUP (Cont'd)**(iii) Precision Processes Division**

Precision processes involve turning, cutting, milling, grinding, wire-cut, drilling and profiling of a work piece/ materials according to customer requirement.

As an integral part of a precision solution provider, the division provides specialised solution for milling and drilling services. The division is equipped with advance technology. The Group currently has two Agie Charmilles Technologies wire-cut machines with a tolerance limit of +/- 0.0015mm. The division also consists of trained technicians who are capable of operating the machines to its utmost potential.

4.2.3 Technology Used

The Group is equipped with modern technology in its manufacturing facilities to ensure implementation of design standards. The Group's precision Wire EDM machine employs high precision technology for highest accuracy to microns units with the micro finishing from the process of grinding, surface finishing and the micro cut. The smallest corner radius achievable is in radius of 0.05mm.

The Company has the ability to fabricate moulds, tools, dies, jigs and fixtures with a tolerance limit of +/- 0.0015mm. The high precision moulds are mainly used for machinery in the semiconductor industry. In addition, for the Group's product design and development process, the Group applies CAD software technologies to develop designs of moulds, tools, dies, jigs and fixtures. The usage of CAD software enables MQ Group to simulate assembly in the context of a full scale digital mock-up.

4.2.4 Brand Names, Patents, Trade Marks, Technical Assistance Agreements, Franchises And Other Intellectual Property Rights

The Group does not presently hold any brand names, patents, trade marks, technical assistance agreement, franchises and other intellectual property rights.

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4. INFORMATION ON THE MQ GROUP (Cont'd)**4.2.5 Approvals, Major Licences and Permits Obtained**

Details of the approvals obtained by the Company for the Listing from 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. The major licences and permits obtained by the Group are as follows:-

Authority	Date of Issuance/ Expiry	Name of Company	Nature of Registration	Major Conditions	Status of Compliance
MITI	1 August 1996 ⁽¹⁾	MPT	Manufacturing Licence under the pioneer status for fabrication of moulds, tools, dies, jigs and fixtures	<p>(a) The production of "moulds, tools, dies, jigs and fixtures" has to be at least 45% of the total sales.</p> <p>(b) At least 15% of the total work force must consist of management, technical and supervisory personnel.</p> <p>(c) At least 67% of the shares of MPT has to be owned by Malaysian.</p>	Complied
MITI	1 December 2004/ 30 November 2009	MPT	Pioneer status under hi-technology industry for design, development and manufacture of advanced suspension tooling, progressive tooling, semiconductor cavity/ encapsulation moulds for application in hard disk drives and semiconductor industries	<p>(a) The R & D expenditures has to be at least 1% of the total sales.</p> <p>(b) At least 7% of the total work force must consist of degree/diploma holders in Science and Technology with at least five (5) years working experience.</p> <p>(c) Production under the approved pioneer status activities has to be separately accounted for and those accounts are subject to Inland Revenue Board's approval.</p>	To be complied
MITI	13 December 2001 ⁽¹⁾	QBT	Manufacturing Licence for coils	<p>(a) The composition of the board of directors of QBT shall in general reflect the equity structure of QBT. MITI shall be informed in respect of any appointment of director or any change in the board of directors.</p> <p>(b) QBT shall appoint or train Malaysian citizens in order to reflect the composition of the different races in every level of employee structure.</p>	Complied

4. INFORMATION ON THE MQ GROUP (Cont'd)

Authority	Date of Issuance/ Expiry	Name of Company	Nature of Registration	Licence/ Licence	Major Conditions	Status of Compliance
					(c) Should QBT decide to purchase used machineries, prior written approval has to be obtained from MITI and valuation has to be conducted by independent valuer approved by MITI. In addition, MITI has to grant the approval prior to any intention to change, increase or reduce those machineries which will result in significant change on the workforce and/or production.	Not applicable
					(d) QBT shall as far as practicable, use services which are locally owned by Malaysian entrepreneurs in the National Development Policy.	Complied
					(e) QBT is required to obtain prior written approval from MITI before signing any agreement on the technology transfer from foreigners for the following:- (i) Joint venture agreements; (ii) Technical assistance and know how agreements; (iii) Licensing agreements; (iv) Trademark and patent agreements; (v) Turnkey contract agreements; and (vi) Management agreements. The above condition is not applicable for the purchase of machineries which requires technical services from the manufacturers to supervise and ensure full commissioning of the machineries.	Not applicable
					(f) The goods manufactured by QBT are required to achieve the quality accepted by the Malaysian Government.	Complied

4. INFORMATION ON THE MQ GROUP (Cont'd)

Authority	Date of Issuance/ Expiry	Name of Company	Nature of Registration	Major Conditions	Status of Compliance
Royal Customs and Excise Malaysia	22 June 1996 ⁽¹⁾	MPT	Service Tax	(g) QBT is required to manage the projects in accordance to all the above-mentioned conditions and to comply with the laws and other regulations in Malaysia. Nil	Complied Nil

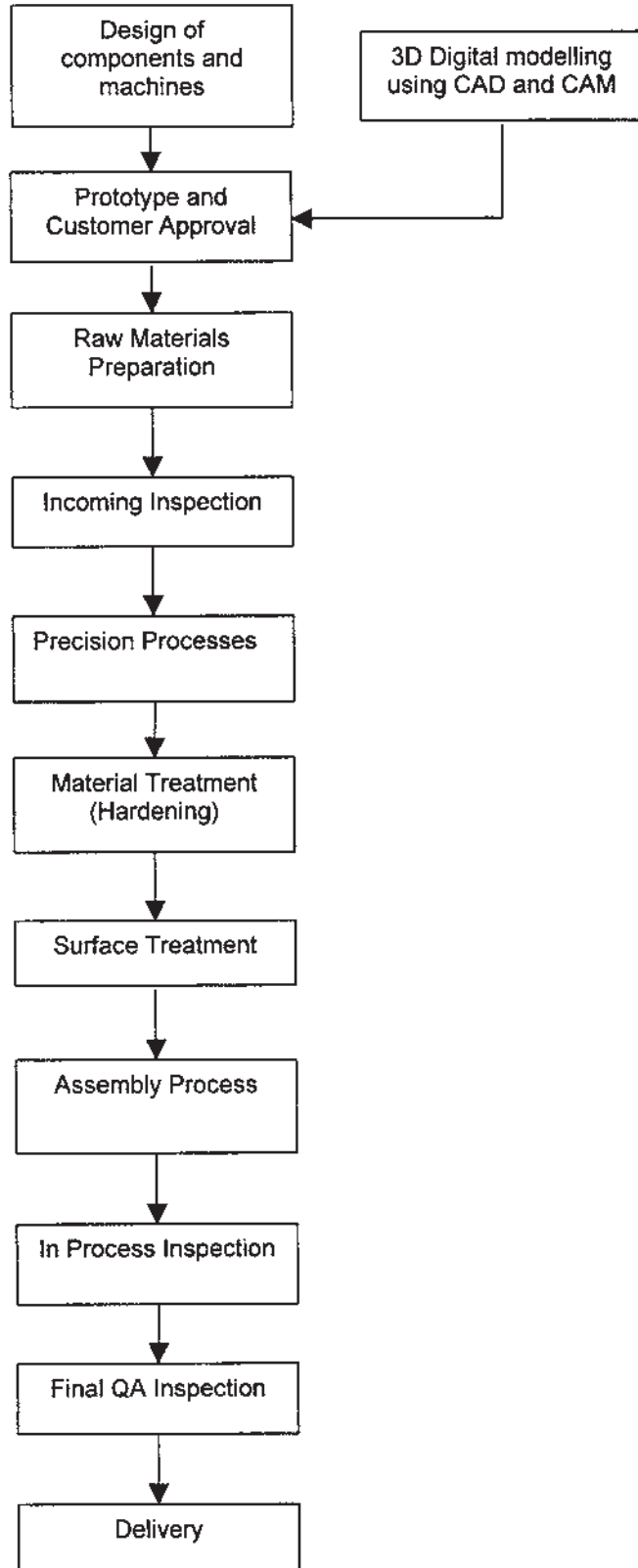
Note:-

(1) These licenses do not have any expiry date.

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4. INFORMATION ON THE MQ GROUP (Cont'd)**4.2.6 Production Process**

The Group's production processes are set out in the following section:-

(i) Rapid Tooling and Prototyping Division

4. INFORMATION ON THE MQ GROUP (Cont'd)

Under the rapid tooling and prototyping division, the Group either receives the specification of a product or the physical object from the customer. The designing and R&D team would together analyse each product and design the specific product according to the specification or sample. The design would be reviewed to achieve the most efficient manner of production without compromising the functionality or aesthetics of the product.

This involves using 3-dimensional CAD software to design, draw and digitally simulate the prototype for the required product taking into consideration the 'virtual fit' from a 3-dimensional solid model perspective and the interchangeable parts. 3-dimensional geometric can be constructed, virtualised, verified before a product is actually manufactured.

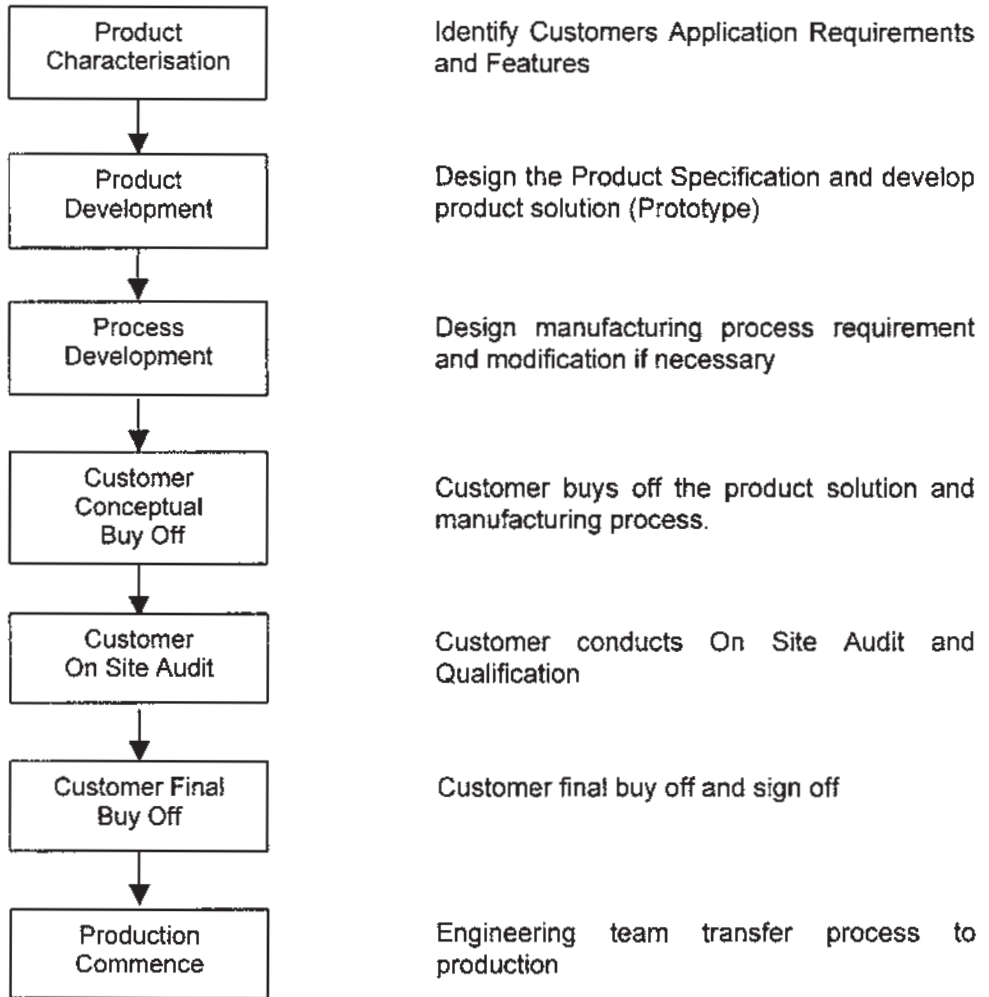
Once the customer approved the prototype, raw materials will be sourced from designated suppliers locally and abroad. The incoming raw materials are inspected prior to use to ensure compliance with the pre-established quality and characteristic specifications. Subsequently, the raw material will be cut into desired sizes using band saw or parting machine before machining.

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4. INFORMATION ON THE MQ GROUP (Cont'd)

(ii) High Precision Coil Manufacturing/ Assembly Division

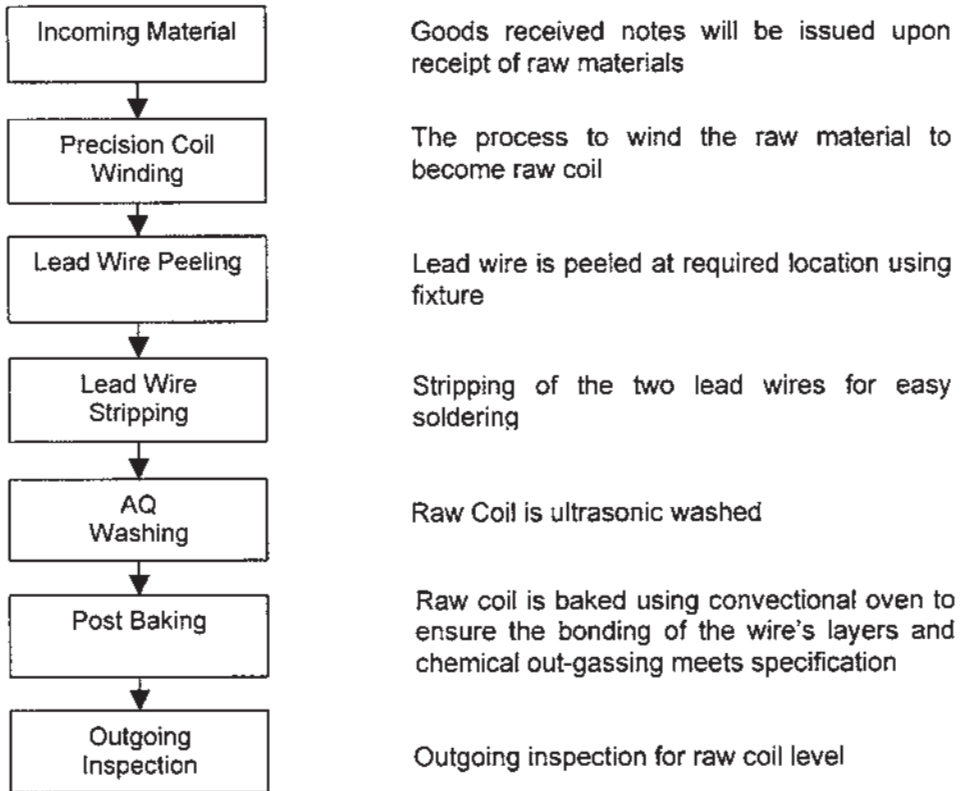
Development/Qualification Stage



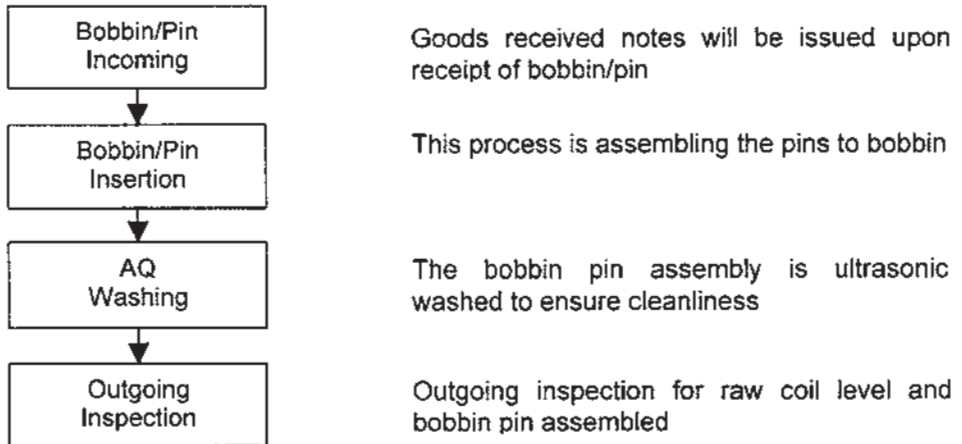
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4. INFORMATION ON THE MQ GROUP (Cont'd)

Coil Manufacturing ("CM")

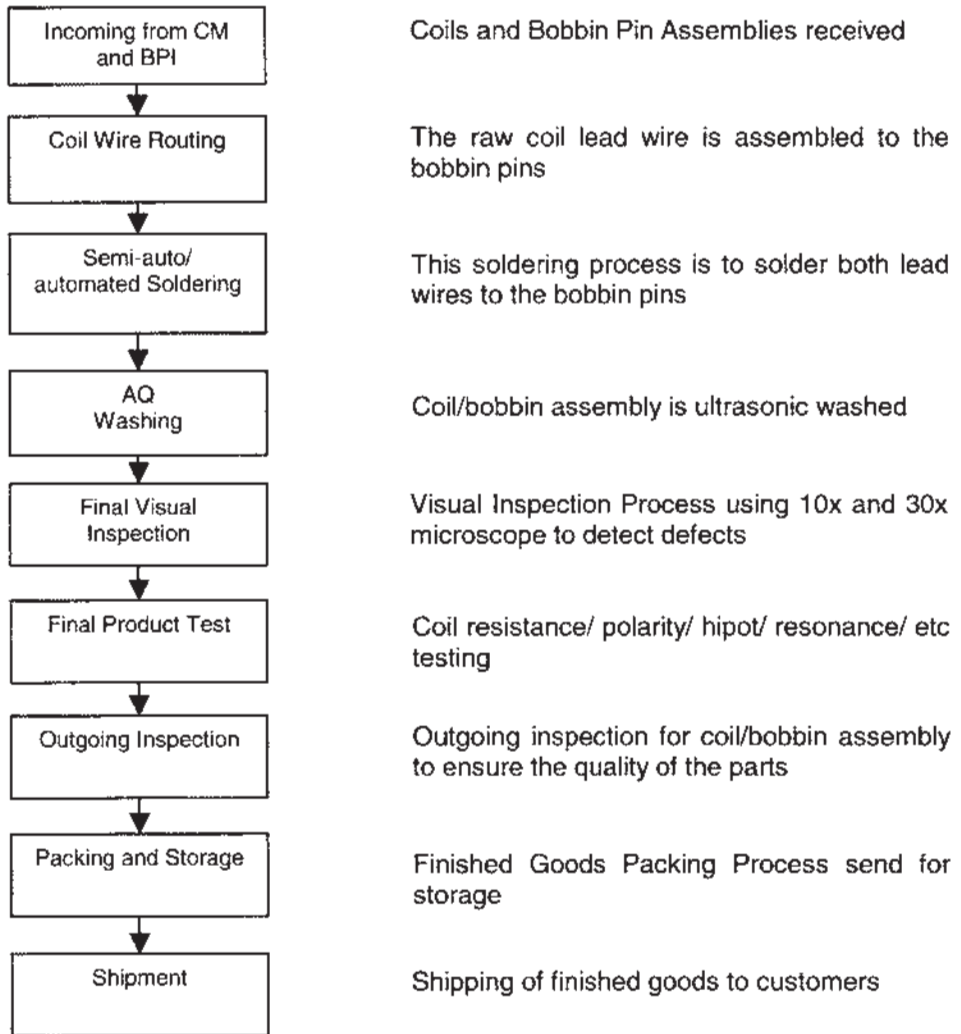


Bobbin/ Pin Insertion ("BPI")



4. INFORMATION ON THE MQ GROUP (Cont'd)

Coil Assembly and Test



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4. INFORMATION ON THE MQ GROUP (Cont'd)**(iii) Precision Processes Division**

Precision processes involve turning, milling and grinding of a work piece/ material according to customer specifications and requirements. An EDM is used to evenly distribute and control electric spark to make the required shape and profile on the work piece. A Wire EDM is used for intricate cutting and shaping of materials to any dimensional size and shape.

Material treatment involves hardening the material through high temperature furnaces such as muffle furnace, fluidised furnace and vacuum to the desired hardness.

Surface treatment involves treatment on certain finished products for additional coating layer via electrolyte with sulphuric acid, anodising, hard coating, titanium nitriding, sulphur nitriding, chromium nitriding, washing and sealing processes. Subsequently lapping and polishing process is added to attain a shiny and smooth surface which prevents adhesion of foreign and unwanted material during mass production. The individual product will then be assembled according to the specification if required.

Ongoing supervision and inspection of the parts/ products at periodic intervals will be carried out during the above treatment processes to facilitate corrective actions to eradicate causes of deviation at their sources.

The finished products will then go through a final quality assurance inspection to ensure product quality and consistency is maintained before delivery to the customer. Apart from its own internal quality audit regularly, the Group's quality management system is also subject to reviews by customers and annual external audits carried out by international accreditation bodies in compliance with the criteria set under ISO 9001:2000 certifications.

4.2.7 Estimated Market Coverage, Position and Share

There is no published data on the overall market share and ranking for the HDD and semiconductor industries. However, to the best knowledge of the Promoters, the MQ Group does not have any major competition in Malaysia that are involved in design, manufacturing and assembly of high precision magnetic coils for the HDD industry.

4.2.8 New or Proposed Products/ Services

The Group is also moving towards turnkey design, fabrication and commissioning of machines/ equipment. The Group's design engineering team plays an important role in their customers' product development stage by working on the design of new and improved machines and equipment to either increase its capacity, efficiency or to develop new ways of production. The improvement of the machines or equipment will support their customers' end components such as disk drive, electronic and semiconductor components.

4. INFORMATION ON THE MQ GROUP (Cont'd)

4.2.9 Principal Markets for Products

Currently, the MQ Group products and services cover various industries such as semiconductor, electrical and electronics, disk drive and telecommunication within the manufacturing sector. The products and services are mainly to MNCs located in Malaysia, which export their final products worldwide. The trend of import substitutes where MNCs outsource their manufacturing processes from moulds, tools, dies, jigs and fixtures, fabrication and production of intermediary component parts of their finished products to local vendors is in line with the MQ Group's products and services. The MQ Group will capitalise on this trend by offering its expertise, capabilities and services to support the MNCs' operations and markets.

The Group intends to invest in Thailand, with the aim to penetrate the market in the automotive, semiconductor and manufacturing industries in the country as well as servicing its existing customers in Thailand. The future investment in Thailand is expected to contribute significantly to the Group's revenue in the coming years.

4.2.10 Types, Sources and Availability of Raw Materials/ Inputs

The main raw materials for each principal business activity of the Group are listed below:-

Business activity	Main raw materials
Rapid Tooling and Prototyping	Alloy, standard parts, driller, steel, aluminium, carbide and consumable tools.
High Precision Coil Manufacturing/ Assembly	Precision aluminium/ copper wire, bobbin and precision pins.
Precision Processes	Wire, steel, aluminium, carbide and consumable tools.

Apart from copper wire, the other raw materials are mainly sourced from designated customer-approved suppliers locally and abroad. The list of major suppliers for the Group is tabulated in Section 4.6 of this Prospectus.

For the six (6) months period ended 30 June 2004, approximately 62% of the Group's purchases were imported from overseas while the remaining 38% were sourced locally.

4.2.11 Quality Control Procedures

The MQ Group adopts a stringent internal quality management policy to ensure that its products and services are of high quality and meet the customers' specifications and stringent requirements. The Directors believes the ability of the Group to continue to consistently produce high quality products and services to its MNC customers will further enhance the Group's position as the preferred vendor specializing in high precision engineering services to its existing MNC customer as well as attracting new ones. The MQ Group is thus, committed to maintaining a high standard of quality control throughout the entire design, development and production process. The MQ Group conducts control checks at various stages of the production process to facilitate corrective actions in order to eradicate any cause of deviation at their sources. Technological advanced inspection instruments, such as the 100x Profile Projector, high performance vision machines and co-ordinated measuring machine that has accuracy measurement of 0.0005mm are used to ensure product quality and consistency.

4. INFORMATION ON THE MQ GROUP (Cont'd)

All potential vendors to MNCs typically go through a strict selection and qualification process before they become approved vendors. As part of best practices for supply chain management, it is customary for MNCs to require their contract manufacturers to purchase critical raw materials from their approved list of vendors to ensure consistently high product quality and reliability. The MQ Group complies with this requirement by purchasing certain raw materials from designated suppliers locally and abroad.

As an approved vendor to MNCs, the Group is also subject to periodic external audits by its customers to ensure compliance with the high quality production and environmental standards required by the MNCs.

The Group is also subject to regular external audits by the quality accreditation bodies for re-certification of its ISO and Quality Service standards. The Group's strong emphasis on quality is endorsed by independent quality certifications as shown in the table below:-

Company	Quality Award	Date Obtained	Accreditation Body	Scope of Registration
MPT	ISO 9001:2000	4 February 2002	AOQC Moody (Malaysia) Sdn Bhd	Fabrication of high precision moulds, tools, dies, jigs and fixtures
MPT	ISO 9001:2000	27 February 2002	Moody International Certification Limited	Fabrication of high precision moulds, tools, dies, jigs and fixtures
QBT	ISO 9001:2000	20 October 2003	SGS United Kingdom Ltd.	Manufacturing of precision coil winding and coil bobbin assembly for electronic and HDD industry

4.2.12 R&D

(i) Policy on R&D

The Group has outlined an R&D master policy based on the Group's aspirations and anticipated developments within the industry. In its R&D master policy, the Group has identified certain projects which will form the thrust of the Group's R&D pursuits for the next five (5) years including structural improvements to facilitate the Group's R&D efforts. The structural improvements include development of the R&D staff force, leverage on information technology to boost its R&D capabilities and investment in state-of-art equipment. As at 30 June 2004, the Group has invested approximately RM814,000 in its R&D expenses.

(ii) R&D Facilities and Personnel

The Group's R&D team, headed by Tan Cheow Boon, currently comprises four (4) engineers, most of whom have more than ten (10) years of experience working for MNCs in R&D and related technical fields. The Group intends to expand the expertise of the R&D team to include two (2) additional design engineers by 2005 and another two (2) software automation engineers in the next two (2) years.

4. INFORMATION ON THE MQ GROUP (Cont'd)**(iii) Existing and/or Ongoing R&D Projects**

The Group has recently undertaken the following R&D projects development:-

(a) Pick and Place Automated Test Handlers Form Factor Kit Development

MPT was appointed by one of its customers to develop a prototype system for the handlers kit. The handlers system used by the customer is currently one of the fastest pick-and-place handlers in the IC manufacturing industry. The project undertaken by MPT is to research on the existing handlers kit to double its current run rate experienced by the customer in the test facilities site.

The R&D team undertook the R&D project with two main objectives:-

- (i) to qualify the prototype kit to meet the needs of the thermal requirement and equivalent material specification; and
- (ii) to design a double head module that is able to reduce the handling process and improve productivity.

The R&D team managed to develop a prototype system for mass production test run. The project is expected to be completed by the end of 2005.

(b) QBT Fully Automated Ultrasonic Cleaning System

In early 2003, due to customer requirement, QBT has developed a fully automated ultrasonic cleaning system to improve liquid particles count ("LPC"). This project is mainly to improve product cleanliness issue which is important in the production process.

The fully automated ultrasonic cleaning system uses ultrasonic power ranging from 40 kilohertz to 120 kilohertz wave frequency which is capable of removing particles up to 0.5 micron size.

Prior to the new cleaning system, LPC data was recorded between 100,000 to 300,000 range. With this new fully automated ultrasonic cleaning system, QBT is able to improve the LPC results to meet the more stringent customer specification of below 30,000. The project is expected to be completed by the end of 2005.

(c) Backend Manufacturing Automation Program

QBT is currently developing a new backend manufacturing automation program whereby it involves the change of the current manual backend process to an automated backend process via the design and fabrication of new equipment. Engineering studies has been conducted in late 2003 and a conceptual prototype equipment is being developed for engineering trial run.

The automated backend module is targeted to improve the consistency of production and the reduction of reliance on human labour. The project is expected to be completed by the end of 2006.

4. INFORMATION ON THE MQ GROUP (Cont'd)**(d) Next Generation Suspension/ Progressive Tooling Capability**

MPT will work closely with its strategic customers to support the development stage for the suspension/ progressive tooling requirements. Working closely with its current disk drives and semiconductor manufacturers will enable the Group to be in line with any new product launches, MPT will provide its design and engineering development on the prototyping to support these customers. Early participation will give MPT any updates on the latest development of its customers in the disk drives and semiconductors industries, thus, providing them a competitive edge over others. The project is expected to be completed by the end of 2005.

MPT is also exploring the test handling system capability with its semiconductor customers to expand its capacity from modular to system solution provider. Further investment in the machining capability and the test measurement facilities is needed to complete the aforesaid project.

(iv) Achievements in R&D

Over the years, the MQ Group has established itself as one of the major vendors for high precision engineering services to many of its MNCs clientele. The ability of the Group to comply with the stringent qualification required by the MNCs in the industry is a live testimony of the Group's technological strength and commitment to its R&D activities.

(v) Future Plans for R&D

As part of the Group's ongoing efforts to maintain its technological advantage over its competitors, the Group has allocated RM0.80 million of the proceeds raised for R&D expenditure to be utilised over the next 12 months. The Group also plans to invest up to approximately 4% of its annual turnover in the R&D. The R&D plan will focus on existing and new product development and process development where the internal process are automated to further improve productivity and reduce costs.

(vi) R&D Expenditure

The R&D expenditure spent for the latest financial year ended 31 December 2003 and the six (6) months period ended 30 June 2004 were as follows:-

	Financial Year Ended 31 December 2003	6 Months Period Ended 30.06 2004
Total R&D Expenses (RM'000)	540	310
Total R&D Expenses as a proportion of the Group's total revenue (%)	2.4%	2.0%

4. INFORMATION ON THE MQ GROUP (Cont'd)**4.2.13 Interruptions in Business for the Past Twelve (12) Months**

There has not been any interruption in the form of trade disputes or major operational breakdown occurring within and outside the Group that may significantly impair the Group's business performance during the past twelve (12) months.

4.2.14 Employees

As at 30 November 2004 (being the latest practicable date prior to the printing of this Prospectus), the MQ Group has a total 636 employees comprising 509 Malaysians and 127 foreigners. All foreign workers are on contractual basis. The employees of the MQ Group can be categorised as follows:-

Category	No. of Employees		Average Years in Service
	No. of Malaysians	No. of Foreigners	
Managerial and Professional	17	-	4.0
Technical and Supervisory	44	-	3.0
Clerical and related occupations (e.g. clerks, typist, stenographers, personal secretaries, etc)	21	-	3.0
Factory workers:			
(a) Skilled	421	124	2.0
(b) Unskilled	6	3	0.5
TOTAL	509	127	3.2

From time to time, the Group provides in-house training, workshop and seminars to its employees. The training programmes conducted relates to, among others, continuous quality improvement programmes to increase potential and improve efficiency, hence increasing the productivity and commitment to management and creating a harmonious atmosphere and outstanding work culture at the workplace

The Group does not have any collective agreements with trade and labour unions and is not aware of its employees being members of labour unions.

The management of the Group is of the opinion that its dedicated, efficient and trained employees are instrumental to its success. The management of the Group enjoys a good working relationship with the employees. There has not been any industrial dispute in the past between the employees and the management.

4.2.15 Key Achievements/ Milestones/ Awards

Over the years, MQ Group has established itself as one of the major vendors for high precision engineering services to many of its MNC customers. The ability of the Group to comply with the stringent qualification required by the MNCs is a testimony of the Group's track record in consistently producing high standard products and services which meet the MNCs requirement.

In 1996, MPT qualified as a vendor of Seagate Industries (M) Sdn Bhd. In 2001, MPT qualified as the vendor of other MNCs, i.e. Agilent Technologies (Malaysia) Sdn Bhd and Intel Technology Sdn Bhd. Having becoming the vendor of these two MNCs, MPT further applied for the accreditation of ISO 9001:2000 in year 2001, MPT has succeeded in obtaining the ISO 9001:2000 certification in respect of fabrication of high precision moulds, tools, dies, jigs and fixtures on 27 February 2002 from Moody International Certification Limited. On 13 August 2004, MPT has been awarded Top 10 position for the Golden Bull Award organised by Nan Yang Siang Pao. In December 2004, MPT was awarded the Deloitte Technology Fast 500 Asia Pacific 2004.

4. INFORMATION ON THE MQ GROUP (Cont'd)

QBT also obtained ISO 9001:2000 certification in respect of manufacturing of precision coil winding and coil bobbin assembly for electronic and HDD industries on 20 October 2003 from SGS United Kingdom Ltd.

4.2.16 Modes of Marketing/ Distributions/ Sales

The Group markets its products and services locally as well as to other countries including China, the Philippines and Thailand. The sales and marketing strategies are executed by the top management and an in-house marketing team through business networking and industry contacts.

The Group has an in-house marketing team of six (6) persons. Due to the nature of the Group's services which involve technical specifications and processes, the Marketing Department works closely with the Engineering Department for both pre-sales and post-sales activities. The marketing process goes through a relatively lengthy cycle which begins with the initial contact with a prospective customer, followed by presentations of the Group's capabilities, facilities and track record, site visits, product demonstrations, audit and verification by the potential customer, qualification and finally price negotiations.

The marketing team is also responsible for front line post-sales customer service which covers project management including making the necessary logistic arrangements and overseeing quality matters to ensure scheduled and timely delivery to customers.

4.2.17 Location of Business

The location of the Group's assets and operations are tabulated below:

Company	Location/ Built-up Area	Beneficial/ Registered Owner	Production/ Operating Capacity Output Annum	and per
MPT	No. 1 Lintang Beringin 8 Off Jalan Permatang Damar Laut Diamond Valley Industrial Park II Bayan Lepas, 11960 Penang/ 2,500 sq ft	Rented	30,000 – 40,000 machine hours per annum	
MPT	No. 3, Lintang Beringin 8 Off Jalan Permatang Damar Laut Diamond Valley Industrial Park II Bayan Lepas, 11960 Penang/ 2,500 sq ft	MPT	30,000 – 40,000 machine hours per annum	
QBT	No. 6/8/10/79/81/83 Lorong IKS Juru 5 Taman IKS Juru 14000 Penang/ 12,000 sq ft	Rented	36,000,000 units per annum	
ME	No. 23, Lintang Beringin 6 Off Jalan Permatang Damar Laut Diamond Valley Industrial Park II Bayan Lepas, 11960 Penang/ 2,000 sq ft	Rented	20,000 – 30,000 machine hours per annum	

4. INFORMATION ON THE MQ GROUP (Cont'd)

4.3 SUBSIDIARIES

4.3.1 MPT

(i) History and Business Overview

MPT was incorporated on 12 December 1995 in Malaysia under the Companies Act, 1965 as a private limited company under its present name. It commenced operations in March 1996.

MPT is principally involved in providing rapid prototyping, product development and manufacturing solutions namely trim and die form for semiconductor industries, precision tool and die making, jigs and fixtures for disk drives industry, cutting punch and die for electronic components, in-house carbide tool design and build, advanced test handler system module design and development, precision mould making and automation system for industrial applications.

Currently, MPT is operating in No. 1 & 3, Lintang Beringin 8, Off Jalan Permatang Damar Laut, Diamond Valley Industrial Park II, Bayan Lepas, 11960 Penang with a built up area of approximately 5,000 sq. ft. As at 30 November 2004 (being the latest practicable date prior to the printing of this Prospectus), MPT has 33 employees.

(ii) Share Capital

The present authorised share capital of MPT is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which RM336,000 comprising 336,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

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

Date of Allotment	No. of Shares Allotted	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
12.12.95	3	1.00	Subscribers' shares	3
18.01.96	335,997	1.00	Cash	336,000

(iii) Substantial Shareholder

MPT is a wholly owned subsidiary of MQ.

The substantial shareholders of MPT are as follows:-

Name	Direct Interest		Indirect Interest	
	No. of Ordinary Shares of RM1.00 Each	%	No. of Ordinary Shares of RM1.00 Each	%
MQ	336,000	100.00	-	-
Chatar Singh a/l Santa Singh	-	-	*336,000	100.00

4. INFORMATION ON THE MQ GROUP (Cont'd)

Note:-

* Deemed interested by virtue of his shareholding of not less than 15% in MQ pursuant to Section 6A of the Act.

(iv) Subsidiary/Associated Corporations

MPT does not have any subsidiary or associated corporations.

4.3.2 QBT**(i) History and Business Overview**

QBT was incorporated on 5 January 2001 in Malaysia under the Companies Act, 1965 as a private limited company under its present name. It commenced operations in February 2001.

QBT is principally engaged in the design and manufacture of high precision magnetic coils and coil assemblies in various shapes, types and sizes customised to its customers' requirement. These magnetic coils are used in HDD industry.

Currently, QBT is operating in No. 6/8/10/79/81/83, Lorong IKS Juru 5, Taman IKS Juru, 14000 Penang with a built up area of approximately 12,000 sq ft. As at 30 November 2004 (being the latest practicable date prior to the printing of this Prospectus), QBT has 590 employees.

(ii) Share Capital

The present authorised share capital of QBT is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each of which RM1,800,000 comprising 1,800,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

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

Date of Allotment	No. of Shares Allotted	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
05.01.01	2	1.00	Subscribers' shares	2
20.08.01	99,998	1.00	Cash	100,000
03.06.02	1,200,000	1.00	Cash	1,300,000
23.07.03	500,000	1.00	Cash	1,800,000

4. INFORMATION ON THE MQ GROUP (Cont'd)**(iii) Substantial Shareholder**

QBT is a wholly owned subsidiary of MQ.

The substantial shareholders of QBT are as follows:-

Name	Direct Interest		Indirect Interest	
	No. of Ordinary Shares of RM1.00 Each	%	No. of Ordinary Shares of RM1.00 Each	%
MQ	1,800,000	100.00	-	-
Chatar Singh a/ Santa Singh	-	-	*1,800,000	100.00

Note:-

* Deemed interested by virtue of his shareholding of not less than 15% in MQ pursuant to Section 6A of the Act.

(iv) Subsidiary/Associated Corporations

QBT does not have any subsidiary or associated corporations.

4.3.3 ME**(i) History and Business Overview**

ME was incorporated on 9 August 1999 in Malaysia under the Companies Act, 1965 as a private limited company under its present name. It commenced operations in September 1999.

ME is principally engaged in the manufacturing of precision metal plates, die making, jigs and fixtures for prototypes construction. ME is equipped with modern precision processes machines, which are capable of producing precision parts with tight dimensions with a low tolerance.

Currently, ME is operating in No. 23 Lintang Beringin 6, Off Jalan Permatang Damar Laut, Diamond Valley Industrial Park II, Bayan Lepas, 11960 Penang, with a built up area of 2,000 sq. ft.. As at 30 November 2004 (being the latest practicable date prior to the printing of this Prospectus), ME has 13 employees.

(ii) Share Capital

The present authorised share capital of ME is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which RM448,188 comprising 448,188 ordinary shares of RM1.00 each have been issued and fully paid-up.

4. INFORMATION ON THE MQ GROUP (Cont'd)

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

Date of Allotment	No. of Shares Allotted	Par Value RM	Consideration	Total Issued and Paid-up Share Capital RM
09.08.99	200,000	1.00	Subscribers' shares	200,000
02.12.03	248,188	1.00	Cash	448,188

(iii) Substantial Shareholder

ME is a wholly owned subsidiary of MQ.

The substantial shareholders of ME are as follows:-

Name	Direct Interest		Indirect Interest	
	No. of Ordinary Shares of RM1.00 Each	%	No. of Ordinary Shares of RM1.00 Each	%
MQ	448,188	100.00	-	-
Chatar Singh a/ Santa Singh	-	-	*448,188	100.00

Note:-

* Deemed interested by virtue of his shareholding of not less than 15% in MQ pursuant to Section 6A of the Act.

(iv) Subsidiary/Associated Corporations

ME does not have any subsidiary or associated corporations.

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4. INFORMATION ON THE MQ GROUP (Cont'd)

4.4 INDUSTRY OVERVIEW AND PROSPECTS

4.4.1 The Malaysian Economy

The Malaysian economy accelerated its growth momentum in the first half of 2004, after a strong take-off in 2003, and is expected to surpass earlier expectations with higher growth of 7% for the whole year. Positive signs of a firm economic recovery at the global front, particularly in the first six months as well as higher commodity prices, reinforced the "feel good" factor that contributed to further improvement in consumer and business sentiments. Growth has become more broad based with all sectors registering positive growth. Domestic demand, particularly private consumption, continued to sustain growth for five consecutive years, while private investments, which picked up in 2003, became more entrenched, resulting in a private sector-led growth.

The broad-based growth is evident of the effective measures implemented by the Government to develop new sources of growth to reduce the nation's vulnerability to the external environment. Expanding at 10.5%, the manufacturing sector, which has become more diversified with higher-end, value-added and new emerging industries and products, remains a major contributor to growth. New growth areas in information and communication technology, strong expansion in financial services and revival in tourism activities supported growth in the services sector, enabling it to maintain its premier position in terms of share to gross domestic product ("GDP") at 57%. Meanwhile, the Government's commitment to revitalise the agriculture sector as the third engine of economic growth, particularly in food production, has resulted in the expansion in output of fruits, aquaculture and livestock.

The synchronised upswing in the global economy and upsurge in electronics demand, as well as high prices for palm oil and crude oil, continued to propel export volume and earnings. Import growth was strong, particularly for intermediate and capital goods, reflecting robust domestic economic activities, fuelled by recovery in private investment and higher disposable income. The trade balance in July 2004, remained in surplus for 81 consecutive months since November 1997. Better export earnings and inflow of foreign funds increased the international reserves to USD54.4 billion as at 14 August 2004, sufficient to finance 7.2 months of retained imports and five times the short-term external debt. The national resource position remains strong with gross national savings at 36.5% of gross national product, providing ample liquidity to finance both public and private sector initiatives.

The robust domestic economic activities, which supported growth in 2002 through to 2004, are further augmented by favourable external environment. Of significance, the domestic sector is buoyed by the expansion in private consumption and investment activities. The manufacturing sector registered a solid growth of 12.3% during the first half of 2004, while the services sector expanded strongly by 6.8% in the same period. With the Leading Index pointing towards further expansion in the second half of the year, both sectors are envisaged to contribute significantly to the economic growth. The build-up in international reserves arising from larger current account surplus and inflows of foreign capital continues to strengthen Malaysia's macroeconomic fundamentals. Given this favourable scenario, the Malaysian economy is set to surpass its earlier estimate of 6.0-6.5% and post a stronger growth of 7% in 2004 (2003: 5.3%).

(Source: Economic Report 2004/2005)

4. INFORMATION ON THE MQ GROUP (Cont'd)

The outlook for 2005 will generally remain favourable although global growth is expected to moderate on account of high oil prices, inflationary pressures, interest rate hikes and a probable slowdown in China's economy. The emergence of these risks, that became apparent in the second half of 2004 and are expected to continue into 2005, will have a larger impact on growth next year. Global economic growth is projected to moderate to 4.4% in 2005 from 4.6% in 2004. The stronger macroeconomic fundamentals and resilience, backed by sturdy domestic demand and broad-based growth, will however, continue to support Malaysia's GDP growth, forecast at 6% in 2005.

(Source: Economic Report 2004/2005)

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4. INFORMATION ON THE MQ GROUP (Cont'd)**4.4.2 The Segments/ Sectors of the Industry***Overview of the Manufacturing Sector*

Growth of the manufacturing sector accelerated since September 2003, underpinned by double-digit and broad-based growth in both export and domestic-oriented industries. Favourable external environment with continued strong growth in China, coupled with the firm recovery in the US and sustained recovery in Japan, fuelled the higher demand for manufactured goods, particularly for electronic products. Meanwhile, growth in domestic-oriented industries strengthened on the back of the improved economic performance. With these positive developments driving the manufacturing sector, its contribution to GDP growth is expected to increase.

Overall capacity utilisation of the manufacturing sector was sustained at a high level with 42% of the manufacturers producing at near-maximum capacity (81%-100%) during the second quarter of 2004 compared with 35% in the first quarter of the year. The percentage of manufacturers with capacity utilisation in the range of 61%-80% has edged up to 40% from 37%, following stronger demand. The expansion in output is reflected in the 18.6% increase in manufacturing sales for the first half of 2004 to reach RM192,559 million (January-June 2003: RM162,331 million). The strong growth in sales value was mainly due to significant increase in demand for semiconductors and basic metals.

Output growth in 2005 is expected to be broad-based with the manufacturing and servicing sectors remaining the growth drivers. The manufacturing sector is envisaged to expand strongly, propelled by strengthened domestic demand and sustained performance of the external sector. Overall production is expected to grow more than 10%, while exports at 11.3%. Buoyed by the upswing in the electronics market, electrical and electronics ("E&E") will continue to grow at a steady rate despite the overstated fears of an electronics slowdown.

(Source: Economic Report 2004/2005)

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4. INFORMATION ON THE MQ GROUP (Cont'd)*Overview of the Semiconductor Industry*

The uptrend in global demand for semiconductors pushed the output of E&E sharply by 24.4% during the first six months of 2004 (January - June 2003: 4.3%). In addition, greater outsourcing activities as well as software development helped to enhance the sector's growth. Within the group, output of semiconductors, accounting for more than one-third of the total output of the manufacturing sector, increased sharply by 33.4% (January - June 2003: 7.8%). This was also reflected by the higher sales of semiconductors, which recorded 14.1% increase during the same period (January - June 2003: 6.9%). These strong increases were in line with the expansion of broadband infrastructure facilities in the information and communication technology sector to support increasing demand for global supply network and back-office facilities. Given the importance of semiconductor industry in terms of its contribution to gross domestic product growth and export, efforts are ongoing to further develop the industry, especially in advanced integrated circuits design and packaging.

(Source: Economic Report 2004/2005)

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4. INFORMATION ON THE MQ GROUP (Cont'd)**4.4.3 Players and Competition**

Being a home grown technology based Group, the Group is facing competition, whether internationally or locally, in terms of providing price competitiveness and quality products to meet the customers' requirements. The Group has built its reputation as the approved vendor of some well known MNCs in the semiconductor, electrical and electronics, disk drive and telecommunication industries within the manufacturing sector. Due to the stringent and time consuming pre-qualification process to become an approved vendor of MNCs, there are higher barrier to entry for local manufacturing companies. In this respect, the Group has generally been able to meet the standards set by its customers in providing quality products, management capability, delivery dependability and competitive pricing. The Directors are confident that the Group will continue to remain competitive with strict quality control, effective cost control and continuous R&D activities to achieve higher production and operation efficiency.

In addition, local manufacturers also face the challenges of increasing regional competition, particularly with the emergence of cheaper production locations such as China and Vietnam. The Government has encouraged local manufacturers to embark on high value added activities such as automation to reduce cost of production and increase their efficiency and productivity. The Group believes that it is able to compete effectively in its industry by drawing on its strengths in design, development, technical and engineering capabilities, quality services and leading edge technology to provide value added services to its customers. It is pertinent to note that the Group has been able to chart continued growth in its business despite the recent downturn in the semiconductor industry and worldwide economy. This is the result of the Group's continuous effort in providing high quality products and services to its existing customers as well as attracting new ones.

To the best of the Directors' knowledge and belief, the MQ Group is currently the only Malaysian owned company involved in design/ manufacturing/ assembly of high precision magnetic coils for the HDD in Malaysia. The other division of the Group in providing integrated engineering solutions in rapid tooling and prototyping of moulds, tools, jigs and fixtures and equipment faces the same competition as those in the similar industry.

4.4.4 Relevant Laws and Regulations Governing the Industry

Apart from the normal manufacturing licence, there are no material government laws, regulations and policies governing the HDD and semiconductor industries in Malaysia nor is the Board currently aware of any specific material peculiarity in the said industries.

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4. INFORMATION ON THE MQ GROUP (Cont'd)**4.4.5 Demand and Supply Conditions**

The Board is of the view that the demand for the Group's products and services is expected to continue and will be spurred by various factors such as the growth in the semiconductor industry as set out in Section 4.4.2 of this Prospectus.

To the best of the Directors' knowledge and belief, the MQ Group is currently the only Malaysian owned company involved in design/ manufacturing/ assembly of high precision magnetic coils for the HDD in Malaysia. The other division of the Group in providing integrated engineering solutions in rapid tooling and prototyping of moulds, tools, jigs and fixtures and equipment faces the same competition as those in the similar industry.

4.4.6 Substitute Products

The mould and die industry is an essential supporting industry to a wide spectrum of the manufacturing sector as without such tools, the manufacturing industry would not be able to produce the intermediary and end consumer products. With the trend of electronic products and semiconductor components moving towards increasing miniaturization, it is inadvertent that the manufacturing industry relies on the high precision engineering industry to design the required moulds, dies and tooling required. To the best of the Promoters' knowledge and belief, there is currently no direct substitute for the high precision magnetic coils in terms of cost, functionality, durability and degree of precision. Hence, the Promoters reasonably believe that there will be demand in the foreseeable future for the Group's products and services in the precision engineering industry.

4.4.7 Prospects

Given the prospects and positive outlook on the Malaysian economy and specifically the semiconductor industry and HDD industry as a whole, the Promoters believe that the Group's business will continue to grow. Capitalising on the support and incentives given by the government and also its infrastructure and personnel strength and capabilities, the Group will strive to maintain its reputation as a reliable manufacturing and engineering service provider to local customers and MNCs. The Group believes that the success of a market player in this sector is largely dependent on its capability to meet the customers' specifications in terms of timely delivery, high quality products and competitive pricing.

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4. INFORMATION ON THE MQ GROUP (Cont'd)**4.5 MAJOR CUSTOMERS**

Based on the Group's results for the six (6) months period ended 30 June 2004, the top ten (10) customers of the Group are as follows:-

Customers	Length of relationship (No. of Years)	Level of Sales (RM'000)	Percentage of Total Revenue (%)	Products/Services Sold
PCA Hard.com Sdn Bhd	3	11,675	75.4	High precision actuator coil and coil assemblies, precision actuator moulds for HDD
Intel Microelectronics (M) Sdn Bhd	3	1,031	6.7	System kit for test handler/fabrication parts/ precision parts
Agilent Technologies (Malaysia) Sdn Bhd	3	587	3.8	Fabrication parts/ precision part
Intel Technology Sdn Bhd	3	551	3.6	System kit for test handler/fabrication parts/ precision parts
Multiform Precision Technology Co. Ltd	2	509	3.3	Fabrication parts/ precision parts/ moulds
E & Tech Co Ltd	1	295	1.9	Moulds
PCA Mahlin Technology Sdn Bhd	3	203	1.3	Precision jigs and fixtures
PS Technology (Penang) Sdn Bhd	3	138	0.9	Fabrication parts/ precision parts
Actvantec Engineering Sdn Bhd	9	107	0.7	Wire cutting process
Intel Technology Philippines Corporation	3	85	0.6	System kit for test handler/fabrication parts/ precision parts

The Group's top customer, PCA Hard.com Sdn Bhd ("PCA") accounted for approximately 75% of the Group's total revenue for the six (6) months period ended 30 June 2004.

PCA is a 100% Malaysian-owned private limited company and is principally an integrated manufacturer of HDD components which encompass various manufacturing activities such as die-casting, precision machining and chemical planting of HDD base plates as well as electro-coating, actuator assembly, actuator pivot flex assembly ("APFA") and cover plate manufacturing. PCA's customer base is mainly the Western Digital Group in Malaysia and Thailand and Maxtor Peripherals (S) Pte Ltd in Singapore, which are among the leading HDD manufacturers in the industry.

The MQ Group is in strategic and smart partnership with PCA. The MQ Group supports PCA on the design and development of high precision coils for HDD and the design and development of the actuator and coil bobbin moulds. To the best knowledge of the Promoters of MQ, QBT is currently supplying approximately 80% of the high precision coil for HDDs used by PCA. The remaining 20% is imported from Tancom Electronics/ IPL, India. The Promoters of MQ believe that the Group has an advantage over its competitor as PCA has been with the Group since the setting up of QBT in 2001 and this indicates a long-term and stable customer relationship. Over the years, QBT has proven to PCA its capability to produce quality and competitive products on time. It has also been recognised by PCA as the partner of choice through its continuous innovation to improve its product and processes.

4. INFORMATION ON THE MQ GROUP (Cont'd)

Based on the segmental analysis of revenue and PBT for the six (6) months period ended 30 June 2004 as disclosed in Section 9.2.1 of this Prospectus, the sales of QBT to PCA only constituted approximately 41% of the total Group's PBT, the remaining 59% of the total PBT was contributed by the remaining customers.

To reduce over-dependency on any single customer, the Group has broadened its customer base, which mainly consists of large corporations and MNCs such as Intel Group in Malaysia, Philippines and China, Agilent Technologies (M) Sdn Bhd in Malaysia and some local small and medium-sized enterprises. In addition, the MQ Group will also continue to enhance its value added services propositions, improve its service level and maintain its competitiveness including broadening its product range and to develop a more diversified portfolio of customers and markets in the future, both locally and overseas.

Please refer to Section 3(d) of this Prospectus for further details on the steps taken to mitigate the Group's dependency on its major customer.

4.6 MAJOR SUPPLIERS

Based on the Group's results for the six (6) months period ended 30 June 2004, the top ten (10) suppliers of the Group are as follows:-

Suppliers	Length of relationship (No. of Years)	Level of Purchases (RM'000)	Percentage of Total Purchase (%)	Products/ Services Purchased
Kanthal Palm Coast	2	2,890	58.1	Aluminium/ copper wire
PCA Hard.com Sdn Bhd	3	516	10.4	Bobbin
Growth Precision Sdn Bhd	2	437	8.8	Bobbin pin
Innogenap Sdn Bhd	1	283	5.7	Security Truck
Nupon Technology Sdn Bhd	1	198	4.0	Castor Wheel
TCL Engineering Sdn Bhd	3	94	1.9	Spring
Infinite Zest Technology Sdn Bhd	3	94	1.9	Mould
Pioneer Ambience Sdn Bhd	3	72	1.4	Copper wire
Pre-Circuit Technology Corporation Sdn Bhd	3	65	1.3	Bobbin
Agie Charmilles (SEA) Pte Ltd	8	59	1.2	Consumable spare parts

The Group is not over dependent on any single supplier as the Group obtains its raw materials from various suppliers.

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4. INFORMATION ON THE MQ GROUP (Cont'd)

4.7 FUTURE PLANS, STRATEGIES AND PROSPECTS

The crux of the Group's plan for the next five (5) years is as follows:-

(i) Streamline the Group's Operations

The three (3) operating subsidiaries of the Group provide services which are complementary to one another.

To achieve this end, the Group will streamline the operations and business processes of its three (3) subsidiaries to minimise duplication of tasks thereby allowing the Group to reap the benefits of economies of scale. Apart from doing away with duplication of functions at the operational level, there are opportunities to achieve greater economies of scale and price efficiencies in the areas of purchasing, treasury, human resource, R&D and marketing.

(ii) Increase R&D Activities

The Group's R&D activities were previously stand-alone activities carried out in the respective operating subsidiaries. With the consolidation of the Group, management intends to harness and leverage on the Group's wealth of engineering skills, knowledge base and technical know how to create a strong R&D base as a platform for the Group's future growth and expansion.

The Group believes that investment in R&D is pivotal to keep abreast on the latest technological advancements, changes in customers' demands and industry developments to ensure that the Group's services remain relevant in the industry thereby assuring the viability of the Group's businesses. This includes:-

- (a) putting a stronger R&D team in place by utilising the knowledge and skill sets from a greater pool of human resources available to the Group;
- (b) incorporating a more systematic approach to R&D;
- (c) setting aside a larger allocation of resources for R&D; and
- (d) identifying future R&D projects to enhance the Group's performance.

(iii) Expand Automation Division

The Group is keen to develop its automation division and it has been aggressively promoting and marketing for the automation industry. However, being a relatively young player in the industry, the Group will need to rely on its existing major customers for its expansion plan into automation division.

Steps will be taken by the Group to ensure that it is able to provide a whole range of services ranging from the designing of the automated machines, fabrication of its parts and components to the assembly of the complete automated machine. The Group is confident of expanding into the automation system required for their MNC customers. In doing so, not only will the Group succeed in building its revenue base but would also be strengthening the interdependency and bonding with its customers.

(iv) New Market in Thailand

As part of the Group overseas expansion plan, the Group plans to invest in Thailand to take advantage of the booming market in the semiconductor, automotive and manufacturing industries in Thailand as well as servicing its existing customers who have expanded to Thailand. It is expected that the business expansion in Thailand will contribute significantly to the Group's revenue in the future.

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

5.1 PROMOTERS

5.1.1 Particulars and Shareholdings of Promoters

The details of the Promoters of the Group and their shareholdings in MQ after the Public Issue are as follows:-

Name	Nationality	No. of Ordinary Shares Held ⁽¹⁾			
		Direct	%	Indirect	%
Chatar Singh a/l Santa Singh	Malaysian	30,842,600	26.82	-	-
Tan Cheow Boon	Malaysian	16,167,100	14.06	-	-
Chin Tee Kheng	Malaysian	16,167,100	14.06	-	-
Lee Chai Hock	Malaysian	3,837,400	3.34	-	-

Note:-

(1) Including their respective entitlements for the Pink Form Shares allocation pursuant to the Public Issue.

5.1.2 Profiles of Promoters

The profiles of the Promoters, Chatar Singh a/l Santa Singh, Tan Cheow Boon and Chin Tee Kheng are set out in Section 5.3.2 and the profile of Lee Chai Hock is set out in Section 5.5.2 of this Prospectus.

5.1.3 Directorships and Substantial Shareholdings of Promoters in All Other Public Corporations

As of 30 November 2004 (being the latest practicable date prior to the printing of this Prospectus), none of the Promoters have any directorships or substantial shareholdings in other public corporations for the past two (2) years save for the following:-

Name	Name of Corporation Involved	Designation	Year of Appointment to the Board	Substantial Shareholdings (No. of Ordinary Shares of RM1.00 each)
Chatar Singh a/l Santa Singh	Luster Industries Bhd	Independent Non-Executive Director	2003	-

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

5.2 SUBSTANTIAL SHAREHOLDERS

5.2.1 Particulars and Shareholdings of Substantial Shareholders

The details of the substantial shareholders and their shareholdings in MQ after the Public Issue are as follows:-

Name	Nationality	No. of Shares Held ⁽¹⁾			
		Direct	%	Indirect	%
Chatar Singh a/ Santa Singh	Malaysian	30,842,600	26.82	-	-
Tan Cheow Boon	Malaysian	16,167,100	14.06	-	-
Chin Tee Kheng	Malaysian	16,167,100	14.06	-	-

Note:-

(1) Including their respective entitlements for the Pink Form Shares allocation pursuant to the Public Issue.

5.2.2 Profiles of Substantial Shareholders

The profiles of Chatar Singh a/l Santa Singh, Tan Cheow Boon and Chin Tee Kheng are set out in Sections 5.3.2 of this Prospectus.

5.2.3 Directorships and Substantial Shareholdings of Substantial Shareholders in All Other Public Corporations

As of 30 November 2004 (being the latest practicable date prior to the printing of this Prospectus), none of the substantial shareholders have any directorships or substantial shareholdings in other public corporations for the past two (2) years save for the following:-

Name	Name of Corporation Involved	Designation	Year of Appointment to the Board	Substantial Shareholdings (No. of Ordinary Shares of RM1.00 each)
Chatar Singh a/ Santa Singh	Luster Industries Bhd	Independent Non-Executive Director	2003	-

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

5.3 DIRECTORS

5.3.1 Particulars and Shareholdings of Directors

The details of the Directors and their shareholdings in MQ after the Public Issue are as follows:-

Name	Designation	No. of Shares Held ⁽¹⁾			
		Direct	%	Indirect	%
Chatar Singh a/l Santa Singh	Executive Chairman	30,842,600	26.82	-	-
Tan Cheow Boon	Managing Director	16,167,100	14.06	-	-
Chin Tee Kheng	Executive Director	16,167,100	14.06	-	-
Dato' Dr Chong Eng Keat @ Teoh Eng Keat	Independent Non-Executive Director	25,000	0.02	-	-
Kok Seng Loong	Independent Non-Executive Director	1,755,700	1.52	-	-

Note:-

(1) Including their respective entitlements for the Pink Form Shares allocation pursuant to the Public Issue.

5.3.2 Profiles of Directors

CHATAR SINGH a/l SANTA SINGH, aged 52, was appointed to the Board of MQ as Executive Chairman on 26 November 2004. He graduated with B.Sc (Hons) degree majoring in Physics and Chemistry from University Sains Malaysia, Penang in 1976 and has more than 25 years of experience in the electronics manufacturing industry.

He started his career in Sharp-Roxy Corporation (M) Sdn Bhd in Sungai Petani, Kedah and was with the company for 7 years before leaving for LH Research, an American switching power supply company based in Prai, Penang. He was with LH Research for a total of 9 years and was responsible for managing the factories in the Caribbean (Puerto Rico and Dominican Republic) for approximately 3 years. In 1992, he joined Dai-Ichi Industries Berhad ("**Dai-Ichi**") as General Manager and was later appointed as a Director when the company was listed on the Second Board of Bursa Securities. He resigned from the board of Dai-Ichi in 1999. In 1994, he was the Managing Director of SMT Technologies Sdn Bhd, a company involved in electronics contract manufacturing using surface mount technology. He left SMT Technologies Sdn Bhd in 1999. Thereafter, he was with PCA Mahlin Technology, a company involved in making actuators for the hard drive industry from 2000 to 2001 as the Managing Director.

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

With his involvement in the HDD industry, he decided to set-up QBT to support the manufacturers in the hard drive industry.

Currently, he is also an Independent Non-Executive Director of Luster Industries Bhd, a company listed on the Main Board of Bursa Securities involved in the manufacturing of precision plastic parts and components.

TAN CHEOW BOON, aged 36, was appointed to the Board of MQ as the Managing Director on 26 November 2004. He graduated from the Philip Government Training Centre in year 1991.

Upon graduation, he served the Philip Government Training Centre of Singapore as a workshop assistant and training the other students of the Centre. He joined Integrate (S) Pte Ltd in 1991 as a technician to gain more experience in the wire cut industry. As he gained more exposure, he joined Victoria Mechanical Engineering Works in Singapore as the Head of Wire Cut Department and Sales. In 1994, he moved to Precision Wire-Cut Pte Ltd as an Assistant Manager to manage the company in sales and planning.

With his vast experience and contacts in the industry, he decided to venture out on his own together with his partner, Chin Tee Kheng. Together they formed MPT and has built-up the business to where it is today.

CHIN TEE KHENG, aged 37, was appointed to the Board of MQ as Executive Director on 26 November 2004. He graduated from the Philip Government Training Centre in 1990.

Upon his graduation, he served the Philip Government Training Centre of Singapore as a workshop assistant and training the other students of the Centre. Subsequently, he joined Charmilles Technologies (SEA) Pte Ltd, a worldwide supplier for EDM, as an Application Engineer. During his seven (7) years in the company, he travelled extensively to most of the countries in South East Asia to provide technical support for the setting up of new workshops and tool rooms for customers of the company. He was also involved in R&D work on EDM wire machines, test cut on lead frames, IC moulds, punches and dies, and jigs and fixtures. He also had the opportunity to assist on management and planning for subordinate engineers.

With his extensive exposure in the industry, he decided to channel his knowledge into his own company, MPT which he set up with Tan Cheow Boon. Subsequently in 1999, he also set-up ME which he is currently a Director.

DATO' DR CHONG ENG KEAT @ TEOH ENG KEAT, aged 58, was appointed to the Board of MQ as the Independent Non-Executive Director on 26 November 2004. He is currently the President and Chief Executive Officer of Kolej Disted-Stamford.

He graduated from Universiti Sains Malaysia ("USM") in 1975 with an Honours Degree in Chemistry and went on an Australian National University Scholarship to do his PhD in Chemistry in 1976. After obtaining his PhD in 1979, he returned to USM as a lecturer in the School of Chemistry.

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

In 1980, he left USM to join Intel Technology Sdn Bhd ("Intel") as a Senior Process Engineer. During his 22 years in Intel, he held various general management positions in manufacturing as well as in Technology Development. He started up the Intel Kulim site as the pioneer Managing Director in 1995 and at the time of his retirement in 2002 he was the Vice-President and General Manager of Intel's worldwide Board and Systems operations.

He also serves in a number of state and industry committees to promote business connectivity, growth of local industries and strengthening of industry-university linkages. He is also a Non-Executive Director of Globetronics Technology Bhd, a public listed company of the Main Board of Bursa Securities.

KOK SENG LOONG, aged 28, was appointed to the Board of MQ as Independent Non-Executive Director on 26 November 2004. He graduated with a professional accountancy qualification from Association of Chartered Certified Accountants in 1998 and later with a Master Degree in Business Administration from Edinburgh Business School in 2000. He is also a Chartered Accountant by profession.

He has many years of Operation Finance experience with the MNCs i.e. Intel Technology Sdn Bhd and Dell Asia Pacific Sdn Bhd since 1999. He was responsible in various engagement in manufacturing capital projects between 1999 to 2002 ranging from productivity improvement to capacity planning and site construction with demonstrated success on cost reduction and delivery.

He is experienced in supporting various set up of production operation Intel worldwide and also in planning and setting up the Intel Malaysia R&D Centre.

Prior to his commercial career, he was attached with KPMG.

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

5.3.3 Directorships and Substantial Shareholdings of Directors in All Other Public Corporations

As of 30 November 2004 (being the latest practicable date prior to the printing of this Prospectus), none of the Directors have any directorships or substantial shareholdings in other public corporations for the past two (2) years save for the following:-

Name	Name of Corporation Involved	Principal Activities	Designation	Year of Appointment to the Board	Substantial Shareholdings (No. of Ordinary Shares of RM1.00 each)
Chatar Singh a/l Santa Singh	Luster Industries Bhd	Investment holding, manufacture of precision plastic parts and components, printed circuit board assembly, sub-assembly and full assembly of plastic parts and products.	Independent Non-Executive Director	2003	-
Dato' Dr Chong Eng Keat @ Teoh Eng Keat	Globetronics Technology Bhd	Provide integrated specialised and advanced technology-based electronic manufacturing services, particularly in the integrated circuit and related products/ services sub-sector. The integrated circuit production activities include the manufacture of technical ceramic substrates/ packages, assembly of integrated circuits, burn-in and visual mechanical check services.	Independent Non-Executive Director	2003	-

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

5.3.4 Directors' Remuneration and Benefits

The aggregate remuneration and benefits paid to the Directors of MQ for services rendered in all capacities to the Group for the financial year ended 31 December 2003 and the current financial year ending 31 December 2004 are as follows:-

Remuneration Band RM'000	Financial Year Ended 31 December 2003		Financial Year Ending 31 December 2004	
	Aggregate Remuneration RM'000	Number of Directors	Aggregate Remuneration RM'000	Number of Directors
50,001 – 100,000	-	-	72,000	2
100,001 – 200,000	246,960	2	120,000	1
200,001 – 500,000	384,315	1	600,000	3
Total	631,275	3	792,000	5

5.4 AUDIT COMMITTEE

The main functions of the Audit Committee fall within the ambit of the Listing Requirements, which include the review of audit plans and audit reports with the Group's auditors, review of the auditors' evaluation of internal accounting controls and management information systems, review of the scope of internal audit procedures, review of the balance sheets and profit and loss accounts, and nomination of the auditors. The Audit Committee comprises of the following individuals:-

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

5.5 KEY MANAGEMENT

5.5.1 Particulars and Shareholdings of the Key Management

The details of the key management and their shareholdings in MQ after the Public Issue are as follows:-

Name	Designation	No. of Shares Held ⁽¹⁾			
		Direct	%	Indirect	%
Lee Chai Hock	General Manager	3,837,400	3.34	-	-
Janet Au Lai Fong	Assistant Manager Finance and Administration	70,000	0.06	-	-
Chan Chee Teong	Operation Manager	100,000	0.09	-	-
Sim Bee Ling	Business Development Assistant Manager	70,000	0.06	-	-
Lee Lay Fen	Assistant Procurement Manager	70,000	0.06	-	-
Tan Kar Hong	Senior Engineer	30,000	0.03	-	-
Teh Kok Keong	Facilities Engineer	15,000	0.01	-	-
Azian Binti Mahamad Alias	Human Resource Officer	20,000	0.02	-	-

Note:-

(1) Including their respective entitlements for the Pink Form Shares allocation pursuant to the Public Issue.

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

5.5.2 Profiles of the Key Management

LEE CHAI HOCK, aged 36, is the General Manager of QBT. He is one of the pioneer staff when QBT started operations in January 2001. He obtained a Diploma from the Philip Government Training Centre (Singapore) in 1990. Upon his graduation, he joined Avimo (S) Pte Ltd, as a Machinist cum Programmer. Subsequently in 1992, he moved to Econo Engineering (S) Pte Ltd as a Project Engineer. In 1995, he left Econo Engineering (S) Pte Ltd to join Xolox (M) Sdn Bhd, a company involved in manufacturing of actuators, as a Senior Process Engineer. Prior to joining QBT, he was attached to Polymicro (S) Pte Ltd as an Engineering Manager.

In QBT, his responsibility includes managing the day-to-day manufacturing and operations and to create a good corporate culture in providing good services to customers, quality products and human resource development.

JANET AU LAI FONG, aged 38, is the Assistant Manager Finance and Administration of MPT. She joined MPT in 2000 as an Accounts Officer. She has more than 10 years experience in the areas of accounting and human resource.

She started her career as a human resource personnel in 1990 with Parkma Enterprise. In 1994, she decided to join Chuah & Co as an Accounts Officer. With her experience in finance and office administration, she has been a key player in MPT from setting up the accounting system, internal controls to tax planning. She also played a key role in supporting the certification of the MPT's ISO9001:2000. In 2003, in recognition of her contribution and merits, she was promoted to the position of Assistant Manager. Currently, she is responsible for MPT's financial reporting and human resource functions.

CHAN CHEE TEONG, aged 37, is the Operation Manager of QBT. He joined QBT in August 2004. He graduated with a diploma of supervisory management in 1991 and later a diploma in management from Malaysia Institute of Management. In 2004, he obtained his Master in Business Administration from Phoenix International University in US.

He has more than 10 years of manufacturing experience in areas of productions, quality management and engineering activities. He started his career as a production super-intendent with Unico Technology Berhad where he was involved in many production startup and technology transfers. He was promoted to the position of Production Section Head before he joined SMT Technologies Sdn Bhd as the manufacturing manager in 1999 and was later promoted to the position of operation manager in 2001.

In 2003, he advanced his career to Acoustics Solution (M) Sdn Bhd of Soon Seng Group as the General Manager which he was responsible for overall factory operations and total financial accountability.

Currently, he is responsible for the entire QBT factory operation to meet internal organisation's objectives and goals in terms of customers' delivery, quality standards and costs.

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

SIM BEE LING, aged 27, is the Business Development Assistant Manager of MPT. She joined MPT in 2001 as a Production Control Officer.

She started her career as a Quality Control Officer in 1995 with Microcut Precision. In 1997, she joined Hong Light Electric as a Stock Assistant and later Accounts Assistant. With her experience in operations and finance, she contributed to the company's business by setting up a good tracking process. She was promoted to her current position and is responsible for scheduling, production planning and logistic management.

LEE LAY FEN, aged 26, is the Assistant Procurement Manager in MPT. She joined MPT in 2000 as an Administrative Officer. She has more than 5 years experience in the area of industrial supplies sourcing.

She started her career with Sin Seong Seng Piping Engineering Sdn Bhd as a Procurement Assistant in 1998. She is experienced in industrial supplies sourcing and has been an asset in setting up the procurement function in the company. With her experience and industrial contact, she then assumed the responsibility of the sourcing function and is the key factor of the company's cost effectiveness. Her excellent skills on negotiation has provided the company the strength on good vendor support and quality product at competitive cost. As a result, she was promoted to the current position and responsible for the procurement function of the company.

TAN KAR HONG, aged 30, is the Senior Engineer of QBT. He obtained a Diploma from Institute Teknologi and Pengusahaan Victoria in 1993. Upon obtaining his Diploma, he began his career with Golden Tech Sdn Bhd as a Process Technician. Subsequently in 1995, he left the company to join IEM. In 1996 he joined Xolox (M) Sdn Bhd, company involved in manufacturing of actuators, as a Process Engineer.

He joined QBT in 2001 and is responsible for leading a group of operators in achieving the company's targets in quality and productivity, and continuous process and quality improvement.

TEH KOK KEONG, aged 30, is the Facility Engineer of QBT since 2002. He holds a Diploma of Electronics Engineering from Institut Teknologi Butterworth. He started his career as a Test Technician at Soletron Technology Sdn Bhd in 1994. In 1995, he joined Golden Tech Sdn Bhd as a Maintenance Technician. Subsequently, he served as the Senior Technician in Xolox Malaysia Sdn Bhd from 1995 to 1999. Prior to joining QBT, he worked as an Assistant Engineer at Unico Technology from 1999 until 2001.

In QBT, he is responsible for the overall facilities maintenance function such as the daily machine equipment preventive maintenance and the new equipment set-up and commissioning.

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

AZIAN BINTI MAHAMAD ALIAS, aged 34, is the Human Resource Officer of QBT. She is a Sijil Tinggi Pelajaran Malaysia holder and has more than 10 years of human resource management. She joined Mitsuoka Electronics (M) Sdn Bhd as human resource assistant in 1992. Subsequently in 1998, she advanced her career to Xolox Malaysia Sdn Bhd as a human resource officer, a company involved in manufacturing of actuators. She joined QBT in 2001.

She is responsible for managing the human resource function of QBT. Her scope of work includes staffing, training coordination, direct labour payroll, and to ensure compliance of the statutory rules and regulation on human resource policy.

5.6 INVOLVEMENT OF EXECUTIVE DIRECTORS/ KEY MANAGEMENT IN OTHER BUSINESSES/ CORPORATIONS

Save for Chatar Singh a/l Santa Singh, none of the Executive Directors/ key management is involved in other businesses or corporations.

Chatar Singh a/l Santa Singh is involved in MPP Consulting Sdn Bhd, a company involved in quality inspection and general consulting services. However, he allocates approximately 90% of his time in the MQ Group and the balance of his time in his involvement in other companies.

5.7 DECLARATION OF DIRECTORS AND KEY MANAGEMENT TEAM/ TECHNICAL PERSONNEL

No Director, key management or person nominated to become a Director or key management is or has been involved in any of the following events (whether in or outside Malaysia):-

- (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) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (c) the subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, Director or employee of a financial institution and engaging in any type of business practice or activity.

5.8 FAMILY RELATIONSHIPS

Save for Tan Cheow Boon and Chin Tee Kheng who are cousins, there is no family relationship (as defined in Section 122A of the Act) or association between the substantial shareholders, Promoters, Directors and key management of the Group.

5.9 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at 30 November 2004 (being the latest practicable date prior to the printing of this Prospectus), there is no existing or proposed service agreement between the Group and its Directors and key management or key technical personnel.

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

5.10 CHANGES IN SHAREHOLDINGS IN THE COMPANY FOR THE PAST THREE (3) YEARS

The significant changes of the Promoters and substantial shareholders' shareholdings in MQ for the past three (3) years preceding the date hereof are as follows:-

Name	As at 2 December 2003		Accumulated Number of Shares Held after Public Issue ⁽¹⁾	
	No. of Shares ⁽²⁾	%	No. of Shares ⁽³⁾	%
How Wee Ling	1	50.00	-	-
Ooi Ean Hoon	1	50.00	-	-
Chatar Singh a/l Santa Singh	-	-	30,842,600	26.82
Tan Cheow Boon	-	-	16,167,100	14.06
Chin Tee Kheng	-	-	16,167,100	14.06
Lee Chai Hock	-	-	3,837,400	3.34

Notes:-

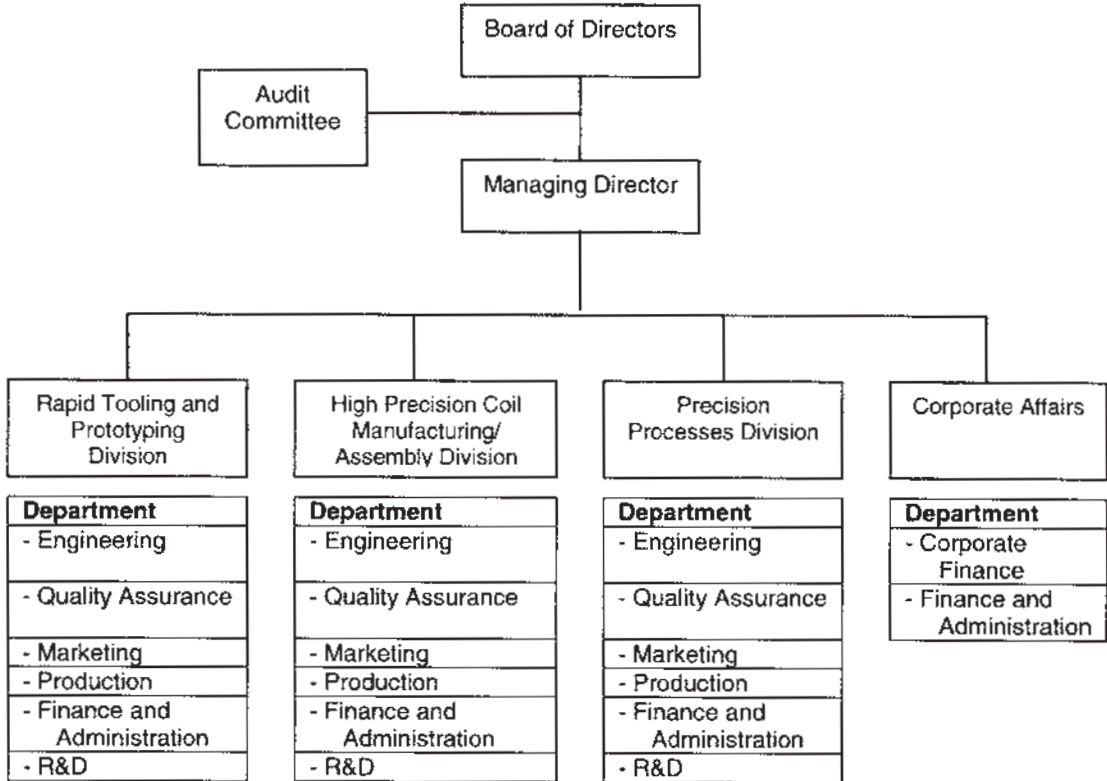
- (1) Including their respective entitlements for the Pink Form Shares allocation pursuant to the Public Issue.
 (2) Refer to ordinary shares of RM1.00 each.
 (3) Refer to ordinary shares of RM0.10 each.

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

5.11 MANAGEMENT SUCCESSION PLAN

The management team of the MQ Group is structured as follows:-



The MQ Group is founded by Chatar Singh a/l Santa Singh, Tan Cheow Boon and Chin Tee Kheng who are also the Directors of MQ. With their vast experience in the semiconductor and HDD industry, they have built the MQ Group to its present level of success and achievement.

The rest of the Board of Directors of MQ and the key management of the MQ Group comprise of competent professionals and qualified personnel who possess relevant qualifications and experience who are employed to head various departments. The management understands the importance of recruiting qualified personnel with the relevant qualifications and experiences in their respective area of responsibilities to ensure smooth running of its business operations.

The MQ Group also has clear reporting hierarchy, with the experienced Board of Directors coupled with assistance from the respective heads of department/managers to ensure that the business decisions of the MQ Group are implemented efficiently and effectively.

The clear and well defined job responsibilities as well as proper reporting structure also enables smooth running of MQ's day-to-day operations with minimum intervention from the Directors. Thus, in the absence of the Directors, MQ Group will ensure smooth running of the Group's operations and management continuity.