1. SUMMARY INFORMATION

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

1.1 HISTORY AND 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.

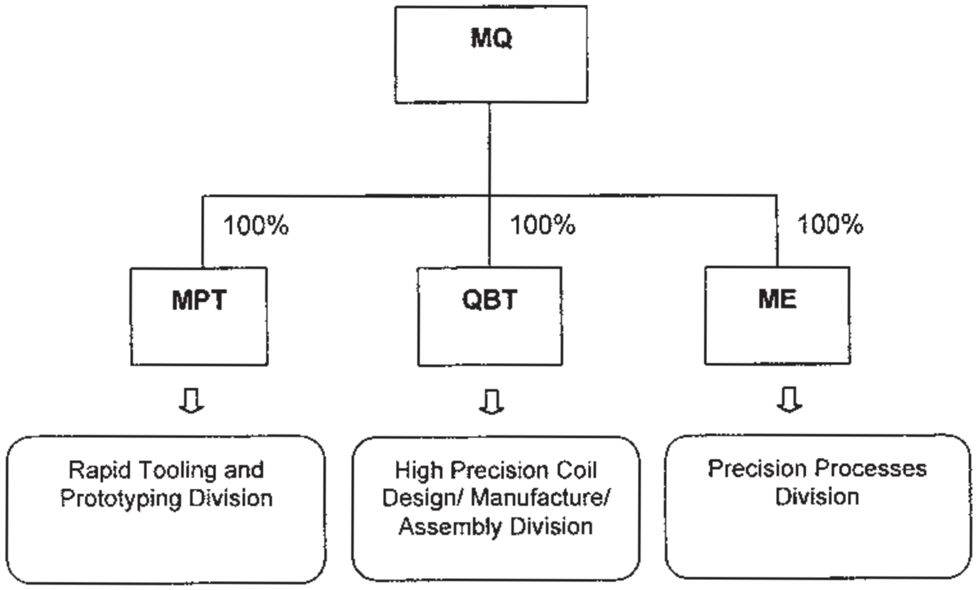
The details of the subsidiaries of MQ are summarised below:-

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 drive 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 coils 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

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

1. SUMMARY INFORMATION *(Cont'd)*

The structure of the Group is as set out below:



1.2 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL OF THE MQ GROUP

The direct and indirect shareholdings of the Promoters, substantial shareholders, Directors, key management and technical personnel of the Group are as follows:-

Name	Designation	No. of Shares Held in MQ After the Public Issue [(1)]			
		Direct	%	Indirect	%
Promoters					
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	-	-
Lee Chai Hock	General Manager	3,837,400	3.34	-	-
Substantial Shareholders					
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	-	-

1. SUMMARY INFORMATION *(Cont'd)*

Name	Designation	No. of Shares Held in MQ After the Public Issue [(1)] Direct	%	Indirect	%
Directors					
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	-	-
Key Management and Technical Personnel					
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.

Details of the Promoters, substantial shareholders, Directors, key management and technical personnel of MQ Group are set out in Section 5 of this Prospectus.

1. SUMMARY INFORMATION *(Cont'd)*

1.3 FINANCIAL HIGHLIGHTS

The following table sets out a summary of the proforma consolidated results of the Group for the past five (5) financial years ended 31 December 2003 and the six (6) months period ended 30 June 2004, prepared on the assumption that the Group has been in existence throughout the years/period under review. The proforma consolidated results are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 10 of this Prospectus.

	<---For the Financial Year Ended 31 December ---->					6 Months Period Ended
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	30.06.04 RM'000
Revenue	2,037	4,142	10,977	17,688	22,133	15,487
EBIDTA before R&D expenses	718	1,525	1,234	2,533	5,444	3,923
R&D expenses	-	-	-	-	(540)	(310)
EBIDTA	718	1,525	1,234	2,533	4,904	3,613
Interest expense	(93)	(189)	(197)	(144)	(130)	(76)
Depreciation	(374)	(519)	(611)	(878)	(977)	(638)
Amortisation	-	-	-	-	-	-
Exceptional items	-	-	-	-	-	-
Share of profits of associated companies	-	-	-	-	-	-
PBT	251	817	426	1,511	3,797	2,899
Taxation	(81)	(488)	132	(248)	(603)	(342)
PAT	170	329	558	1,263	3,194	2,557
Extraordinary items	-	-	-	-	-	-
MI	-	-	-	-	-	-
PAT after MI	170	329	558	1,263	3,194	2,557
No. of Shares assumed in issue ('000)	78,492	78,492	78,492	78,492	78,492	78,492
Enlarged no. of Shares assumed in issue ('000)	115,000	115,000	115,000	115,000	115,000	115,000
Gross EPS (sen) #	0.32	1.04	0.54	1.93	4.84	3.69
Net EPS (sen) #	0.22	0.42	0.71	1.61	4.07	3.26
Gross EPS (sen) @	0.22	0.71	0.37	1.31	3.30	2.52
Net EPS (sen) @	0.15	0.29	0.49	1.10	2.78	2.22

Notes:-

\# *Based on the number of Shares assumed in issue of 78,492,000.*

@ *Based on the enlarged number of Shares assumed in issue of 115,000,000.*

1. SUMMARY INFORMATION *(Cont'd)*

(1) The proforma consolidated income statement of the MQ Group have been prepared based on the audited financial statements of the subsidiaries and assuming that the effective shareholdings in subsidiaries held by MQ has been in effect throughout the financial years/period under review.

(2) The financial year ends of certain subsidiaries which were not coterminous with the financial year end of MQ of 31 December are set out below:-

Subsidiaries	***Financial year ends/ period which were not coterminous***
MPT	*Financial years ended 28 February 1999 to 2003* *Financial period from 1 March 2003 to 31 December 2003*
ME	*Financial period from 9 August 1999 (date of incorporation) to 28 February 2000* *Financial years ended 28 February 2001 to 2003* *Financial period from 1 March 2003 to 31 December 2003*

Accordingly, adjustments have been made on a time apportionment basis to arrive at the above results.

(3) The MQ Group's financial performance has grown from strength to strength over the past five (5) financial years and six (6) months period ended 30 June 2004. The MQ Group's revenue showed an increasing trend from approximately RM2.04 million in the financial year ended 31 December 1999 to approximately RM22.13 million in the financial year ended 31 December 2003. During the six (6) months period ended 30 June 2004, the Group had recorded revenue of approximately RM15.49 million. Correspondingly, MQ Group's PBT also showed an upward trend over the past five (5) financial years and six (6) months period ended 30 June 2004.

(4) The MQ Group achieved more than 100% improvement in revenue from approximately RM2.04 million in the financial year ended 31 December 1999 to approximately RM4.14 million in the financial year ended 31 December 2000. The significant increase in revenue was resulted from the expansion of high-technology customer base during the financial year. There was no significant change in selling prices throughout the year under review as the Group did not raise the selling prices in order to remain competitive in the industry. The increase in PBT by approximately 225% was resulted from the increase in revenue as well as huge decrease in Directors' fee.

(5) The Group's revenue increased by approximately 165% from approximately RM4.14 million in the financial year ended 31 December 2000 to approximately RM10.98 million in the financial year ended 31 December 2001 as a result of incorporation of QBT which contributed approximately 63% of the Group's revenue during the financial year. However, the Group's PBT eased approximately 48% as a result of the economy turmoil which affected most of the customers to delay their projects to a later period.

(6) As a result of the recovery of economy, revenue increased from approximately RM10.98 million to approximately RM17.69 million during the financial year, which shows an increase of approximately 61% as compared to last financial year. The increase in revenue in financial year ended 31 December 2002 was due to a number of new customers obtained during the year. As a result, the Group's achieved approximately 255% higher PBT than in last financial year.

(7) The Group recorded an increase in its revenue for the financial year ended 31 December 2003 by approximately 25% as compared to financial year ended 31 December 2002. The increase was mainly due to favourable economic conditions in the semiconductor and HDD industries and increase in sales demand by new customers as well as existing customers resulted from the extensive marketing done by the management in order to increase its sales volume. In addition, the Group introduced new products during the financial year in order to increase total sales. There was no significant change noted in the selling price and a marked increase in export sales was noted. As a result, the Group's PBT for financial year ended 31 December 2003 increased by approximately 151% as compared to financial year ended 31 December 2002.

1. SUMMARY INFORMATION *(Cont'd)*

(8) *During the six (6) months period ended 30 June 2004, the Group recorded higher revenue mainly due to favourable economic condition in the semiconductor industry and increase in sales demand by existing customers during the period. There was no significant change noted in the selling prices during the financial period. As a result, the Group achieved higher PBT of approximately RM2.56 million for the six (6) months period ended 30 June 2004.*

(9) *There were no extraordinary items during the financial years/ period under review.*

(10) *The under/ overprovision of income tax expense in prior years were excluded in calculating the effective tax rates. The effective tax rates for 1999 and 2000 were lower than the statutory income tax rate mainly due to the pioneer status granted by the MITI to MPT for the production of moulds, tools, dies, jigs and fixtures. Under this incentive, 70% of MPT's statutory income derived from the production of moulds, tools, dies, jigs and fixtures was exempted from income tax for a period of five years from 1 August 1996 to 31 July 2001. The effective tax rate for 2001 was lower than the statutory income tax rate mainly due to certain income were not taxable. The effective tax rate for 2002 was lower than the statutory income tax rate mainly due to reinvestment allowance claimed and the utilisation of unabsorbed tax losses and unabsorbed capital allowances by the subsidiary companies. The effective tax rates for 2003 and six (6) months period ended 30 June 2004 were lower than the statutory income tax rate mainly due to the tax savings from claim of reinvestment allowances, utilisation of unabsorbed capital allowances and tax losses and double deduction on R&D expenses and reduction in tax rate. The government enacted a change in the corporate income tax rate such that small and medium scale companies with paid-up capital of RM2.5 million and below are subject to income tax at the rate of 20% on chargeable income of up to RM100,000 and RM500,000 with effect from the year of assessment 2003 and 2004 respectively. For chargeable income in excess of these amounts, the corporate income tax rate is at 28%.*

(11) *The gross EPS has been calculated based on the proforma PBT divided by 78,492,000 Shares assumed in issue and enlarged issued and paid-up share capital of 115,000,000 Shares respectively.*

(12) *The net EPS has been calculated based on the proforma PAT divided by 78,492,000 Shares assumed in issue and enlarged issued and paid-up share capital of 115,000,000 Shares respectively.*

The financial statements of MQ Group for the years/period under review were not subjected to any audit qualification.

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1. SUMMARY INFORMATION *(Cont'd)*

1.4 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2004

The Proforma Consolidated Balance Sheets as at 30 June 2004 set out below has been prepared for illustrative purposes only to show the effects on the audited balance sheets of MQ, had the Listing Scheme and utilisation of proceeds been effected on that date.

	As of 30 June 2004 RM'000	Proforma I RM'000	Proforma II RM'000
PROPERTY, PLANT AND EQUIPMENT	-	9,374	14,699
CURRENT ASSETS			
Inventories	-	1,014	1,014
Trade receivables	-	6,632	6,632
Other receivables and prepaid expenses	194	994	994
Fixed deposit with a licensed bank	-	250	250
Cash and bank balances	-	897	8,043
Total Current Assets	194	9,787	16,933
CURRENT LIABILITIES			
Trade payables	-	1,647	1,647
Other payables and accrued expenses	200	1,994	1,994
Amount owing to directors	-	566	566
Bank borrowings	-	932	-
Hire-purchase payables	-	1,183	1,183
Tax liabilities	-	305	305
Total Current Liabilities	200	6,627	5,695
NET (CURRENT LIABILITIES)/ CURRENT ASSETS	(6)	3,160	11,238
	(6)	12,534	25,937
SHARE CAPITAL	-	7,849	11,500
SHARE PREMIUM	-	-	9,752
(ACCUMULATED LOSSES)/ RETAINED PROFIT	(6)	2,551	2,551
SHAREHOLDERS' EQUITY	(6)	10,400	23,803
LONG-TERM AND DEFERRED LIABILITIES			
Hire-purchase payables	-	1,718	1,718
Deferred tax liabilities	-	416	416
Total Long-term and Deferred Liabilities	-	2,134	2,134
	(6)	12,534	25,937
Par value per ordinary share (RM)	1.00	1.00	0.10
Number of ordinary shares ('000)	0.002	7,849	115,000
NTA (RM'000)	(6)	10,400	23,803
NTA per ordinary share (RM)	(3,000)	1.33	0.21

1. SUMMARY INFORMATION *(Cont'd)*

Notes:-

Proforma 1 – Based on the assumptions that the Acquisitions have been effected.
Proforma 2 – Incorporates Proforma 1, the Sub-division, the Public Issue and utilisation of proceeds from the Public Issue.

Details of the Reporting Accountants' letter and Proforma Consolidated Balance Sheets are set out in Sections 9.10 and 9.11 of this Prospectus respectively.

1.5 RISK FACTORS

Prospective investors, prior to making an investment in the Company, should carefully consider the following risk factors inherent in and affecting the business of the Group and this Public Issue. In addition, this Prospectus contains forward-looking statements that involve risks and uncertainties. The Company's and Group's actual results when materialised, could differ materially from those disclosed herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in Section 3 of this Prospectus, and also those discussed throughout this Prospectus.

The key risk factors that may affect the Group's are as follows:-
(a) Business Risks;
(b) High Capital Investment;
(c) Technological Change;
(d) Dependence on Major Customer;
(e) Absence of Long Term Contractual Agreement with Customers;
(f) Availability of Raw Materials;
(g) Financial Risks;
(h) Foreign Currency Risk;
(i) Dependence on Key Personnel;
(j) Insurance Coverage on Assets;
(k) Breakout of Fire, Energy Crisis and Other Emergencies;
(l) Competitive Risks;
(m) Control by Promoters;
(n) Disclosure Regarding Forward-Looking Statements;
(o) No Prior Market for MQ's Shares;
(p) Political, Economic Regulatory Consideration;
(q) Failure/ Delay in the Listing;
(r) Capital Market Risk;
(s) Achievability of Profit Estimate and Forecast; and
(t) Uncertainty in the 5-Year Business Development Plan.

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

1.6 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.

1. SUMMARY INFORMATION *(Cont'd)*

1.7 PROFIT AND DIVIDEND RECORD

CONSOLIDATED PROFIT ESTIMATE AND FORECAST

Financial Year Ending 31 December	Estimate 2004 RM'000	Forecast 2005 RM'000
Revenue	29,379	35,668
Consolidated PBT	4,751	6,136
Less: Taxation	(710)	(606)
Consolidated PAT	4,041	5,530
Less: Pre-acquisition profit	(3,961)	-
Add: Reserve on consolidation written off	3,961	-
Consolidated PAT after pre-acquisition profit	4,041	5,530
Number of Shares assumed in issue ('000)	78,492	78,492
Enlarged issued and paid-up share capital ('000)	115,000	115,000
Gross EPS (sen) [(1)]	6.05	7.82
Gross EPS (sen) [(2)]	4.13	5.34
Net EPS (sen) [(1)]	5.15	7.05
Net EPS (sen) [(2)]	3.51	4.81
Gross PE Multiple (times) [(1)(3)]	6.61	5.12
Gross PE Multiple (times) [(2)(3)]	9.69	7.49
Net PE Multiple (times) [(1)(3)]	7.77	5.67
Net PE Multiple (times) [(2)(3)]	11.40	8.32

Notes:-

(1) *Based on the number of Shares assumed in issue.*

(2) *Based on the enlarged issued and paid-up share capital.*

(3) *Based on the issue price of RM0.40 per Share.*

DIVIDEND ESTIMATE AND FORECAST

Financial Year Ending 31 December	Estimate 2004	Forecast 2005
Gross dividend per Share (%)	-	10.00
Dividend yield based on the Issue Price of RM0.40 per Share (%)	-	2.50
Net dividend cover (times) [(1)]	-	4.92

Note:-

(1) *Based on the net dividend per Share and net EPS based on the enlarged issued and paid-up share capital.*

1. SUMMARY INFORMATION *(Cont'd)*

1.8 PROFORMA GROUP NTA AS AT 30 JUNE 2004

	Proforma Group NTA RM'000	NTA per Share RM
After adjusting for the Acquisitions, Sub-division, Public Issue and utilisation of proceeds from the Public Issue [(1)]	23,803	0.21

Note:-

(1) After deducting the estimated listing expenses of RM1.20 million. Please refer to Section 2.7 for details on the estimated listing expenses.

The above proforma consolidated NTA is based on the enlarged issued and paid-up share capital of 115,000,000 Shares in MQ. Detailed calculations of the proforma consolidated NTA are set out in Section 9.11 of this Prospectus.

1.9 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE

1.9.1 SHARE CAPITAL

The following statistics relating to the Public Issue are derived from the full text of the Prospectus and should be read in conjunction with the text.

	Number of Share	Share Capital RM
AUTHORISED SHARE CAPITAL	150,000,000	15,000,000
ISSUED AND FULLY PAID-UP SHARE CAPITAL:	78,492,000	7,849,200
• **New Shares to be issued pursuant to the Public Issue**	36,508,000	3,650,800
ENLARGED SHARE CAPITAL	115,000,000	11,500,000

The issue price is RM0.40 per Share payable in full upon application, subject to the terms and conditions of this Prospectus.

1.9.2 CLASS OF SHARES

There is only one class of shares in the Company namely ordinary shares of RM0.10 each, all of which rank pari passu with one another. The Public Issue Shares rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

1. SUMMARY INFORMATION *(Cont'd)*

1.10 UTILISATION OF PROCEEDS

The total gross proceeds arising from the Public Issue will be utilised by the Group in the following manner:-

Details of Utilisation	Timeframe for Utilisation from the Date of Listing	Amount RM'000
(i) Construction of a new factory building	Within 24 months	3,000
(ii) Purchase of plant, machinery and equipment	Within 24 months	2,325
(iii) Repayment of bank borrowings	Within 12 months	1,070
(iv) R&D expenditure	Within 12 months	800
(v) Future overseas business expansion	Within 24 months	2,000
(vi) Working capital	Within 12 months	4,208
(vii) Estimated listing expenses	Within 12 months	1,200
Total proceeds		**14,603**

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

1.11 WORKING CAPITAL, MATERIAL LITIGATION, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

(i) Working Capital

The Directors of MQ are of the opinion that, after taking into consideration the cash flow position, the banking facilities available and the net proceeds from the Public Issue, the Group will have adequate working capital for a period of twelve (12) months from the date of this Prospectus.

(ii) Material Litigation

As at 30 November 2004 (being the latest practicable date prior to the printing of this Prospectus), the Group is not engaged whether as plaintiff or defendant in any legal action, material litigation, claim, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position and business of the Group and the Directors do not know of any claim or proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position or business of MQ and its subsidiaries.

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1. SUMMARY INFORMATION *(Cont'd)*

(iii) Borrowings

As at 30 November 2004 (being the latest practicable date prior to the printing of this Prospectus), the total bank borrowings in the form of term loans and hire purchase financing amounted to approximately RM3.40 million. The borrowings can be analysed further as follows:-

Borrowings	**Amount RM'000**
Long term borrowings	
• Interest bearing	2,382
• Non-interest bearing	-
	2,382
Short term borrowings	
• Interest bearing	1,020
• Non-interest bearing	-
	1,020
Total borrowings	**3,402**

The Group has no foreign currency borrowings.

(iv) Contingent Liabilities

As at 30 November 2004 (being the latest practicable date prior to the printing of this Prospectus), there are no contingent liabilities incurred by the Group.

(v) Material Commitments

Save as disclosed below, as at 30 November 2004 (being the latest practicable date prior to the printing of this Prospectus), there are no material commitments for capital expenditure incurred or known to be incurred by the Group, which may have a substantial impact on the financial position of the Group.

Item	**Expected Cost RM'000**	**Deposit Paid RM'000**	**Commitment RM'000**
Acquisition of a piece of land measuring 1.89028 acres at Bayan Lepas Industrial Park IV	1,647	347	1,300

Details of the working capital, material litigation, borrowings, contingent liabilities and material commitments are set out in Section 9.4 of this Prospectus.

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2. PARTICULARS OF THE PUBLIC ISSUE

This Prospectus is dated 31 December 2004.

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

The SC and Bursa Securities have approved the Public Issue and the approvals shall not be taken to indicate that the SC and Bursa Securities recommend the Public Issue.

Approvals from the SC and Bursa Securities have been obtained for the Public Issue on 2 November 2004 and 4 November 2004 respectively. Approval from Bursa Securities has been obtained for the admission to the Official List of the MESDAQ Market and for the listing of and quotation for the entire enlarged issued and paid-up share capital of MQ including the Public Issue Shares which are the subject of this Prospectus. These Shares will be admitted to the Official List on the MESDAQ Market and official quotation will commence upon receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants. The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus.

The SC shall not be liable for any non-disclosure on the part of MQ and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

Bursa Securities shall not be liable for any non-disclosure on the part of MQ and takes no responsibility for the contents of this Prospectus, makes no representation as to its correctness or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. Admission to the Official List is not to be taken as an indication of the merits of MQ or of its Shares.

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

Pursuant to the Listing Requirements, at least 25% but not more than 49% of the issued and paid-up share capital of the Company must be held by a minimum number of 200 public shareholders at the time of admission to the MESDAQ Market. In the event that the above requirement is not met pursuant to the Public Issue, the Company may not be allowed to proceed with its listing on the MESDAQ Market of Bursa Securities. In the event thereof, monies paid in respect of all applications will be returned if the said permission is not granted.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the Shares of the Company as a prescribed security. In consequence thereof, the Public Issue Shares offered through this Prospectus will be deposited directly with the Bursa Depository and any dealings in these Shares will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository.

Applicants of the Public Issue Shares must have a CDS account. In the case of an application by way of Application Form, an applicant should state his/her CDS account number in the space provided in the Application Form. In the case of an application by way of Electronic Share Application, only an applicant who is an individual and has a CDS account can make an Electronic Share Application and the applicant shall furnish his/her CDS account number to the Participating Financial Institution by way of keying his/her CDS account number if the instructions on the ATM screen at which he/she enters his/her Electronic Share Application requires him/her to do so. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application.

2. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue and if given or made, such information or representation must not be relied upon as having been authorised by MQ. Neither the delivery of this Prospectus nor any Public Issue made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of MQ since the date hereof.

The distribution of this Prospectus and the making of the Public Issue in certain other jurisdictions outside Malaysia may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the Public Issue Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

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

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2. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

2.1 SHARE CAPITAL

	Number of Share	Share Capital RM
AUTHORISED SHARE CAPITAL	150,000,000	15,000,000
ISSUED AND FULLY PAID-UP SHARE CAPITAL:	78,492,000	7,849,200
• **New Shares to be issued pursuant to the Public Issue**	36,508,000	3,650,800
ENLARGED SHARE CAPITAL	**115,000,000**	**11,500,000**

The issue price is RM0.40 per Share payable in full upon application, subject to the terms and conditions of this Prospectus.

There is only one class of shares in the Company, namely, ordinary shares of RM0.10 each, all of which rank pari passu with one another. The Public Issue Shares will rank pari passu in all respects with the other existing issued Shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

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

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each Share held.

2.2 OPENING AND CLOSING OF APPLICATIONS

The application for the Public Issue will open at 10.00 a.m. on 31 December 2004 and will remain open until 5.00 p.m. on 7 January 2005 or for such further period or periods as the Directors and/or Promoters of MQ together with the Managing Underwriter in their absolute discretion may decide. Late applications will not be accepted.

In the event the closing date for the applications is extended, investors will be notified of the change in a widely circulated English and Bahasa Malaysia newspaper in Malaysia.

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2. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

2.3 CRITICAL DATES OF THE PUBLIC ISSUE

Events	Tentative Date
Opening Date of the Public Issue	31 December 2004
Closing Date of the Public Issue *	7 January 2005
Tentative Balloting Date	13 January 2005
Tentative Listing Date	20 January 2005

* *The Closing Date of the Public Issue may be extended for such other later date or dates as the Directors and/or Promoters of MQ together with the Managing Underwriter may in their absolute discretion mutually decide.*

In the event that the Closing Date for the Applications is extended, investors will be notified of the change in a widely circulated English and Bahasa Malaysia newspaper in Malaysia.

2.4 BASIS OF ARRIVING AT THE ISSUE PRICE

The issue price of RM0.40 per Share was determined and agreed upon by the Company and AmMerchant Bank as Adviser, Managing Underwriter and Placement Agent based on various factors including the following:-

(i) The Group's financial operating history and conditions, and financial position as outlined in Section 4.1 and 9 of this Prospectus;

(ii) The Proforma Consolidated NTA of MQ as at 30 June 2004 of RM0.21 per Share based on the enlarged issued and paid-up share capital of 115,000,000 Shares in MQ; and

(iii) The future plans and prospects of MQ Group as outlined in Section 4.7 of this Prospectus.

The Directors of the Group and AmMerchant Bank are of the opinion that the issue price is fair and reasonable after careful consideration of the abovementioned factors.

2.5 DETAILS OF THE 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:-

(i) 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.

2. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

(ii) 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.

Details of the Pink Form Shares allocation to the Directors, employees and business associates of the MQ Group are as follows:-

(a) Directors

Name of Directors	Designation	Pink Form Shares Allocation
Chatar Singh a/l Santa Singh	Executive Chairman	1,975,000
Tan Cheow Boon	Managing Director	987,500
Chin Tee Kheng	Executive Director	987,500
Dato' Dr Chong Eng Keat @ Teoh Eng Keat	Independent Non-Executive Director	25,000
Kok Seng Loong	Independent Non-Executive Director	25,000
Total		**4,000,000**

(b) Employees and Business Associates

Category	Number	Average No. of Shares To Be Allocated To Each Person	Pink Form Shares Allocations
Managers and professionals	17	50,000	850,000
Technical and supervisory	44	15,000	660,000
Clerical and related personnel	21	5,000	105,000
Factory workers:- - Skilled and Unskilled	427	2,000	854,000
Total eligible employees	**509**	-	**2,469,000**
Business associates	50	50,780	2,539,000
Total eligible employees and business associates	**559**	-	**5,008,000**

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

(iii) 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.

The summary of the Public Issue Shares is set out in Section 4.1.3(vii) of this Prospectus.

2.6 PURPOSES OF THE PUBLIC ISSUE

The purposes of the Public Issue are as follows:-

(i) To provide the opportunity for the eligible Directors, employees and business associates of the Group and the Malaysian investing public and institutions to participate in the equity and continuing growth of the Group;

(ii) To enable the Group to gain recognition and certain stature through its listing status and further enhance its corporate reputation and assist the Group in expanding its customer base;

(iii) To provide additional funds to meet the present and future working capital requirement of the Group;

(iv) To enable the Group to gain access to the capital market to raise funds for future expansion, diversification, modernisation and continued growth of the Group; and

(v) To facilitate the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the MESDAQ Market of Bursa Securities.

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2. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

2.7 UTILISATION OF PROCEEDS

The Public Issue is expected to raise gross proceeds of approximately RM14.60 million which shall accrue to the Company.

The Group intends to utilise the proceeds raised in the following manner:-

Details of Utilisation	Timeframe for Utilisation from the Date of Listing	Amount RM'000
(i) Construction of a new factory building	Within 24 months	3,000
(ii) Purchase of plant, machinery and equipment	Within 24 months	2,325
(iii) Repayment of bank borrowings	Within 12 months	1,070
(iv) R&D expenditure	Within 12 months	800
(v) Future overseas business expansion	Within 24 months	2,000
(vi) Working capital	Within 12 months	4,208
(vii) Estimated listing expenses	Within 12 months	1,200
Total proceeds		**14,603**

The Company will bear all expenses and fees incidental to the listing of and quotation for the entire enlarged issued and paid-up share capital of MQ on the MESDAQ Market of Bursa Securities, which include underwriting commission, placement fees, brokerage, professional fees, authorities fees, advertising and other fees. The aggregate is estimated to be RM1.20 million.

There is no minimum subscription to be raised from the Public Issue as the Public issue Shares, where applicable, are fully underwritten or placed out.

Notes:-

(i) Construction of a new factory building

As part of its expansion plan, the Group plans to build a new factory building to cater for the expected increase in sales. A total of RM3.00 million of the proceeds is earmarked to finance the eventual construction of a new factory building cum head office on the new piece of industrial land measuring approximately 45,000 sq. ft. which was acquired in August 2004 using internally generated funds. With the new factory building, total production facility of the Group will be increased from approximately 19,000 sq. ft. to 42,000 sq. ft. The new factory building will also save the Group rental expenses of approximately RM48,000 per annum. The construction of the new factory building is expected to be completed by December 2005.

(ii) Purchase of plant, machinery and equipment

The Group plans to utilise approximately RM2.33 million of the total proceeds to purchase more advanced new machinery and equipment to increase not only its manufacturing capacity in order to support future growth projections but also to improve on production in terms of quality and reduce labour cost.

2. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

(iii) Repayment of Bank Borrowings

The Group proposes to set aside a total of RM1.07 million of the proceeds for the repayment of the Group's bank borrowings. As mentioned in Section 1.10 of this Prospectus, as at 30 November 2004 (being the latest practicable date prior to the printing of this Prospectus), the total bank borrowings of the Group amounted to approximately RM3.40 million, mainly consists of hire purchase financing, term loans and bankers acceptance of RM2.71 million, RM0.26 million and RM0.43 million respectively. Such borrowings have been utilised to finance, inter alia, the working capital requirements of the Group.

The repayment of such bank borrowings will reduce the Group's gearing level from approximately 17.85% to 12.18% (based on the proforma Group's total borrowings as at 30 June 2004 and proforma Group's shareholders' equity as at 30 June 2004). At the prevailing average interest rate of approximately 7%, the Group would be able to save interest cost totalling approximately RM65,240 per annum.

(iv) R&D Expenditure

The Group plans to invest RM0.80 million for R&D expenditure in line with its R&D policy. To ensure that the Group is able to maintain its leading edge in the industry, the Group plans to invest up to approximately 4% of its annual turnover yearly in the R&D. The R&D plans will focus on existing and new product development and process development where the internal process are automated to further improve productivity and reduce costs.

(v) Future Overseas Business Expansion

In line with the Group's expansion plan in Thailand, an amount of RM2.00 million has been allocated to finance investments in Thailand. This is to take advantage of the booming market in the semiconductor, automotive and manufacturing industries in Thailand as well as servicing its existing customer who have expanded to Thailand.

(vi) Working Capital

Of the total proceeds, approximately RM4.21 million will be used as general working capital for the Group to finance the day-to-day operations of the Group including the payment of creditors, salaries, purchase of raw materials/ stocks and operating expenses.

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2. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

(vii) Estimated Listing Expenses

The estimated listing expenses for the listing of and quotation for the entire enlarged issued and paid-up share capital of MQ on the MESDAQ Market of Bursa Securities are as follows:-

Estimated Listing Expenses	Amount RM
Fees to authorities	42,500
Professional fees [(1)]	550,000
Underwriting and brokerage fees	259,000
Printing, advertising and other miscellaneous expenses [(2)]	348,500
Total	**1,200,000**

Notes:-

(1) Include fees for the Adviser, Reporting Accountants, Solicitors and other professional advisers.

(2) Any variation in the actual listing expenses from the estimated amount will be adjusted in the working capital.

2.8 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS

The utilisation of the Public Issue proceeds by the Group is expected to have a financial impact on the Group as follows:-

(i) Interest savings

The repayment of bank borrowings will reduce the Group's gearing level from approximately 17.85% to 12.18% (based on the proforma Group's total borrowings as at 30 June 2004 and proforma Group's shareholders' equity as at 30 June 2004). At the prevailing average interest rate of approximately 7%, the Group would be able to save interest cost totalling approximately RM65,240 per annum.

(ii) Increase production volume

Part of the proceeds of RM2.33 million are earmarked for acquisition of machineries which in turn would increase production volume. This would enable the Group to capitalise on the economies of scale and reduction in cost per unit of products produced.

(iii) Increase efficiency in operations

With the employment of new machineries with better production rate, higher efficiency and less breakdown/ maintenance time, it would also increase the Group's efficiency in its production operations. Higher efficiency will enable the Group to lower its cost of production.

2.9 UNDERWRITING COMMISSION AND BROKERAGE

The Underwriters as mentioned in the Corporate Directory Section of this Prospectus, have agreed to underwrite the 13,008,000 Public Issue Shares to be issued to the Public, the eligible Directors, employees and business associates of the Group. Underwriting commission is payable by the Company in respect of the total 13,008,000 Public Issue Shares at the rate of 2.0% at the issue price of RM0.40 per Share to the respective Underwriters.

Brokerage is payable by the Company in respect of the Public Issue Shares made available for application by the Public at the rate of 1.0% of the issue price of RM0.40 per Share in respect of successful applications which bear the stamp of AmMerchant Bank, member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

2.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

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

The following are some of the Clauses of the Underwriting Agreement dated 21 December 2004 ("Agreement"), including escape clauses, which may allow the underwriters to withdraw from obligations under the agreement after the opening of the offer:-

Clause 4.1

The obligations of the Underwriters under this Agreement will further be conditional upon-

(a) the Underwriters being reasonably satisfied that the listing and quotation of the IPO Shares on the MESDAQ Market will be granted within 2 clear Market Days after the submission to the Bursa Securities of the relevant documents including the receipt of confirmation from Bursa Depository confirming that all the respective central depository system accounts of the successful applicants have been duly credited and notices of allotment have been dispatched to all successful applicants;

(b) the issuance of the IPO Shares have been approved by the Bursa Securities, the SC and any other relevant authority or authorities;

(c) there not having been on or prior to the Listing Date, any adverse change or any development reasonably likely to involve a prospective adverse change in the financial condition of the Company, from that set out in the Prospectus which is material in the context of the offering in the IPO Shares nor the occurrence of any event rendering untrue or incorrect to an extent which is material any representations or warranties contained in clause 1 as though they have been given or made on such date;

(d) the filing with the Bursa Securities and the SC and the lodgement with the Registrar of Companies of the Prospectus and accompanying documents on or before their issue, circulation or distribution to the public;

(e) the placement shares being fully subscribed by placees;

(f) the Prospectus being issued within one (1) month of the date of this Agreement;

Clause 4.2

If any of the conditions precedent in clause 4.1 above which is to be satisfied prior to the Closing Date for application of the IPO Shares is not satisfied, the Underwriters will thereupon be entitled to terminate this Agreement by notice in writing to the Company. In such event, this Agreement will automatically be terminated and the parties to this Agreement will be released and discharged from their obligations.

Clause 4.3

In the event of termination pursuant to clause 4.2 above, (except for the liability of the Company for payments of costs and expenses incurred prior to or in connection with such termination) the parties will be released and discharged from their obligations.

Clause 5.1

Notwithstanding anything contained in this Agreement, the Underwriters may by notice in writing to the Company given at any time before the Listing Date, terminate, cancel and withdraw its commitment to underwrite the Underwritten Shares and pursuant thereto terminate this Agreement if:

(a) there is any breach by the Company of any of the representations, warranties or undertakings contained in clause 1, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company; or

(b) the Company withholds any information of a material nature from the Underwriters, which, in the reasonable opinion of any Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO Shares, or the distribution or sale of the IPO Shares; or

(c) there has occurred, happened or come into effect any material and adverse change to the business or financial condition of the Company or the Group; or

(d) there has occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriters by reason of Force Majeure which would have or can reasonably be expected to have, a material adverse effect on the business or the operations of the Company or the Group or the success of the IPO Shares or which is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or

(e) any government, requisition or other occurrence of any nature whatsoever which would or is likely to have a material adverse effect on the financial and operational condition of the Company;

(f) there is failure on the part of the Company to perform any of its obligations herein contained;

(g) the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities;

(h) the Company has committed a breach of any of the representations, warranties, undertakings, covenants or other provisions of the Underwriting Agreement, the breach of which is either incapable of remedy or if capable of remedy, the Company has failed to remedy such breach within a period of fourteen (14) days from the date of a notice in writing from the Underwriters notifying the Company of such breach and require the Company to remedy the same;

(i) the Kuala Lumpur Composite Index has dropped to below 650 points and stayed below 650 points for at least five (5) consecutive market days; and

(j) the approval for the Proposed Listing is withdrawn, modified and/or subject to terms and conditions not acceptable to the Underwriters.

Clause 5.2

Upon such notice(s) of termination being given under clause 5.1, the Underwriters will be released and discharged of its obligations without prejudice to its rights.

Clause 5.3

This Agreement will thereafter be of no further force or effect and no party will be under any liability to any others in respect of this Agreement, except that the Company will remain liable in respect of any of its obligations and liabilities under clause 1, for the payment of the costs and expenses already incurred up to the date on which such notice was given and for the payment of any taxes, duties or levies and the Company will refund to the Underwriters the subscription monies, if any, relating to the IPO Shares without any deduction.

Clause 5.4

The Underwriters and the Company may however, confer with a view to deferring the issuance of the IPO Shares or amending its terms or the terms of this Agreement or enter into a new underwriting agreement accordingly. However, neither the Company nor the Underwriters will be under any obligation to make a fresh agreement.

Clause 6.1

In consideration of the underwriting commission referred to in clause 12.1 and column III of the First Schedule (the "**Underwriting Commission**"), the Underwriters relying upon each of the representations, warranties and undertakings set out in clause 1 and the terms of this Agreement have agreed to severally but not jointly, underwrite the Underwritten Shares at Forty Sen (RM0.40) per share in the amount set out opposite the Underwriters' names in column I of the First Schedule and having a total value set out in column II of the First Schedule.

Clause 6.2

Subject to any existing applicable laws and regulations, the Underwriters will be at liberty (but at their own cost and expense) to sub-underwrite their underwriting obligation under this Agreement in good faith upon such terms and conditions as it may deem fit and the Underwriters will pay any sub-underwriting commission payable in connection with such sub-underwriting. For the purpose of this clause, the Company consents to the Underwriters deliver a copy of the Prospectus and to disclose such information regarding the Company to the sub-underwriter(s).

Clause 7.1

If on the Closing Date, any of the Underwritten Shares have not been validly subscribed for by the public, the Underwriters will in good faith purchase or procure persons (whether individual or corporation) to purchase shares from the Underwritten Shares which have not been validly subscribed for.

2. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

Clause 7.2

The obligation of the Underwriters to purchase or procure the purchase will be calculated by reference to the Second Schedule subject to the maximum amount of the Underwritten Shares shown opposite their names in column I of the First Schedule.

Clause 7.3

The number of Unsubscribed Shares to be purchased or procured to be purchased by the Underwriters will be calculated based on the formula set out in the Second Schedule.

Clause 10.1

The obligation and liability of the Underwriters pursuant to the provisions of clauses 6, 7 and 9 will be to purchase or procure the purchase of the total number of Unsubscribed Shares to be calculated in accordance with the Second Schedule.

Clause 10.2

The obligation of each Underwriter is several and no Underwriter will be responsible for any failure by any other Underwriter to meet their respective obligations nor will such failure relieve the Company or the remaining Underwriters of their respective obligations and nothing in this Agreement will be construed as constituting or evidencing a partnership between the Underwriters or any of them. In the event any Underwriters fail to meet their respective obligations, the other Underwriters will have the right but will not be obliged to assume the obligations of the Defaulting Underwriter.

Clause 10.3

Notwithstanding any provision which may state or imply to the contrary, the rights of each Underwriter are also several. Each Underwriter will severally have the right to protect and enforce its rights arising out of this Agreement and it will not be necessary for the Managing Underwriter or the other Underwriters to be joined as an additional party in any proceedings for the purposes of this Agreement.

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3. RISK FACTORS

In evaluating an investment in the Public Issue Shares, prospective applicants should carefully consider all information contained in this Prospectus including but not limited to the general and specific risks of the following investment considerations:-

(a) Business Risks

The Group is subject to certain risk inherent to the manufacturing industry. These may include shortage in skilled workforce, increase in cost of labour and operating cost, changes in general economic, business and credit conditions and changes in government policies.

The Group has taken steps to mitigate the risks through implementing various strategies, such as increasing its product range and value added service to its customers by providing integrated precision engineering services. Efforts have been made to expand its market base and R&D to strengthen and enlarged its business activities. However, no assurance can be given that any change in the market forces will not have a material adverse effect on the Group.

(b) High Capital Investment

The supporting industry for semiconductor and HDD generally requires high capital investments. New machinery and equipment are required as the trend of the industry moves towards higher precision levels and more complex manufacturing systems. MQ Group has always tried to keep abreast with new CAD/CAM technologies in order to develop its product design capabilities and compete effectively. In addition, the semiconductor and HDD industry is moving towards greater automation. Should the Group fail to consistently invest in capital expenditure, the Group's operations may be rendered less efficient, resulting in compromise in quality or losing an edge in technological competitiveness. This may adversely affect the operating and financial performance of the MQ Group.

MQ Group has invested approximately RM14.29 million in capital expenditure on machinery and equipment since the start of its business operations. The capital investment for the last three (3) financial years ended 31 December 2003 and six (6) months period ended 30 June 2004 are as follows:-

	<-----Financial Year Ended 31 December------>			
	2001 RM'000	**2002 RM'000**	**2003 RM'000**	**6 Months Period Ended 30.6.2004 RM'000**
Investment in machinery and equipment	2,217	2,147	1,278	3,379

The Directors and management team of the Group constantly update themselves with the technological changes and requirements through discussions with vendors and its MNC customers to understand the latest manufacturing trends and requirements. This enables the Directors to plan the Group's capital expenditure to be in line with the customers' requirements and the technical know-how of the Group.

Based on the cash flow generated from operations and proceeds from the Public Issue, the Group believes that it has sufficient funds to meet the foreseeable needs of the Group in capital expenditure.

3. RISK FACTORS *(Cont'd)*

(c) Technological Change

The manufacturing and semiconductor industries are dynamic and there can be no certainty in respect of the direction and life span of technology. The success of the Group is dependent on its ability to maintain and enhance its technological capabilities and successfully anticipates or responds to technological changes to meet the latest design and requirements of their customers on a timely basis.

MQ Group is confident that with the on-going training and development programmes conducted by the Group for its employees coupled with its experienced management team, it will be able to keep abreast with the changing market demand for the wide range of services the Group provides. However, there can be no assurance that the Group's development policy will be successful to procure the latest technologies and technical know-how.

(d) Dependence on Major Customer

The Group's customer base is made up of leading corporations and MNCs in the semiconductor and disk drive industry. 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. However, this customer has been with the Group since the setting up of QBT in 2001 and this indicates a long-term and stable customer relationship.

The relationship between PCA and QBT is one of mutual dependency. PCA is a turnkey manufacturer for Western Digital (M) Sdn Bhd **("Western Digital")** in Malaysia and Thailand. The MQ Group is the strategic and smart partner pf 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 mould. Currently, QBT is supplying approximately 80% of the high precision coil for HDDs produced by PCA. 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 products and processes.

The remaining 25% of the revenue was spread across more than ten (10) 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.

The Group has taken efforts to constantly source for new customers as well as increase its product range. Due to the space constraint and increasing demand for its services, the Group plans to build a new factory building to further diversify its customer base into higher value added activities in flexible manufacturing systems.

The disk drive and semiconductor industries are dominated by large established MNC players which subject new vendors to laborious screening and pre-qualification procedures. This is a lengthy and time-consuming process which may take up to nine (9) months or more. Such stringent screening makes it difficult for new entrants who lack the necessary track record to qualify as approved vendors. Likewise, the rigorous and time-consuming accreditation or qualification process by MNCs give rise to high switching costs, making it less desirable for MNCs to frequently change vendors unless there are compelling reasons to do so. Being the approved vendor for these major customers, the Group has build a strong relationship with these major customers by proving its capability to produce competitive and quality products over the years.

(e) Absence of Long Term Contractual Agreement with Customers

The MQ Group does not have any formal long term contract with its customers. Although there are no formal contractual agreements with its customers, the MQ Group has established a close working relationship with most of its customers. For the six (6) months period ended 30 June 2004, most of its major customers have been dealing with the Group for more than 3 years. As at 30 November 2004 (being the latest practicable date prior to the printing of this Prospectus), there are no termination of orders taken by customers of the MQ Group.

The Group believes that by providing quality products, on-time delivery, competitive pricing and value added services, it will be able to maintain a firm relationship with its customers. The Group seeks to limit this risk by working closely with its existing customers and also by employing various strategies to broaden its customer base which includes, inter-alia, venturing into new markets and developing new products and services.

(f) Availability of Raw Materials

All the raw materials used by the Group are sourced directly from the suppliers. As many of the Group's customers are MNCs, the Group is required to source its raw materials requirements from approved suppliers of the MNCs. Precision aluminium, copper wire, bobbin, alloy steel, carbide tools and consumables are the main raw materials consumed. Approximately 60% of the raw materials are sourced locally whilst the remaining 40% are imported.

The Group has not encountered any major problems in sourcing its raw material requirements. The Group has established a working relationship with its suppliers. For the six (6) months period ended 30 June 2004, most of its major suppliers have been dealing with the Group for more than 2 years. The Group has not encountered any problem in procurement of raw materials for its operations with many sources readily available. However, no assurance can be given that any future change in the relationship with the suppliers will not have an impact on the Group's business.

(g) Financial Risks

Save as disclosed in Section 1.10 of this Prospectus, the Group does not have any other borrowings and indebtedness in the form of borrowings, including bank overdraft and liabilities under acceptances, hire purchase or commitments or guarantees. As at 30 November 2004 (being the latest practicable date prior to the printing of this Prospectus), the Group's total borrowings amounted to approximately RM3.40 million.

Some of the Group's working capital requirements are met partially by borrowings and internally generated funds. Given that the Group has borrowings and the payment of the loan interest is dependent on interest rate, future fluctuations of the interest rate could have effects on the Group's interest and principal repayment.

(h) Foreign Currency Risk

For the six (6) months period ended 30 June 2004, approximately 97% of the Group's revenue was transacted in RM whilst the remaining 3% of the Group's revenue was transacted in USD. Meanwhile approximately 62% of its raw materials requirements were imported from overseas and were mainly transacted in USD. This exposes the Group to foreign currency risk. However, the pegging of the RM against the USD has allowed the Group to minimise the foreign currency risk. Nonetheless, the Group has adopted a more prudent approach for foreign currency transactions such as performing continuous monitoring of foreign currency movements and undertaking hedging to mitigate foreign currency risk, if necessary.

However, there can be no assurance that the existing currency pegging or currency controls will remain and that future foreign exchange fluctuation arising from the changes in the currency pegging or lifting of the currency controls will not have any impact on the Group's business.

(i) Dependence on Key Personnel

The Group believes that its continued success will depend to a significant extent upon the abilities and continued efforts of its existing Directors and key management. The Group will strive to continue attracting and retaining skilled personnel to support its business operations and has made efforts to train its personnel. As a result of this, the Group has enjoyed the continued support of long-term service management staff.

The Group is headed by experienced management team with most of its key personnel having been in the industry for more than 10 years. They are trained and possess relevant knowledge and experience in managing the Group's business. The success of the Group's business was achieved through the deliberate and careful planning of the Directors with the support of the Group's key management team.

(j) Insurance Coverage on Assets

The Group is aware of the adverse consequences arising from inadequate insurance coverage that could affect its business operations. In ensuring such risks are minimised, the Group reviews and ensures adequate coverage for its assets on a continuous basis.

Although the Group has taken necessary measures to ensure that its building, plant and machinery and all its other assets are adequately covered by insurance, there can be no assurance that the insurance coverage would be adequate for the replacement cost of the other assets of MQ Group, including but not limited to, the building, plant and machinery, raw materials, finished products or any consequential costs arising therefrom.

(k) Breakout of Fire, Energy Crisis and Other Emergencies

Every business faces the risks of losses arising from emergencies such as breakout of fire and energy crisis. The Group has taken note of such risks and has taken various steps to reduce such risks by having proper fire-fighting systems, safeguarding of its various databases at a secure location and carrying out periodical review on its security and maintenance procedures. The Group has also taken insurance coverage to mitigate the financial losses from such happenings where possible.

(l) Competitive Risks

The MQ Group faces competition from both local and foreign companies in the precision engineering industry. The customers, particularly the MNCs, generally impose stringent criteria in selecting their suppliers, which include proven track record in producing high quality products, management capability, delivery dependability and competitive pricing. In this respect, the Group endeavours to meet the standards set by its customers and the Directors of MQ are cautiously optimistic that the Group will continue to remain competitive with strict quality control, low overheads and continuous R&D activities to achieve higher production and operational efficiency.

(m) Control by Promoters

After the Public Issue, the Promoters, as set out in Section 5.1 of this Prospectus will collectively control approximately 58.28% of MQ's enlarged issued and paid-up share capital. As a result, these Promoters will be able to exercise some extent of influence on the outcome of certain matters in a manner that could cause conflict with the interests of minority shareholders.

However, in the event of related party transactions involving any of the Promoters of the Company, such Promoters would be required to abstain from voting. In addition, MQ has appointed two (2) Independent Non-Executive Directors, as a step towards good corporate governance and protecting the interests of minority shareholders.

(n) Disclosure Regarding Forward-Looking Statements

All statements contained in this Prospectus, statements made in press releases and oral statements that may be made by MQ, Directors or employees acting on the Company's and Group's behalf, that are not statements of historical fact, constitute "forward-looking statements". Investors can identify some of these statements by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, investors should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group's expected financial position, business strategy, plans and prospects are forward-looking statements. These forward-looking statements, including statements as to the Group's revenue and profitability, cost measures, planned strategy and any other matters discussed in this Prospectus regarding matters that are not historical facts are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

(o) No Prior Market for MQ's Shares

Prior to this Public Issue, there has been no public market for MQ's Shares. There can be no assurance that an active market for MQ's Shares will develop and continue to develop upon or subsequent to its listing on the MESDAQ Market of Bursa Securities or, if developed, that such a market will be sustained. The issue price of RM0.40 for the Public Issue Shares has been determined after taking into consideration a number of factors, as mentioned in Section 2.4 of this Prospectus.

The Group believes that a variety of factors could cause the price of the Shares to fluctuate, including sales of substantial amounts of the Shares in the public market in the immediate future, announcements of developments relating to the Group's business, fluctuation in the Group's operating results and sales levels, general industry conditions or the world wide economy.

(p) Political, Economic Regulatory Consideration

Adverse developments in political, economic and regulatory conditions in Malaysia and the other countries where the Group may operate, source its supplies or market its products could materially and adversely affect the financial and business prospects of the Group. Political and economic uncertainties, include (but are not limited to) risks of war, expropriation, nationalisation, methods of taxation and currency exchange controls.

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

3. RISK FACTORS *(Cont'd)*

(q) Failure/ Delay in the Listing

The success of the listing exercise is also exposed to the risk that it may fail or be delayed should any of the following event occurs:-

(i) The eligible Directors, employees and business associates of the Group fail to subscribe the Public Issue Shares allocated to them;

(ii) The underwriters of the Public Issue fail to honour their obligations under the underwriting agreements;

(iii) The placees under the private placement fail to subscribe the Public Issue Shares allocated to them; and

(iv) MQ is unable to meet the public spread requirements i.e. at least 25% of the issued and paid-up capital of MQ must be held by a minimum of 200 public shareholders holding no less than 100 Shares each at the time of Listing.

(r) Capital Market Risk

As an investor of MQ, it is to be noted that MQ will be listed on the MESDAQ Market of Bursa Securities. The performance of our local bourse is very much dependent on external factors such as the performance of the regional and world bourses and the inflow and outflow of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors will invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risk to the market price of the Shares of MQ to be listed on Bursa Securities. Nevertheless, it shall be noted that the profitability of MQ Group is not dependent on the performance of Bursa Securities.

(s) Achievability of Profit Estimate and Forecast

It should be noted that the profit estimate and forecast are based on various assumptions in respect to the levels and timing of revenues, cost, interest rates, exchange rates and various other matters of an operational or financial nature, which assumptions are believed by the Directors of the Company to be reasonable. These assumptions are nevertheless subject to uncertainties and contingencies. Because of the subjective judgments and inherent uncertainties of the estimate and forecast and because the events and circumstances may not occur as expected, no assurance can be given that such assumptions and the estimated and forecasted results will be realised and actual results may be materially different from that shown. Potential investors should note carefully the bases and assumptions to the profit estimate and forecast as well as the comments by the Reporting Accountants in their letter on the consolidated profit estimate and forecast as set out in Section 9.5 of this Prospectus.

(t) Uncertainty in the 5-Year Business Development Plan

The Group's future plan and prospects will be dependent upon, amongst others, the Group's ability to enter strategic marketing or other arrangements on a timely basis and on favourable terms; hire and retain skilled management as well as financial, technical, marketing and other personnel; successfully manage growth; and obtaining adequate financing as and when needed. As a mitigating factor, the Group has been in operations since 1996 and its management is experienced in the supporting industry for semiconductor and HDD industry. Nevertheless, there can be no assurance that the Group will be able to successfully implement its business plan or that unanticipated expenses or problems or technical difficulties will not occur which would result in material delays in its implementation or even deviation from its original plans. In addition, the actual results may deviate from the business plan due to rapid technological changes, market as well as competitive pressures.