
I. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Directors	Address	Occupation	Nationality
Tan Sri Dato' Mohamed Noordin bin Hassan <i>(Chairman / Non-Executive Director)</i>	121, Jalan Bukit Pantai 59100 Kuala Lumpur	Director	Malaysian
Wong Peng Yew <i>(Managing Director)</i>	74, Tingkat Kikik Dua Taman Inderawasih 13600 Prai, Penang	Director	Malaysian
Sim Keng Siong <i>(Executive Director)</i>	Q2-02-02, Goodyear Court 8 USJ 14, Persiaran Mulia 47620 Subang Jaya Selangor Darul Ehsan	Director	Malaysian
Low Siew Ping <i>(Executive Director)</i>	C1, 4½ Miles, Jalan Cenderuh 6 Off Jalan Ipoh Taman Bamboo 51200 Kuala Lumpur	Director	Malaysian
Lim Foo Seng <i>(Executive Director)</i>	117, Jalan Tempua 3 Bandar Puchong Jaya, Batu 8 47100 Puchong Selangor Darul Ehsan	Director	Malaysian
Md Hilmi bin Datuk Hj Md Noor <i>(Independent Non-Executive Director)</i>	16, Jalan Burhanuddin Helmi Satu Taman Tun Dr Ismail 60000 Kuala Lumpur	Director	Malaysian
Shinichi Yamamoto <i>(Independent Non-Executive Director)</i>	No. 27, Jalan Seram B U8/27, Taman Bukit Jelutong Seksyen U8 40150 Shah Alam Selangor Darul Ehsan	Director	Japanese
M. Eswaran A/L K. Mahendran <i>(Independent Non-Executive Director)</i>	1-12-6, Kiara View Condominium Jalan Datuk Sulaiman 6 Taman Tun Dr Ismail 60000 Kuala Lumpur	Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Md Hilmi bin Datuk Hj Md Noor	Chairman	Independent Non-Executive Director
M. Eswaran A/L K. Mahendran	Member	Independent Non-Executive Director
Shinichi Yamamoto	Member	Independent Non-Executive Director
Lim Foo Seng	Member	Executive Director

1. **CORPORATE DIRECTORY** (cont'd)

- COMPANY SECRETARIES** :
- Yeoh Chong Keat (MIA No. 2736)
4 Jalan 12/19
46200 Petaling Jaya
Selangor Darul Ehsan
- Lim Fei Chia (MAICSA 7036158)
E2-03-16 Good Year
Court 5, Jalan Kewajipan
47610 Petaling Jaya
Selangor Darul Ehsan
- REGISTERED OFFICE** :
- Lot 15, Jalan Gudang 16/9
Section 16
40200 Shah Alam
Selangor Darul Ehsan
- Telephone No.: 03-5518 1088
Facsimile No.: 03-5510 1033
- HEAD/MANAGEMENT OFFICE** :
- Lot 15, Jalan Gudang 16/9
Section 16
40200 Shah Alam
Selangor Darul Ehsan
- Telephone No.: 03-5518 1088
Facsimile No.: 03-5510 1033
E-mail address: rubyquest@po.jaring.my
Website: www.quest.com.my
- AUDITORS/ REPORTING ACCOUNTANTS** :
- Yong & Leonard (*formerly known as K.K. Yong & Co.*)
(AF 0075)
49-4, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
- Telephone No.: 03-7781 8286
- SOLICITORS** :
- Zul Rafique & Partners
Suite 17.01, 17th Floor
Menara PanGlobal
8 Lorong P. Ramlee
50250 Kuala Lumpur
- Telephone No.: 03-2078 8228
- PRINCIPAL BANKER** :
- Bumiputra-Commerce Bank Berhad
Ground Floor, West Wing
Wisma Tractor
7, Jalan SS 16/1
47500 Subang Jaya
Selangor Darul Ehsan
- Telephone No.: 03-5633 5315

1. CORPORATE DIRECTORY *(cont'd)*

ISSUING HOUSE	:	MIDF Consultancy and Corporate Services Sendirian Berhad <i>(11324-H)</i> 12 th Floor, MIDF Building 195A, Jalan Tun Razak 50400 Kuala Lumpur Telephone No: 03-21613355
SHARE REGISTRAR	:	Bina Management (M) Sdn Bhd Lot 10, The Highway Centre Jalan 51/205 46050 Petaling Jaya Selangor Darul Ehsan Telephone No: 03-77843922
ADVISER, SPONSOR, PLACEMENT AGENT AND UNDERWRITER	:	Avenue Securities Sdn Bhd <i>(Company No: 682-X)</i> Level 1, Bangunan Avenue Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Telephone No.: 03-2711 8798
STOCK EXCHANGE LISTING SOUGHT	:	MESDAQ Market of Bursa Securities

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2. SUMMARY OF INFORMATION

This is a summary of the salient information in this Prospectus. It does not contain all the information that may be important to the investors. Investors should read and understand the entire Prospectus carefully before deciding to invest in this Public Issue Shares.

2.1 HISTORY AND BUSINESS

Quest was incorporated in Malaysia as a private company under the Act on 4 December 1996 with the name Ruby Quest Sdn Bhd. Subsequently, Quest was converted into a public company on 19 March 2004 and assumed its present name, Ruby Quest Berhad.

Quest is involved in investment holding and the provision of management services, whilst its subsidiaries and associated company are principally involved in the business activities as set out below:

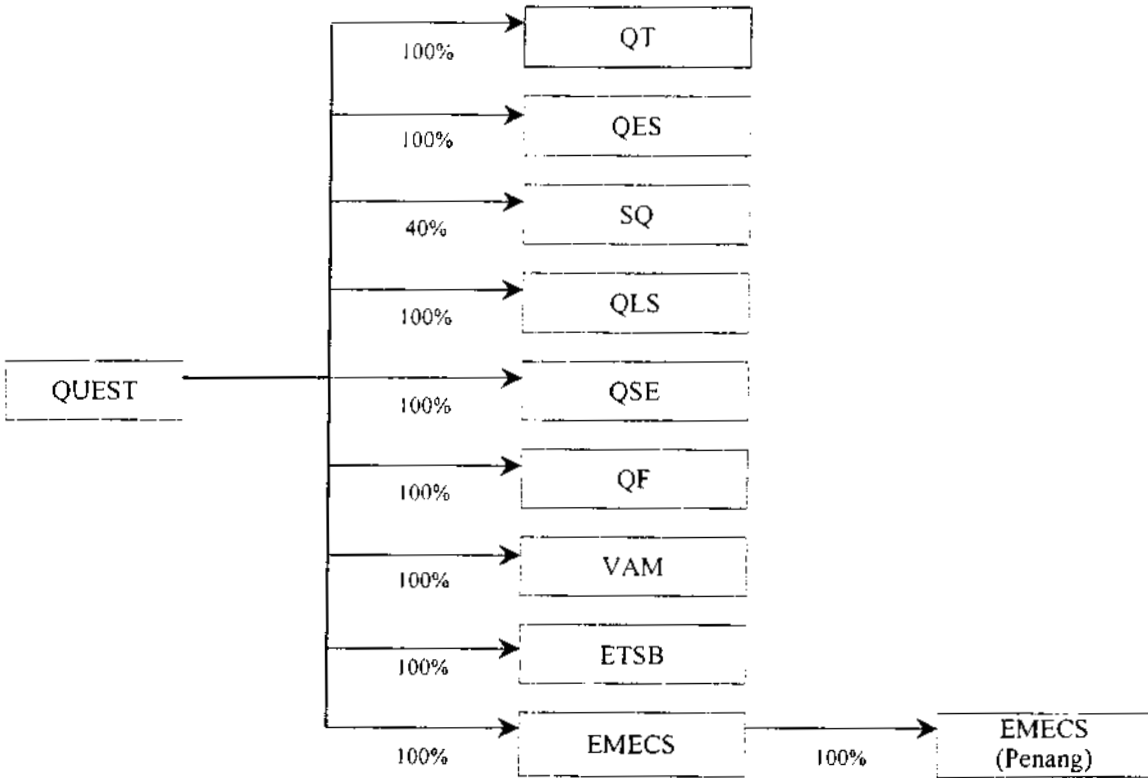
	Date/ Country Of Incorporation	% Effective Equity Interest	Issued And Paid-Up Capital RM	Principal Activities
Subsidiary				
QT	6 October 1989/ Malaysia	100	250,000	Installation of cleanroom systems and providing technical and management services and sale of cleanroom filters and equipment.
VAM	25 July 1990/ Malaysia	100	500,000	Distribution and manufacturing of air filters.
QES	11 October 1989/ Malaysia	100	25,000	Installation of cleanroom systems and sale of cleanroom filters and equipment.
QLS	28 November 1994/ Malaysia	100	25,000	Selling, installation, maintenance of water treatment equipment and provision of water treatment services.
QSE	27 August 1993/ Malaysia	100	100,000	Selling, installation, maintenance and servicing of water treatment equipment and sale of cleanroom filters and equipment.
ETSB	12 December 1998/ Malaysia	100	250,000	Installation of cleanroom and sale of cleanroom filters and equipment.
EMECS	18 January 2000/ Malaysia	100	100,000	Mechanical and electrical systems for air filtration.
EMECS (Penang) *	8 June 2001/ Malaysia	100	100,000	Mechanical, electrical contracting services and engineering works.
QF	28 November 1994/ Malaysia	100	2	Dormant.
Associated Company				
SQ	17 July 2001/ Malaysia	40	100,000	Sale and distribution of cleanroom filters and equipment.

Note:

* A wholly-owned subsidiary of EMECS

2. SUMMARY OF INFORMATION (cont'd)

The corporate structure of Quest Group is set out below:



The history of Quest Group dates back to October 1989, with the incorporation of QT and QES. Both QT and QES were involved in the installation of cleanroom systems and sale of cleanroom filters and equipment, with QT servicing the central and southern region of Peninsular Malaysia and QES servicing the northern region of Peninsular Malaysia.

Over the span of 15 years since its inception, Quest Group has grown from a trading company to a service provider in system designing, manufacturing and integration of air, liquid and gaseous filtration system. Today, Quest’s technology allows the client’s cleanroom to be designed and built to suit individual business and operational requirements. Quest manufactures a range of cleanroom equipment under its own brand name of “Modulaire” and provides ongoing validation and engineering services. Quest Group via VAM has a manufacturing and distribution agreement with one of its principals, MRUK to manufacture a wide range of air filtration products on an exclusive basis in Malaysia, Thailand, Singapore, Indonesia and the Philippines, and on a non-exclusive basis in China.

For the air division of the Group, Quest is proud to have made its mark by designing and/or providing air filtration systems for inter alia, projects such as Kuala Lumpur International Airport, Kuala Lumpur City Centre, Nikko Hotel, Sunway Lagoon Resort Hotel, Universiti Hospital, Universiti Kebangsaan Malaysia, Universiti Sains Malaysia, MIMOS Berhad and Malaysian Institute of Nuclear Technology (“MINT”).

The liquid division of the Group was formed in early 2001 with the commencement of QLS’ business operations. QLS currently provides services and products to, *inter alia*, Texas Instruments (M) Sdn Bhd, Motorola Malaysia Sdn Bhd, Sterling Drug (M) Sdn Bhd and Colgate-Palmolive (M) Sdn Bhd.

Further details of the history and business of the Quest Group is set out in Section 5.1 of this Prospectus.

2. SUMMARY OF INFORMATION *(cont'd)*

2.2 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT OR KEY TECHNICAL PERSONNEL

2.2.1 Promoters and Substantial Shareholders

As at the date of this Prospectus, the names and the respective interests of the promoters and substantial shareholders of Quest after the Listing will be as follows:

	Designation	<----- Direct * ----->		<----- Indirect --->	
		No. Of Quest Shares Held	% Held	No. Of Quest Shares Held	% Held
<u>Promoters</u>					
Wong Peng Yew	Managing Director	40,474,560	41.31	-	-
Sim Keng Siong	Executive Director	9,888,840	10.09	@ 32,010	@ 0.03
Lim Foo Seng	Executive Director	2,320,280	2.37	-	-
Simon Loh Chi Yin	Marketing Director of Air Filtration Division	843,790	0.86	-	-
Tan Joo Wee	Technical Director of Air Filtration Division	526,330	0.54	-	-
Aloysious Joachim A/L J.P. Pereira	Project Director of Liquid Filtration Division	278,010	0.28	# 50,140	# 0.05
Koo Be How	Marketing Director of Liquid Filtration Division	221,010	0.23	-	-
Chak Ngau Chai	-	171,010	0.17	-	-
<u>Substantial Shareholders</u>					
Wong Peng Yew	Managing Director	40,474,560	41.31	-	-
Sim Keng Siong	Executive Director	9,888,840	10.09	@ 32,010	@ 0.03

Notes:

* *In respect of promoters and substantial shareholders who are also entitled to pink form share allocation, assuming full subscription of their respective entitlements for the allocation.*

By virtue of the interest held by his spouse, Low Siew Ping.

@ *By virtue of the interest held by his spouse, Lee Woon Ching.*

Further information on the promoters and substantial shareholders of Quest is set out in Section 7.1 of this Prospectus.

2. SUMMARY OF INFORMATION *(cont'd)*

2.2.2 Directors

As at the date of this Prospectus, the names and the respective interests of the directors of Quest after the Listing will be as follows:

Directors	Designation	< ----- Direct *----- >		< --- Indirect *--- >	
		No. Of Quest Shares Held	% Held	No. Of Quest Shares Held	% Held
Tan Sri Dato' Mohamed Noordin bin Hassan	Chairman / Non-Executive Director	4,871,930	4.97	-	-
Wong Peng Yew	Managing Director	40,474,560	41.31	-	-
Sim Keng Siong	Executive Director	9,888,840	10.09	@ 32,010	@ 0.03
Low Siew Ping	Executive Director	50,140	0.05	# 278,010	# 0.28
Md Hilmi bin Datuk Hj Md Noor	Independent Non-Executive Director	50,000	0.05	-	-
Shinichi Yamamoto	Independent Non-Executive Director	50,000	0.05	-	-
M. Eswaran A/L K. Mahendran	Independent Non-Executive Director	50,000	0.05	-	-
Lim Foo Seng	Executive Director	2,320,280	2.37	-	-

Notes:

* In respect of Directors who are also entitled to pink form share allocation, assuming full subscription of their respective entitlements for the allocation.

By virtue of the interest held by her spouse, Aloysious Joachim A/L J.P. Pereira.

@ By virtue of the interest held by his spouse, Lee Woon Ching.

Further information on the Directors of Quest is set out in Section 7.2 of this Prospectus.

2.2.3 Key Management or Key Technical Personnel

As at the date of this Prospectus, the names and the respective interests of the key management or technical personnel of the Group after the Listing will be as follows:

Key Management or Key Technical personnel	Designation	< --- Direct * --- >		< --- Indirect * --- >	
		No. Of Quest Shares Held	% Held	No. Of Quest Shares Held	% Held
Aloysious Joachim A/L J.P. Pereira	Project Director of Liquid Filtration Division	278,010	0.28	#50,140	#0.05
Koo Be How	Marketing Director of Liquid Filtration Division	221,010	0.23	-	-
Simon Loh Chi Yin	Marketing Director of Air Filtration Division	843,790	0.86	-	-
Tan Joo Wee	Technical Director of Air Filtration Division	526,330	0.54	-	-

2. SUMMARY OF INFORMATION (cont'd)

Key Management or Key Technical personnel	Designation	<--- Direct * --->		<--- Indirect *--->	
		No. Of Quest Shares Held	% Held	No. Of Quest Shares Held	% Held
Chan Sook Yin	Finance Manager	50,000	0.05	-	-
Ong Seng Joo	Senior Project Manager	50,000	0.05	-	-

Notes:

* Assuming full subscription by the key management or technical personnel of their respective entitlements for the pink form allocation.

By virtue of the interest held by his spouse, Low Stew Ping.

Further information on the key management or key technical personnel of the Quest Group is set out in Section 7.4 of this Prospectus.

2.3 INTELLECTUAL PROPERTY RIGHTS

Part of the Group's business involves the sale and distribution of a wide range of air and liquid filtration products, filter media, gas turbine inlet filters, water treatment instruments, NBC hazards containment equipment, isolators and systems, biological safety equipment and pharmaceutical and GMP cleanroom systems under the brand names of various foreign principals. Some of the brand names of air and liquid filtration products distributed by Quest includes Vokes, Interfiltra and Scanfilter which belong to the McLeod Russel group of the United Kingdom.

With the exception of the exclusive manufacturing and distribution right granted by MRUK to VAM in respect of the sale of certain primary filters and secondary filters in Malaysia, Thailand, Singapore, Indonesia and the Philippines, the Quest Group maintains a non-exclusive supply arrangement with the other foreign principals. This enables the Quest Group to source for a wide range of products to meet the customers' requirements and specifications and at the most competitive pricing.

Over the years, the Quest Group has developed its know-how, expertise and capability in the manufacture of cleanroom equipment and air and liquid filtration products. The cleanroom equipment manufactured by Quest Group are sold under the trademark "Modulaire". Recognising the importance of trademark registration for the protection of its intellectual property rights, Quest Group has applied to the Intellectual Property Corporation of Malaysia for the registration of its trademarks in respect of its products, namely "Modulaire" and "Ultrasolve". "QUEST" trademark currently used by Quest Group in connection with its business has been a registered trademark in Malaysia for 11 years. Details of the registration or application for registration of these trademarks are set out in Section 10.2 of this Prospectus.

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2. SUMMARY OF INFORMATION *(cont'd)*

2.4 FINANCIAL INFORMATION

2.4.1 Proforma Consolidated Results

The following sets out a summary of the proforma consolidated audited results of the Quest Group for the past five (5) financial years ended 31 December 1999 to 31 December 2003 and for the ten (10)-month financial period ended 31 October 2004, prepared on the assumption that the current Quest Group structure has been in existence throughout the years/period under review.

	<----- Year ended 31 December ----->					10-month period ended 31 October 2004
	1999	2000	2001	2002	2003	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	14,997	12,393	10,423	12,189	17,305	17,258
EBITDA	2,231	975	650	415	2,916	3,562
Interest expense	(7)	(14)	(49)	(66)	(80)	(103)
Amortisation	(8)	(8)	(8)	(8)	(8)	(7)
Depreciation	(157)	(204)	(217)	(220)	(227)	(237)
Gain/(Loss) on disposal of associated companies	-	-	271	-	(31)	-
Profit before exceptional item and minority interests	2,059	749	647	121	2,570	3,215
Share of loss of associated company	(226)	(44)	(8)	(43)	(5)	(2)
Profit before taxation and minority interests	1,833	705	639	78	2,565	3,213
Taxation	-	(254)	(125)	(178)	(607)	(712)
Profit/(loss) after taxation but before minority interests	1,833	451	514	(100)	1,958	2,501
Minority interests	-	-	(25)	(5)	(29)	-
Profit/(loss) after taxation and minority interests	1,833	451	489	(105)	1,929	2,501
No. of ordinary shares in issue ('000)	270	270	270	270	270	348
Gross EPS (sen)	6.79	2.61	2.37	0.29	9.50	9.57 ⁽¹⁾
Net (loss per share)/EPS (sen)	6.79	1.67	1.81	(0.39)	7.14	7.44 ⁽¹⁾
No. of ordinary shares assumed to be in issue ('000) ⁽²⁾	425	425	425	425	425	425
Gross EPS (sen)	4.31	1.66	1.50	0.18	6.04	7.56
Net (loss per share)/EPS (sen)	4.31	1.06	1.15	(0.25)	4.54	5.88

Notes:

(1) Computed based on weighted average number of ordinary shares of 335,737.

(2) Refers to the number of ordinary shares in issue of 424,579 after the Acquisitions but before the completion of the Conversion of CRPS, Bonus Issue, Share Split and Listing.

2. SUMMARY OF INFORMATION *(cont'd)*

Notes and assumptions to the proforma consolidated results

- The revenue of the Group is derived from installation of cleanroom and sales of cleanroom filters and equipment, maintenance and servicing of water treatment as well as provision of mechanical and engineering services.
- The decline in revenue for year 2000 and 2001 was mainly due to the effect of economy slowdown and reduction of foreign investment in the semiconductor and electronic industries.
- Revenue for year 2002 increased by RM1.7 million as compared to year 2001. This was mainly attributable to the economy recovery and its successful diversifying marketing strategy to gain access into pharmaceutical, chemical and healthcare industries.
- The revenue for year 2003 was RM5.1 million higher than the corresponding year of 2002 which was mainly derived from installation of cleanroom and sales of cleanroom filters and equipment in pharmaceutical industry.
- The decline in profit before tax in year 2002 was mainly due to gestation loss incurred by VAM in its first year of operation to manufacture air filters.
- The increase in the profit before taxation in year 2003 was due to better cost control policy on project implementation and cheaper source of filter materials purchased.
- Profit before taxation for the period 2004 has improved further by RM648,000 largely due to the higher profit margin projects secured and better cost control policy on project implementation.
- No provision for taxation has been made in 1999 even though there was a reported profit as the taxation payable was waived in accordance with the provisions of the Income Tax (Amendment) Act 1999.
- The effective tax rate of the Group was higher than statutory tax rate for the financial years ended 31 December 2000 and 2002 was due to certain expenses were not deductible for taxation purpose.
- The effective tax rate of the Group was lower than the statutory tax rate for the financial year ended 31 December 2001 mainly because the capital gain on disposal of associate was not subject to income tax.
- Effective tax rate in 2002 was higher than the statutory rate because there was no group relief available to set off tax losses against the profits of other companies in the Group.
- The low effective tax rate of the Group for financial year ended 31 December 2003 is attributed to the utilisation of unabsorbed tax losses brought forward coupled with the reduction of tax as a result of 8% tax saving on the first RM100,000 chargeable income of Quest's subsidiaries with a paid up share capital of RM2,500,000 and below.
- The effective tax rate of the Group was lower than the statutory tax rate for the financial period ended 31 October 2004 is mainly due to the pioneer status obtained by one of its subsidiary where tax exemption up to 70% of statutory income is permitted. Beside this, the reduction of tax as a result of 8% tax saving on the first RM500,000 chargeable income of Quest's subsidiaries also help to improve the Group's tax payable.
- There were no extraordinary or exceptional items noted during the financial years/period under review.

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2. SUMMARY OF INFORMATION (cont'd)

2.4.2 Proforma Consolidated Balance Sheets as at 31 October 2004

The following table sets out the summary of proforma consolidated balance sheets of the Quest Group as at 31 October 2004 as if the Acquisitions, Conversion of CRPS, Bonus Issue, Share Split, Public Issue and utilisation of proceeds had been effected on that date. A more detailed proforma consolidated balance sheet of the Group is set out in Section 11.3 of this Prospectus:

	(I)	(II)	(III)	(IV)	(V)
	After Acquisitions of EMECS, ETSB and QSE	After (I) and Conversion of CRPS	After (II) and Bonus Issue and Share Split	After (III) and Public Issue and utilisation of proceeds	After (IV) and ESOS
Audited as at 31 October 2004	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Plant and equipment	500	1,168	1,168	1,168	3,168
Interest in associate	7	7	7	7	7
Deferred tax assets	15	15	15	15	15
Goodwill on consolidation	93	200	200	200	200
	615	1,390	1,390	1,390	3,390
CURRENT ASSETS					
Inventories	2,181	2,549	2,549	2,549	2,549
Trade receivables	5,695	13,413	13,413	13,413	13,413
Other receivables	452	576	576	576	576
Tax refundable	18	18	18	18	18
Amount owing from related companies	200	-	-	-	-
Deferred expenditure	404	404	404	404	-
Fixed deposits with licensed banks	2,443	2,693	2,693	2,693	8,642
Cash and bank balances	406	950	950	950	1,268
	11,799	20,603	20,603	20,603	33,914
CURRENT LIABILITIES					
Trade payables	3,400	7,876	7,876	7,876	7,876
Other payables	151	221	221	221	135
Amount due to associate	100	-	-	-	-
Amount due to directors	158	158	158	158	158
Amount due to related companies	-	-	-	-	-
Provision for royalty	85	85	85	85	85
Provision for taxation	162	985	985	985	985
Borrowings	1,501	2,395	2,395	2,395	2,395
	5,557	11,720	11,720	11,720	11,634
NET CURRENT ASSETS	6,242	8,883	8,883	8,883	22,280
LONG TERM AND DEFERRED LIABILITIES					
Bank borrowings	104	340	340	340	340
Deferred tax liabilities	12	22	22	22	22
	116	362	362	362	362
	6,741	9,911	9,911	9,911	25,308
SHARE CAPITAL	415	492	492	7,180	9,798
SHARE PREMIUM	1,933	3,873	3,873	1,431	7,262
REVALUATION RESERVE	-	-	-	-	-
RETAINED EARNINGS	2,611	2,611	2,611	1,300	800
RESERVE ON CONSOLIDATION	1,782	2,935	2,935	-	-
SHAREHOLDERS' EQUITY	6,741	9,911	9,911	9,911	25,308
NTA (RM'000)	6,566	9,629	9,696	9,696	17,645
Number of ordinary shares ('000)	348	425	492	71,800	97,980
NTA per ordinary share (RM)	18.87	22.66	19.71	0.14	0.18

2. SUMMARY OF INFORMATION *(cont'd)*

2.4.3 Auditors' Qualifications in the Audited Financial Statements of the companies in the Quest Group

There was no qualification in the audited financial statements of Quest, its subsidiaries or associated company, throughout the relevant years/periods under review.

2.5 RISK FACTORS

Applicants for the Public Issue Shares should carefully consider the following risk factors (which may not be exhaustive) in addition to the other information contained elsewhere in this Prospectus before applying for the Public Issue Shares.

- 4.1 Business Risk
- 4.2 Acquisitions and Joint Ventures
- 4.3 Dependence on Directors or Key Management or Key Technical Personnel
- 4.4 Intellectual Property
- 4.5 Control by the Promoters
- 4.6 Competition
- 4.7 No Prior Market for Quest Shares
- 4.8 Foreign Exchange Fluctuations
- 4.9 Dependency on the Distribution Rights from MRUK
- 4.10 Absence of Long Term Contracts
- 4.11 Political and Economic Conditions
- 4.12 Failure/Delay in the Listing
- 4.13 Uncertainty of the Business Development Plan
- 4.14 Disclosure Regarding Forward-Looking Statements
- 4.15 Operational Risks
- 4.16 Project Risks

Please refer to Section 4.0 of this Prospectus for further information concerning the abovesaid risk factors. Investors are advised to carefully consider the risk factors, together with other information contained in this Prospectus before subscribing to any of the Public Issue Shares, which form the subject of this Prospectus.

2.6 PRINCIPAL STATISTICS RELATING TO THE LISTING

2.6.1 Share Capital of Quest

	RM
<i>Authorised:</i>	
250,000,000 ordinary shares of RM0.10 each	<u>25,000,000</u>
<i>Issued and fully paid-up as at the date of this Prospectus</i>	
71,800,000 ordinary shares of RM0.10 each	7,180,000
<i>To be issued as fully paid-up pursuant to the Public Issue</i>	
26,180,000 ordinary shares of RM0.10 each	<u>2,618,000</u>
	<u>9,798,000</u>
<i>To be issued pursuant to full exercise of ESOS options*</i>	
19,596,000 ordinary shares of RM0.10 each	<u>1,959,600</u>
	<u>11,757,600</u>

* The ESOS options are proposed to be granted to eligible directors and employees on and/or after the date of Listing

2. SUMMARY OF INFORMATION *(cont'd)*

2.6.2 Proforma Consolidated NTA as at 31 October 2004

	NTA RM'000	NTA per share RM
Proforma consolidated NTA per Share after the Public Issue	17,645	0.18
Proforma consolidated NTA per Share after the Proposed ESOS	25,093	0.21

Note: The detailed calculations of the proforma consolidated NTA of Quest are set out in Section 11.3 of this Prospectus.

2.6.3 Future Financial Information

The market for the Group's products and services is characterised by changes in customer requirements, changes in the international standards for cleanrooms and their respective industry requirements.

The Group is subjected to many risk factors, some of which are highlighted in Section 4 of this Prospectus. The Group's revenue and operating results are therefore difficult to forecast and project. As such, no profit forecast and projections in respect of the Group is disclosed in this Prospectus.

2.6.4 Classes of shares and ranking

There is only one class of shares in Quest, 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 and fully 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 of the Public Issue Shares.

Subject to any special rights attaching to any share which may be issued by Quest in the future, the holders of ordinary shares in the Company shall, in proportion to the amount paid-up on the ordinary shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions. In respect of the whole of any surplus if the Company is wound up, such surplus shall be distributed among the members in proportion to the paid-up capital at the commencement of the winding up, in accordance with the Articles of Association of Quest.

At any general meeting of Quest, each shareholder shall be entitled to vote in person or by proxy or by attorney, and, on a show of hands, every person present who is a shareholder or representative or proxy 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 ordinary share held. A proxy may, but need not be, a member of the Company.

2.7 UTILISATION OF PROCEEDS

The Public Issue is expected to raise gross proceeds of RM9,948,400. The summary of the utilisation of the proceeds of the Public Issue is as follows:

	Amount RM '000	Expected time frame for utilisation
Capital Expenditure	2,000	Within 2 years from date of Listing
Working Capital	5,948	Within 2 years from date of Listing
Expansion of existing R&D activities	500	Within 5 years from date of Listing
Estimated listing expenses	1,500	Within 6 months from the date of Listing
	<u>9,948</u>	

A detailed commentary of the utilisation of the proceeds of the Public Issue is set out in Section 3.8 of this Prospectus.

2. SUMMARY OF INFORMATION (cont'd)

2.8 MATERIAL LITIGATION, MATERIAL COMMITMENT, BORROWINGS AND CONTINGENT LIABILITIES
2.8.1 Material Litigation

Neither Quest nor its subsidiaries is engaged in any material litigation either as plaintiff or defendant which has a material effect on the financial position of Quest or any of its subsidiaries and the directors of the Company have no knowledge of any proceedings pending or threatened against the Company and its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position and business of the Company and its subsidiaries.

2.8.2 Material Commitment

As at 18 April 2005 (being the latest practicable date prior to the issuance of this Prospectus), there is no material commitment for capital expenditure incurred or known to be incurred by the Quest Group, which may have a substantial impact on the results or the financial position of the Group.

2.8.3 Borrowings

As at 18 April 2005 (being the latest practicable date prior to the issuance of this Prospectus), the total outstanding borrowings of the Group from financial institutions amounted to approximately RM1.84 million comprising the following:

	RM	RM
Short term (interest bearing)		
Term loan (due within next 12 months)	11,521	
Trade financing	491,960	
Hire-purchase (due within next 12 months)	74,467	
Overdraft	<u>994,663</u>	
		1,572,630
Long term (interest bearing)		
Term Loan	159,616	
Hire-purchase	<u>109,211</u>	
		<u>268,827</u>
Total		<u>1,841,457</u>

To date, there has been no default in payments for the total outstanding borrowings of approximately RM1.84 million by the Group to the financial institutions.

2.8.4 Contingent Liabilities

As at 18 April 2005 (being the latest practicable date prior to the issuance of this Prospectus), there is no contingent liabilities, which, upon becoming enforceable, may have a material impact on the profit or net asset value of the Quest Group.

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3. PARTICULARS OF THE PUBLIC ISSUE

Introduction

This Prospectus is dated 27 April 2005.

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus together with the Application Form has also been lodged with the ROC, and neither the SC nor the ROC takes any responsibility for its contents.

Approvals from the SC and Bursa Securities have been obtained for the Public Issue on 23 December 2004 and 27 December 2004 respectively. Approval from Bursa Securities has been obtained for admission to the Official List of the MESDAQ Market and for permission to deal in and for the listing of and quotation for the entire issued and paid-up share capital of Quest including Public Issue Shares which are the subject to this Prospectus. These ordinary shares will be admitted to the Official List of the MESDAQ Market and official quotation will commence after 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.

To apply for the Public Issue Shares, an applicant must have a CDS account. Applicant using Application Form should state his/her CDS account number in the space provided in the Application Form and he/she shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to MIDFCCS/Quest for the purpose of crediting the Public Issue Shares allotted to the applicant's CDS account. In the case of an application by way of Electronic Share Application, the applicant shall furnish his/her CDS account number to the Participating Financial Institutions by way of keying his/her CDS account number according to the instructions on the ATM screen at which he/she enters his/her Electronic Share Application. A corporation/ institution cannot apply for the Public Issue Shares by way of Electronic Share Application.

Pursuant to the Listing Requirements, the Company needs to have at least 25% but not more than 49% of the enlarged issued and paid-up share capital in the hands of the public shareholders and a minimum number of 200 public shareholders holding not less than 100 Quest Shares each upon completion of the Public Issue. The Company is expected to achieve this at the point of listing of the entire enlarged share capital of Quest on the Official List of the MESDAQ Market. If the above requirement is not met pursuant to the Public Issue, the Company may not be allowed to proceed with the listing of the entire enlarged share capital of Quest on the Official List of the MESDAQ Market, in which case, monies paid in respect of all applications will be refunded without interest.

The acceptance of application will be conditional upon permission being granted to deal in and quotation for all the issued shares of the Company.

If the permission of Bursa Securities is not granted, the full amount of the application monies, without interest, will be returned to the applicant by ordinary post at the address shown on the Application Form at the applicant's own risk.

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

Following the above, in accordance with Section 29 of Central Depositories Act, all dealings in the securities of Quest including the Public Issue Shares will be by book entries through CDS accounts. No share certificates will be issued to successful applicants.

Persons submitting applications by way of Application Forms or by way of Electronic Share Applications **must have a CDS Account.**

3. PARTICULARS OF THE PUBLIC ISSUE *(cont'd)*

Quest has not authorised any person to give any information or represent the Company in relation to this Public Issue. Bear in mind also that this Prospectus shall not represent or imply that there have been no change in the Company's affairs since the issuance of this Prospectus.

The distribution of this Prospectus and the offer of the Public Issue Shares are subject to Malaysian law and Avenue and the Company take no responsibility for the distribution of this Prospectus and/or offer of the Public Issue Shares outside Malaysia, which may be restricted by law in other jurisdictions. This Prospectus will not be registered by law in other jurisdictions. This Prospectus will not be registered under any securities legislation of any jurisdiction except Malaysia and the Public Issue Shares will not be offered in any country other than Malaysia. 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 offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

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.

3.1 OPENING AND CLOSING OF APPLICATION

The Application Lists will open at 10.00 a.m. on 27 April 2005 and will remain open until 5:00 p.m. on 11 May 2005 or for such further period or periods as the directors of Quest and the Underwriter in their absolute discretion may mutually decide. Late applications will not be accepted.

3.2 DATES OF SPECIAL EVENTS

The important events and their dates or tentative dates are as follows:

Event	Date
Date of Prospectus	27 April 2005
Opening date for Applications for the Public Issue	27 April 2005
Closing date for Applications for the Public Issue *	11 May 2005
Date of balloting of Applications	13 May 2005
Despatch of notices of allotment for the Quest Shares to successful applicants	25 May 2005
Listing of and quotation for Quest's entire enlarged issued and paid-up share capital on the MESDAQ Market	30 May 2005

Note:

* *The Directors of Quest and the Underwriter may mutually decide to extend the closing date for applications to a further date or dates. If the closing date for applications is extended, the dates for the balloting, allotment and listing of Quest's entire issued and paid-up share capital on the MESDAQ Market might be extended accordingly. Quest will advertise in a widely circulated English and Bahasa Malaysia newspapers if there is an extension of time on the closing date for application.*

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3. PARTICULARS OF THE PUBLIC ISSUE *(cont'd)*

3.3 PURPOSES OF THE PUBLIC ISSUE

The purposes of the Public Issue are as follows:

- (i) To further enhance the Quest Group's corporate profile and assist the Quest Group in expanding its customer base both in Malaysia and overseas with the listing of the Company;
- (ii) To provide the Company access to the capital markets to raise funds to finance the future expansion and continued growth of the Quest Group;
- (iii) To provide an opportunity for the Malaysian investors (including all eligible directors and employees of the Quest Group) to participate in the equity and continuing growth of the Quest Group; and
- (iv) To obtain the listing of and quotation for the entire enlarged issued and paid-up share capital of 97,980,000 Quest Shares on the MESDAQ Market.

3.4 NUMBER AND TYPES OF SECURITIES TO BE ISSUED

	RM
<i>Authorised:</i>	
250,000,000 ordinary shares of RM0.10 each	25,000,000
<i>Issued and fully paid-up as at the date of this Prospectus</i>	
71,800,000 ordinary shares of RM0.10 each	7,180,000
<i>To be issued as fully paid-up pursuant to the Public Issue</i>	
26,180,000 ordinary shares of RM0.10 each	2,618,000
	9,798,000
<i>To be issued pursuant to full exercise of ESOS options*</i>	
19,596,000 ordinary shares of RM0.10 each	1,959,600
	11,757,600
 <i>Issue Price</i>	 RM0.38

* *The ESOS options are proposed to be granted to Eligible Employees and Directors after the date of listing of Quest on the MESDAQ Market*

There is only one class of shares in Quest, 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 and fully paid-up ordinary shares of the Company, including voting rights and right to all dividends and distributions that may be declared subsequent to the date of the allotment of the Public Issue Shares.

Subject to any special rights attaching to any shares which may be issued by Quest in the future, the holders of ordinary shares in the Company shall, in proportion to the amount paid-up on the ordinary shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions. In respect of the whole of any surplus if the Company is wound up, such surplus shall be distributed among the members in proportion to the paid-up capital at the commencement of the winding up, in accordance with the Articles of Association of Quest.

3. PARTICULARS OF THE PUBLIC ISSUE *(cont'd)*

At any general meeting of Quest, each shareholder shall be entitled to vote in person or by proxy or by attorney, and, on a show of hands, every person present who is a shareholder or representative or proxy 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 ordinary share held. A proxy may, but need not be, a member of the Company.

3.5 DETAILS OF THE PUBLIC ISSUE

The 26,180,000 Public Issue Shares issued at an Issue Price of RM0.38 per share are payable in full upon application. The Public Issue is subject to the terms and conditions of this Prospectus and upon acceptance, the Public Issue Shares will be allocated in the following manner:

(i) Malaysian Public

5,000,000 of the Public Issue Shares representing 5.1% of the enlarged issued and paid-up share capital of Quest will be made available for application by the Malaysian Public to be allocated via ballot.

(ii) Eligible Directors and Employees

1,180,000 of the Public Issue Shares representing 1.2% of the enlarged issued and paid-up share capital of Quest will be reserved for application by eligible directors and employees of the Quest Group.

(iii) Private Placement

20,000,000 of the Public Issue Shares representing 20.4% of the enlarged issued and paid-up share capital of Quest will be reserved for Private Placement to identified investors.

The 5,000,000 of the Public Issue Shares which are to be made available to the Malaysian Public and the 1,180,000 Public Issue Shares available for application by the eligible directors and employees of the Quest Group as referred to in sub-section 3.5 (i) and (ii) above have been fully underwritten at an underwriting commission of 2.0% of the Issue Price of RM0.38 per share. If any of the 1,180,000 Public Issue Shares under sub-section 3.5 (ii) above is not subscribed by the eligible directors and employees of the Quest Group, such Public Issue Shares will also be made available for application by the Malaysian Public.

20,000,000 of the Public Issue Shares which are made available for Private Placement under sub-section 3.5 (iii) above will not be underwritten. The potential investors will be pre-identified by the Placement Agent to take up the said Public Issue Shares.

3.6 ALLOCATION OF PUBLIC ISSUE SHARES TO ELIGIBLE DIRECTORS AND EMPLOYEES

The criteria for the allocation of the Public Issue Shares under sub-section 3.5 (ii) above to the eligible directors and employees of the Quest Group as approved by the Board are as follows:

- The minimum allocation shall be 100 Shares;
- Designation/level and length of service with the Quest Group; and
- Eligible employees must be confirmed staff as at 31 December 2004.

As at 18 April 2005 and based on the criteria set out above, a total of 65 directors and confirmed employees are eligible for allocation of an aggregate of 1,180,000 Public Issue Shares.

3. PARTICULARS OF THE PUBLIC ISSUE (cont'd)

The details of the pink form allocation to the eligible Directors of Quest are as follows:

Name of Director	Pink Form Allocation
	No. of shares
Low Siew Ping	50,000
Md Hilmi bin Datuk Hj Md Noor	50,000
M. Eswaran A/L K. Mahendran	50,000
Shinichi Yamamoto	50,000
Total	<u>200,000</u>

3.7 BASIS OF ARRIVING AT THE ISSUE PRICE

The Issue Price of RM0.38 per Share was determined and agreed upon by the Company and Avenue, as the Adviser, Underwriter and Placement Agent, after taking into account, inter-alia, the following factors:

- (i) The proforma Quest Group's historical performance for the past five (5) financial years ended 31 December 1999 to 31 December 2003 and for the ten (10) months period ended 31 October 2004, as outlined in Section 11 of this Prospectus;
- (ii) The overview and prospects of the industry in which the Quest Group operates as outlined in Sections 5.4 and 5.7 of this Prospectus;
- (iii) The proforma consolidated NTA after the Public Issue based on the proforma consolidated balance sheets as at 31 October 2004 is RM17.645 million or RM0.18 per share, based on the enlarged share capital of 97,980,000 Quest Shares.

However, investors should also note that the market price of Quest Shares upon Listing is subject to the uncertainties of market forces and other factors, which may affect the price of Quest Shares being traded. Investors should form their own views on the valuation of the Public Issue Shares before deciding to invest in the Public Issue Shares.

3.8 UTILISATION OF PROCEEDS

The Public Issue is expected to raise gross proceeds of RM9,948,400 for the Quest Group.

The expenses for the Public Issue comprising underwriting commission, placement fees, brokerage fees, issuance fees, professional fees, SC's fees, Bursa Securities' fees, advertising fees and other fees incidental to the Listing, estimated at RM1.5 million shall be borne by the Company.

The gross proceeds from the Public Issue amounting to RM9,948,400 shall be utilised in the manner set out below:

Purpose	Notes	Amount	Expected time frame for utilisation
		RM '000	
Capital Expenditure	1	2,000	Within 2 years from date of Listing
Working Capital*	2	5,948	Within 2 years from date of Listing
Expansion of existing R&D activities	3	500	Within 5 years from date of Listing
Estimated listing expenses*	4	1,500	Within 6 months from the date of Listing
		<u>9,948</u>	

3. PARTICULARS OF THE PUBLIC ISSUE (cont'd)

Notes:

1. *The capital expenditure may include but is not limited to the following indicative breakdown.*

	<i>RM'000</i>
<i>Expansion of factory and/or purchase of new factory</i>	<i>1,000</i>
<i>Purchase of plant & machinery</i>	<i><u>1,000</u></i>
<i>Total</i>	<i><u>2,000</u></i>
 2. *Working Capital*
This will be used to fund the Group's day-to-day working capital requirements which may include funding creditor's payments, marketing and other operational expenses.
 3. *Listing Expenses*
The estimated RM1.5 million in respect of expenses and fees incidental to the Listing shall be borne by the Company. Out of RM1.5 million, approximately RM550,000 is provided for professional services rendered by professional advisers and experts.
 4. *Expansion of existing R&D activities*
Quest proposes to allocate a sum of RM500,000 of the gross proceeds towards R&D, namely the development of new products and enhancements of existing products of the Company.
- * *If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.*

The financial impact of the utilisation of proceeds is not provided in this Prospectus other than as reflected in the proforma consolidated balance sheet in Section 2.4.2 of this Prospectus. Nevertheless, the Company expects the utilisation of the Public Issue proceeds to result in a positive impact on the Group's revenue and PAT in the near future.

3.9 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE

The Underwriter has entered into an underwriting agreement on 23 March 2005 with the Company for the underwriting of 6,180,000 Public Issue Shares ("Underwritten Shares"), which consists of 5,000,000 Public Issue Shares available for application by the Malaysian Public and 1,180,000 Public Issue Shares available for application by the eligible directors and employees of the Group. The underwriting commission payable by the Company in respect of the Public Issue Shares is at the rate of 2.0% of the Issue Price of RM0.38 per share.

Brokerage relating to the 5,000,000 Public Issue Shares made available for application by the Malaysian Public and the 1,180,000 Public Issue Shares made available for application by the eligible directors and employees of the Quest Group are payable by the Company at the rate of 1.0% of the Issue Price of RM0.38 per share in respect of successful applications bearing the stamp of Avenue, a Participating Organisation of Bursa Securities, a member of the Association of Merchant Banks in Malaysia, a member of the Association of Banks in Malaysia or MIDFCCS. No brokerage fees are payable by the Company on the 20,000,000 Public Issue Shares by way of Private Placement to identified investors.

A placement fee is payable by the Company to Avenue in respect of the 20,000,000 Public Issue Shares to be placed out by the Placement Agent, at the rate of 2.0% and management fees of 0.5% of the Issue Price of RM0.38 per share.

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3. PARTICULARS OF THE PUBLIC ISSUE (cont'd)**3.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT**

Note: For the purpose of this Section 3.10, the "Closing Date" means the last date for the acceptance of and payment for the Quest Shares under the Initial Public Offering as stated in the Prospectus or such later date as may be extended in accordance with the terms of the Underwriting Agreement.

Some of the salient terms of the Underwriting Agreement are as follows :

- (i) Under the provisions of the Underwriting Agreement, the obligations of the Underwriter shall be conditional upon :
- a. on or prior to the Closing Date, the SC having approved the Prospectus (and if such approval is or will be conditional, all conditions being met upon terms acceptable to the Underwriter);
 - b. Bursa Securities having agreed in principle to the listing of and quotation for the Shares on the MESDAQ Market which conditional approval has been obtained on 27 December 2004 subject to the terms and conditions therein contained and such approval not being withdrawn revoked, suspended, terminated or lapsed;
 - c. the Underwriter being satisfied that the listing of and quotation for the Shares on the MESDAQ Market will be granted two (2) Market Days after the submission to Bursa Securities of the relevant documents including the receipt of confirmation from the Depository confirming that the Securities Accounts of all successful applicants have been duly credited and the Issuing House has confirmed that notices of allotment have been dispatched to the successful applicants;
 - d. the issue of the Shares under the Initial Public Offering having been approved by Bursa Securities, SC and any other relevant Governmental Agency and such Authorisation not being withdrawn revoked, suspended, terminated or lapsed;
 - e. the issue of the Issue Shares having been approved by the shareholders of the Company in a general meeting;
 - f. there has not been, at any time hereafter up to and including the Closing Date, any material adverse change, or any development involving a prospective material adverse change, in the business, financial condition or prospect of the Group other than as set out in the Prospectus, nor has any event occurred or any fact discovered which will render inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings contained in the agreement if they are repeated on and as of the Closing Date;
 - g. the issue, offering and subscription of the Shares in accordance with the provisions hereof not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any Governmental Agency of Malaysia (including SC or Bursa Securities);
 - h. a copy of the Prospectus having been lodged with ROC by or on behalf of the Company for registration in accordance with the requirement of Section 36A (4) of the Companies Act together with copies of all documents required under the Companies Act ;
 - i. the Prospectus having been registered with the SC and the accompanying documents having been submitted to the SC before the issue, circulation or distribution of the Prospectus to the public;

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3. PARTICULARS OF THE PUBLIC ISSUE *(cont'd)*

- j. the Company having delivered to the Underwriter prior to the date of registration of the Prospectus with the SC each of the following documents:
 - i. a copy certified as a true copy by an authorised officer of the Company of all the resolutions of the directors of the Company and the shareholders in general meeting approving this Agreement, the Prospectus and authorising the execution of this Agreement, the issue of the Shares under the Initial Public Offering and the issuance of the Prospectus;
 - ii. confirmation from the Directors of the Company confirming that there has not been any change or any development which may result in any material adverse change in the business, financial condition or prospect of the Group which may affect the success of the Initial Public Offering;
 - k. the Company having delivered to the Underwriter on the Closing Date, a certificate in the agreed form of the Company signed by a duly authorised officer of the Company dated the Closing Date, to the effect that the person who provides such certificate has carefully examined this Agreement and that:
 - i. the representations and warranties of the Company are true, accurate and correct and not misleading in all respects on and as of the Closing Date as though they had been given and made on the Closing Date and the Company has complied with all the terms of this Agreement and satisfied all the conditions on its part under this Agreement to be performed and satisfied on or prior to the Closing Date; and
 - ii. since the date of this Agreement, there has been no change or development that may adversely affect the business or financial, condition or prospect of the Group except as disclosed in the Prospectus;
 - l. all necessary Authorisations required in relation to the Shares including but not limited to governmental approvals having been obtained and are in full force and effect;
 - m. the Prospectus having been issued not later than three (3) months from the date of this Agreement or such other date as the Company and the Underwriter may mutually agree in writing;
 - n. the Underwriter being satisfied that the Company has made adequate arrangements to ensure that the expenses referred to in clause 14 of the agreement shall be duly paid; and
 - o. this Agreement having been duly executed by all the Parties and duly stamped.
- (ii) The following shall constitute Termination Events under the Underwriting Agreement, whether or not they are within the control of the Company, upon the occurrence of which the Underwriter may by notice in writing to the Company given at any time on or before the Closing Date, terminate, cancel and withdraw from its underwriting commitment hereunder :
- a. there is any breach by the Company of any of its representations, warranties or undertakings or any other provisions of this Agreement, the breach of which is incapable of remedy or if capable of remedy, the Company fails to remedy such breach within a period of fourteen (14) days from the date of notice in writing by the Underwriter notifying the Company of such breach and requiring the Company to remedy the same;

3. PARTICULARS OF THE PUBLIC ISSUE (cont'd)

- b. the Company withholds any information from the Underwriter, which, in the opinion of the Underwriter may or is likely to have an adverse effect on the business, financial condition or prospect of the Group or the success of the Initial Public Offering;
- c. there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriter by reason of force majeure which would have or can reasonably be expected to have, an adverse effect on the business, operations, financial condition or prospect of the Group or the success of the Initial Public Offering or which is likely to have the effect of making any material obligation under this Agreement incapable of performance in accordance with its terms. "Force Majeure" means causes which are unpredictable and beyond the reasonable control of the Party claiming force majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation including:-
 - i. war (whether war declared or not), acts of warfare, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, civil war, hijacking, terrorism;
 - ii. riot, uprising against constituted authority, civil commotion, disorder, rebellion, organised armed resistance to the government, insurrection, revolt, military or usurped power; or
 - iii. natural catastrophe including but not limited to earthquake, flood, fire, storm, lightning tempest, accident or other acts of God.
- d. any government requisition or other occurrence of any nature whatsoever which in the opinion of the Underwriter may or is likely to have an adverse effect on the business, financial condition or prospect of the Group or the success of the Initial Public Offering;
- e. the Bursa Securities composite index falling below 700 points and remains below 700 points for five (5) consecutive Market Days at any time between the date of this Agreement and the Closing Date;
- f. any change in national or international monetary, financial (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the opinion of the Underwriter may or likely to have an adverse effect on the business, financial condition or prospect of the Group taken as a whole or the success of the Initial Public Offering or the distribution or sale of the Shares (whether in the primary market or in respect of dealings in the secondary market); or
- g. any change in law, regulation, directive, policy or ruling in any jurisdiction which in the opinion of the Underwriter may prejudice the success of the Initial Public Offering or which may or likely to have the effect of making any obligation under Agreement incapable of performance in accordance with its terms.

Upon such notice of termination being given, the Underwriter will be released and discharged from its obligations without prejudice to its rights under this Agreement and this Agreement will thereafter be of no further force or effect and no Party will be under any liability to any other in respect of or under this Agreement, except that the Company will remain liable in respect of its obligations and liabilities under clause 3.1 of the agreement and for the payment of all costs and expenses already incurred by the Underwriter up to the date on which such notice was given and for the payment of any taxes, duties or levies and the Company shall refund to the Underwriter the subscription monies including interests accrued, if any, paid by the Underwriter pursuant to their subscription of the Underwritten Shares.

4. RISK FACTORS

IN EVALUATING AN INVESTMENT IN THE PUBLIC ISSUE SHARES, PROSPECTIVE INVESTORS SHOULD EVALUATE AND CONSIDER CAREFULLY ALL THE INFORMATION CONTAINED HEREIN (WHICH MAY NOT BE EXHAUSTIVE) INCLUDING BUT NOT LIMITED TO THE GENERAL AND SPECIFIC RISKS WHICH MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF THE QUEST GROUP BEFORE APPLYING FOR THE PUBLIC ISSUE SHARES.

4.1 Business Risk

The Group is subject to certain general risks inherent to the cleanroom industry and air and water filtration industry. These may include shortage in skilled workforce, increase in costs of workforce and operating costs, entry of new competitors, introduction of new technology and products, changes in general economics, business and credit conditions and changes in governmental policies.

Although the Group seeks to limit these risks through, inter alia, efficient cost control, increasing product range and conducting in-house R&D, and diversifying customer base, no assurance can be given that a change in any of these factors will not have a material effect on the Group's business.

4.2 Acquisitions and Joint Ventures

If appropriate opportunities present themselves, the Group intends to acquire businesses, products, intellectual property, trade marks or technologies that the Group believes will be in the interest of its shareholders. There can be no assurance that the Group will be able to successfully identify, negotiate or finance such acquisitions.

There can be no assurance that the anticipated benefits of any acquisition will be realised, or that the Group will be able to generate sufficient revenues from any such acquisition to offset associated acquisition costs. Acquisitions through issuance of shares will result in dilution of equity holding, the incurrence of debt and contingent liabilities and amortisation expenses related to goodwill and other intangible assets.

The Group may also evaluate, on a case-by-case basis, joint venture relationships with certain complementary businesses. Any such joint venture investments would involve many of the same risks posed by acquisitions, particularly those risks associated with the diversion of resources, the inability to generate sufficient revenues, the management of relationships with third parties, and potential additional expenses.

4.3 Dependence on Directors or Key Management or Key Technical Personnel

The Group's future performance depends to a significant extent upon the continued efforts and abilities as well as the networking of the Directors and key personnel. In the future, a management succession plan will be introduced in the Group. This will safeguard the loss of the services of any of these individuals and minimise any material adverse effect on the Group's performance.

As a mitigating factor, the Group currently enjoys a cordial relationship with its employees and they do not belong to any trade union. In addition, the employees are sent to various courses and seminars to enhance their knowledge and broaden their business network. The Group has also, in order to retain current employees and attract new qualified personnel, implemented the ESOS. The Group believes that by increasing its profile through the listing on the MESDAQ Market, it will be able to attract able and qualified personnel to play an active role in the growth of the Group.

However, there can be no assurance that the Group will be successful in retaining or recruiting qualified personnel. Any failure to expand or retain the key personnel may materially and adversely affect the Group's overall business, operating results and financial condition.

4. RISK FACTORS *(cont'd)*

4.4 Intellectual Property

The success of the Group's performance depends to a significant extent upon its ability to use third party proprietary rights, and protect its own proprietary rights. However, existing patent, copyright, trademark and trade secret laws afford only limited protection. Accordingly, there can be no assurance that the Group will be able to protect its proprietary rights against unauthorised copying, use or exploitation, any of which could have a material adverse effect on the Group's performance.

If there is any dispute in the future regarding the use of any such trademarks, including those that have already been registered, there can be no assurance that the Group would be able to successfully challenge any third party's infringement of its trademark or successfully defend a claim that a third party had infringed its trademarks.

Litigation or other action may be necessary in the future to enforce proprietary rights of the Group and to determine the validity and scope of the proprietary rights of third party. The Group is not aware that any of its products infringes the proprietary rights of third parties. There can be no assurance, however, that third parties will not claim infringement with respect to current or future products. Such litigation or proceedings, whether or not meritorious, could result in substantial costs and diversion of resources and management's attention, and could have a material adverse impact on the Group's performance.

To date, the Group owns three (3) trademarks in respect of its products, namely "QUEST", "Modulaire" and "Ultrasolve". Details of the registration or application for registration of these trademarks are set out in Section 10.2 of this Prospectus. There is no assurance that unauthorised parties will not attempt to use the trademarks or similar sounding names for their products, or pass off their products for the products of Quest Group.

To mitigate this risk, the Group has taken and will continue to take such steps as necessary to register and enforce their proprietary rights and protect the concepts, ideas and documentation relating to its proprietary technology. However, such methods may not provide the Group with complete protection and there can be no assurance that others will not independently obtain access to the Group's trade secrets and know-how or independently develop products or technologies similar to those of the Group.

4.5 Control by the Promoters

Upon completion of the Public Issue, the promoters of Quest will effectively and collectively hold an aggregate of 54,723,830 Shares (direct shareholding), which represents approximately 55.85% of the enlarged issued, and paid-up share capital of Quest and hence will be the controlling shareholders of the Company.

As a result, it is likely that the said Promoters will be able to effectively control the outcome of certain matters requiring shareholders' approval, including the constitution of the Board. Depending on how they choose to vote and because of the size of their collective shareholdings, the controlling shareholders will have a significant influence over matters requiring the shareholders' approval, unless they are required by law and/or the relevant authorities to abstain from voting.

Nonetheless, the Group has formed an audit committee comprising one (1) executive director and three (3) independent non-executive directors as a step towards good corporate governance to ensure that any future transactions involving related parties, if any, are entered into on arms-length basis.

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4. RISK FACTORS (cont'd)

4.6 Competition

The competition in the cleanroom industry and air and water filtration industry is intense. Quest has experienced and expects to continue to experience intense competition from current and future competitors, local and foreign. Foreign competitors in particular may have significantly greater financial resources and manpower coupled with better name recognition in the market, thus allowing them to penetrate the new market with greater ease. In addition, the Group may also face competition from new market entrants. Generally, competition may arise in respect of pricing, market reputation, product quality and customer services.

The Directors of Quest believe that the Group has competitive edge over other players in the local industry by being able to provide a comprehensive air and liquid engineering solution. In addition, the Group is able to supply a wide range of cleanroom products and equipment under its own brand name, "Modulaire". The Directors are also of the view that its 15 years of experience and know-how in the cleanroom industry, its high quality services and increasing recognition in the domestic market place will enable it to compete more effectively.

4.7 No Prior Market for Quest Shares

Prior to the Public Issue, there has been no public market for Quest Shares. There can be no assurance that an active market for Quest Shares will develop upon its Listing or, if developed, that such market will be sustained. There can also be no assurance that the Issue Price will correspond to the price at which the Quest Shares will be traded on the MESDAQ Market upon or subsequent to its Listing.

The Issue Price of RM0.38 per Share has been determined after taking into consideration a number of factors, including but not limited to, the Quest Group's financial and operating history and condition, its prospects and the prospects of the industry within which the Quest Group operates. The price at which Quest Shares will trade on the MESDAQ Market upon or subsequent to the Listing will be dependent upon market forces beyond the control of Quest.

4.8 Foreign Exchange Fluctuations

The Group procures its supply of equipment and products from the United Kingdom, Australia, USA and Europe. Hence, a substantial part of the Group's total purchases are denominated in foreign currencies including Euro, Pounds Sterling, Australian Dollar and USD. The exchange rate fluctuations may expose the Quest Group to additional risk, as any weakening of the RM may increase the Group's costs and adversely affect the financial performance of the Group.

This is an inherent risk of any industry, which relies on imports. The move by the Government to peg the RM has helped tremendously in reducing the risk when transacting in USD. In order to reduce the risk in relation to other foreign currencies, Quest Group may undertake hedging activities for future spending.

Nevertheless, there can be no assurance that any future significant exchange rate fluctuations or changes in foreign exchange control regulations will not have a material and adverse impact on the revenues and financial performance of the Group.

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4. RISK FACTORS *(cont'd)*

4.9 Dependency on the Distribution Rights from MRUK

The Quest Group is currently the distributor and agent for various air-filtration products from MRUK. There is no assurance that Quest's appointment as distributor and agent by the aforesaid principals will continue indefinitely.

VAM and MRUK have entered into a manufacturing and distribution agreement dated 23 May 2002 in respect of the manufacturing and sale of certain air filtration products. The distribution agreement is effective for an initial period of 5 years expiring on 31 March 2007. There is no assurance that the agreement will be renewed or if renewed that it will not be terminated thereafter. The discontinuation of the distribution agreement between VAM and MRUK may adversely affect the financial results of Quest. However, the directors of Quest are of the view that the discontinuation of the distribution agreement will not adversely affect the Group's ability to secure cleanroom projects or contracts in the future.

The Directors are also taking steps to mitigate this risk by increasing its current wide range of cleanroom products and equipment as well as the market segments. The Directors are also of the view that its 15 years of experience and know-how in the cleanroom industry, its high quality services and increasing recognition in the domestic market place will assist it to secure more projects/contracts in the future.

The Directors of Quest are of the view that due to the wide range of products sourced by it from various suppliers or principals, it is not solely dependent on the distribution rights or licence from MRUK for its products and services offering.

4.10 Absence of Long Term Contracts

A substantial part of the Group's revenue is derived from installation projects rather than the supply of cleanroom and air and liquid filtration products, consumables and accessories. The failure of the Group to secure future projects may have a material adverse effect on the Group's future financial performance. It has been the norm of the cleanroom and air and liquid filtration industry that users of such products, consumables and accessories do not enter into long-term contracts with the suppliers. There is no assurance that the customers of the Group will continue to purchase the Company's products or services.

Nevertheless, the Directors of Quest are of the view that given the 15 years of experience and know-how in the cleanroom industry, its proven track record in completing projects on time and in accordance with the stringent requirements of the customers and in providing quality services and products, and its being a full service provider in the cleanroom and air and liquid filtration industry, it will be able to secure future projects, ensure repeat orders and thus mitigate the risk associated with the absence of long-term contracts. In addition, the Group has over the years developed a wide customer and market segments for its products and services, which further mitigates such risk. As set out in the Business Development Plan, the Group will continue its efforts in widening the market segments of its products and services by targeting the life science, health facilities, research laboratories and pharmaceutical plants.

4.11 Political and Economic Conditions

Like all other business entities, adverse developments in political, economic and regulatory conditions in Malaysia and other countries may materially and adversely affect the financial condition of the South East Asian region and could unfavourably affect the results and business prospects of the Group. Other political uncertainties that could unfavourably affect the Group include changes in political leadership, expropriation, nationalisation, re-negotiation or nullification of existing sales orders and contracts, changes in interest rates and methods of taxation and currency exchange rules and contracts.

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

4. RISK FACTORS *(cont'd)*

4.12 Failure/Delay in the Listing

The occurrence of any one or more of the following events (which may not be exhaustive) may cause a delay in, or non-implementation of, the Listing:

- (i) the Underwriter fails to honour its obligations under the underwriting agreement dated 23 March 2005; or
- (ii) the places under the Private Placement fail to subscribe for the Public Issue Shares allocated to them; or
- (iii) the Company is unable to meet the public spread requirement, that is, at least 25% but not more than 49% of the total number of shares for which Listing is sought to be in the hands of the public at the point of its admission to the MESDAQ Market.

Although the Board will endeavour to ensure compliance by Quest of the various provision of the Listing Requirements, including, inter-alia, the public spread requirement imposed by Bursa Securities, for the successful Listing, no assurance can be given that the abovementioned factors will not cause a delay in or the non-implementation of the Listing.

4.13 Uncertainty of the Business Development Plan

In order to achieve the Business Development Plan, the Group relies on the availability of management, financial, customer support, operational and other resources. The success of the Group's Business Development Plan will be dependent upon, amongst others, the Group's ability to successfully develop and commercialise further applications of its technology, its ability to enter into strategic marketing arrangements on a timely basis, to successfully monitor its business growth and on favourable terms, to hire and retain skilled management, as well as to obtain adequate financing when needed. As a mitigating factor, the Group is backed by 15 years of experience and know-how in the cleanroom industry. Nevertheless, there can be no assurance that the Group will be able to successfully implement its Business Development 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 Development Plan due to rapid technological and market changes, as well as competitive pressures.

4.14 Disclosure Regarding Forward-Looking Statements

All statements contained in this Prospectus, statements made in press releases and oral statements that may be made by Quest or its Directors or employees acting on the Company'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 Company's expected financial position, business strategy, plans and prospects are forward-looking statements. These forward-looking statements, including statements as to the Company'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 Company'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.

Certain statements in this Prospectus are based on historical data, which may not be reflective of the future results, and any statements which are forward-looking in nature are subject to uncertainties and contingencies. All forward-looking statements are based on forecasts and assumptions made by the Quest Group, and although believed to be reasonable, are subject to unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially for the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, inter alia, general economic and business conditions, competition and

4. RISK FACTORS (cont'd)

the impact of new laws and regulations affecting the Group. In the light of these risks and other uncertainties, the inclusion of any forward-looking statements in this Prospectus should not imply that the plans and objectives of the Group will be fully implemented and satisfied.

4.15 Operational Risks

There is no assurance that the Group will continue to be profitable in the future years, or that it will achieve increasing or consistent level of profitability. The Group's revenue and operating results are difficult to forecast and could be adversely affected by many factors. Forecast of such nature is subject to inherent risk and uncertainties. These include amongst others, changes in the Group's operating cycles and expenses, the ability of the Group to develop and market new products and services and to control costs, market acceptance of the Group's new products and services, the length of its sales cycles, trade receivables' collection period and other business risks common to going concerns.

The Directors of Quest believe that the Group should be able to maintain its record of profitability in the future as the Group has been diversifying its product range by offering its services to different industries. The Group continues to manage its cash flow position prudently by monitoring its trade receivables position and operating expenditure closely and careful consideration of any proposed capital expenditure to ensure the continued sustainable financial position of its business.

4.16 Project Risks

The Group's contracts with clients are generally entered into on a project basis. Due to the complexity of the projects that the Group undertakes, the projects are subject to the following risk factors:

- (a) Most of the Group's services are based on fixed-price contracts of which the price is determined at bid time, based on estimates. The Group may under-estimate project costs in tendering or bidding for a project. In such event, the Group may incur cost overruns which will reduce profits or incur losses;
- (b) Clients may delay or cancel their projects due to unforeseen circumstances. Delays may arise from incomplete specifications or unanticipated difficulties during the project implementation stage. Project delays will affect profit margin as time spent negotiating and resolving issues will delay the recognition of revenues. Additional costs may also be incurred as a result of these delays. Further, any changes in the client's management may also cause cancellation of awarded projects; and
- (c) Failure to implement projects that fully satisfy the requirements and expectations of the clients may lead to claims being made against the Group, which may in turn adversely affect profits and reputation of the Group. This usually arises from staff turnover, human error, misinterpretation of and failure to adhere to specifications and procedures.

The Group will conduct studies on the complexity and the specification of each project in order to ensure smooth implementation and minimise cost overrun.

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