5. INFORMATION ON THE QUEST GROUP

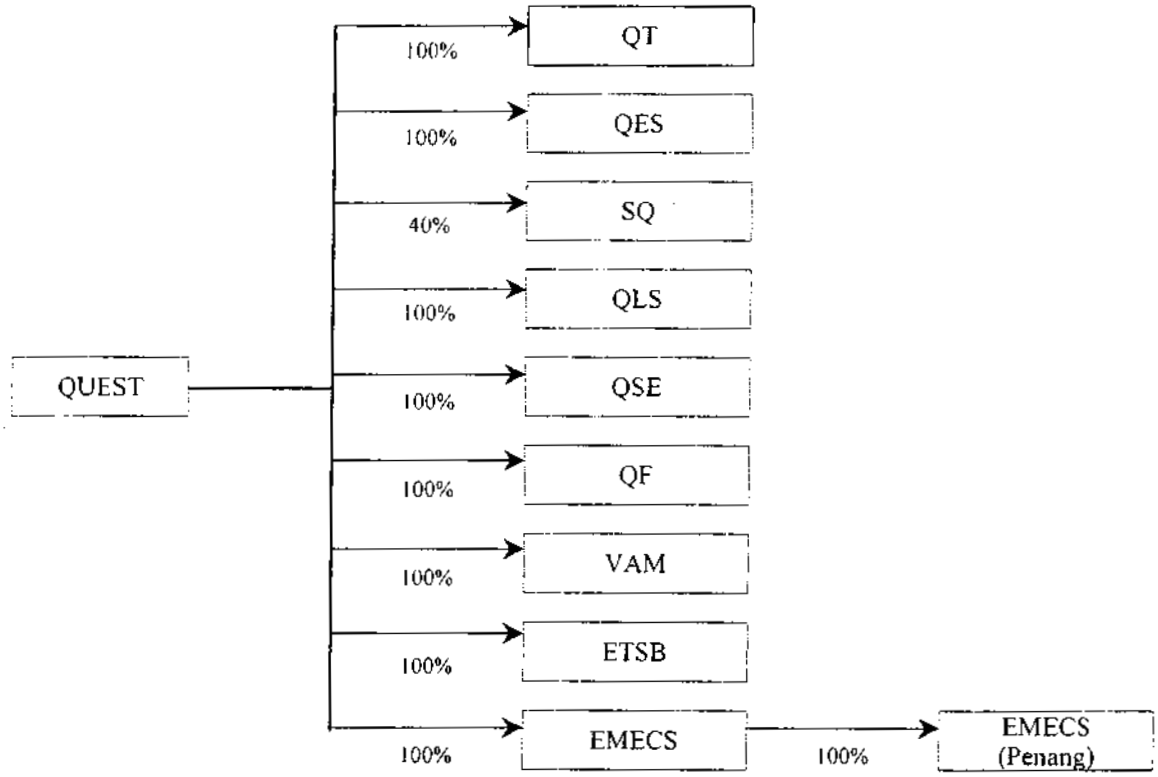
5.1 BACKGROUND

5.1.1 History and Background of Quest

Quest was incorporated in Malaysia under the Act on 4 December 1996 as a private limited company under the name of Ruby Quest Sdn Bhd. Subsequently on 19 March 2004, it was converted into a public limited company under the name of Ruby Quest Berhad.

Quest is involved in investment holding and the provision of management services. The subsidiaries and associated company of Quest are principally involved in the installation of cleanroom systems and providing technical management services, sale of cleanroom filters and equipment, distribution and manufacturing of air filters, selling, installation, maintenance of water treatment equipment and provision of water treatment services, mechanical and electrical systems for air filtration as well as mechanical, electrical contracting services and engineering works as set out in Section 5.3 of this Prospectus.

The existing group structure of Quest is depicted in the diagram 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, 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, University 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.

5.1.2 Share Capital and Changes in Share Capital

The authorised share capital of Quest, as at the date of this Prospectus, is RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each, of which 71,800,000 ordinary shares of RM0.10 each have been issued and fully paid up.

Details of the changes in the issued and paid-up capital of Quest since its incorporation until the date of this Prospectus are as follows:

	Date of Allotment / Date of Change	No. Of Quest Shares	Par Value RM	Amount RM
Authorised share capital				
- Ordinary shares		250,000,000	0.10	25,000,000
Issued and paid-up share capital				
Subscribers' share	04.12.1996	2	1.00	2
	26.02.1997	270,010	1.00	270,012
	18.02.2004	78,000	1.00	348,012
Pursuant to the Acquisitions	06.01.2005	76,567	1.00	424,579
Pursuant to the Conversion of CRPS*	06.01.2005	66,666	1.00	491,245
Pursuant to the Bonus Issue	06.01.2005	6,688,755	1.00	7,180,000
Pursuant to the Shares Split	06.01.2005	71,800,000	0.10	7,180,000
Issued and paid-up share capital after Public Issue				
- Ordinary shares		97,980,000	0.10	9,798,000

Note:

* *Pursuant to the conversion of all the 66,666 CRPS registered in the name of Tan Sri Dato' Mohamed Noordin Bin Hassan and Datuk Abu Huraira Bin Abu Yazid, in equal proportion into ordinary shares of RM1.00 each in Quest.*

5.1.3 Listing Scheme

In conjunction with, and as an integral part of the listing of and quotation for the enlarged entire issued and paid-up share capital of Quest on the MESDAQ Market and the Public Issue, the Company had implemented a listing scheme which was approved by the SC and Bursa Securities on 23 December 2004 and 27 December 2004 respectively. The listing scheme consists of the following:

(i) Acquisitions

Quest entered into a conditional share purchase agreement dated 18 February 2004 with Sim Keng Siong and Lee Woon Ching for the acquisition of the entire issued and paid-up share capital of ETSB for a purchase consideration of RM1,444,004 satisfied by the issuance of 54,843 ordinary shares of RM1.00 each in Quest.

5. INFORMATION ON THE QUEST GROUP *(cont'd)*

Quest also entered into a conditional share purchase agreement dated 18 February 2004 with Sim Keng Siong, Simon Loh Chi Yin and Tan Joo Wee for the acquisition of the entire issued and paid-up share capital of EMECS for a total purchase consideration of RM572,002 satisfied by the issuance of 21,724 ordinary shares of RM1.00 each in Quest.

Quest had on 18 February 2004 entered into two (2) call option agreements with Tan Sri Dato' Mohamed Noordin Bin Hassan and Datuk Abu Huraira Bin Abu Yazid respectively for the right to purchase the remaining 80% equity interest in QSE for a total cash consideration of RM80,000. The option period commenced from the date of the agreements and expired either on a date occurring nine (9) months from the date of the agreements or on a date occurring one (1) month from the date of approval of listing of Quest on MESDAQ Market, whichever is earlier.

The details of the Acquisitions are as follows:

(a) ETSB Acquisition

Vendors of ETSB	No. of shares acquired	% of share capital	Purchase consideration (RM)	No. of ordinary shares of RM1.00 each in Quest issued
Sim Keng Siong	249,000	99.60	1,438,228	54,624
Lee Woon Ching	1,000	0.40	5,776	219
Total	**250,000**	**100.00**	**1,444,004**	**54,843**

(b) EMECS Acquisition

Vendors of EMECS	No. of shares acquired	% of share capital	Purchase consideration (RM)	No. of ordinary shares of RM1.00 each in Quest issued
Sim Keng Siong	60,000	60.00	343,201	13,034
Simon Loh Chi Yin	25,000	25.00	143,001	5,431
Tan Joo Wee	15,000	15.00	85,800	3,259
Total	**100,000**	**100.00**	**572,002**	**21,724**

(c) QSE Acquisition

Vendors of QSE	No. of shares acquired	% of share capital	Purchase consideration (RM)	No. of ordinary shares of RM1.00 each in Quest issued
Tan Sri Dato' Mohamed Noordin Bin Hassan	40,000	40.00	40,000	-
Datuk Abu Huraira Bin Abu Yazid	40,000	40.00	40,000	-
Total	**80,000**	**80.00**	**80,000**	**-**

Each of the new ordinary shares issued pursuant to the Acquisitions rank pari passu in all respect with the existing ordinary shares of RM1.00 each in Quest save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the Acquisitions.

The Acquisitions were completed on 6 January 2005, whereupon the issued and paid-up share capital of Quest was increased from RM348,012 to RM424,579 comprising 424,579 ordinary shares of RM1.00 each in Quest.

(ii) Conversion of CRPS

As part of the Conversion of CRPS, Quest had on 5 April 2004 issued 66,666 CRPS in the Company at a subscription price of RM30.00 for each CRPS to Tan Sri Dato' Mohamed Noordin Bin Hassan and Datuk Abu Huraira Bin Abu Yazid, in equal proportion.

Upon obtaining the approval of Bursa Securities and the SC, Quest effected a conversion of all the 66,666 CRPS into 66,666 ordinary shares of RM1.00 each in Quest on the basis of one (1) CRPS for one (1) Quest Share of RM1.00 each in Quest before the Bonus Issue.

The details of the Conversion of CRPS are as follows:

Name	No. of CRPS	Conversion Rate	No. of new ordinary shares of RM1.00 each in Quest
Tan Sri Dato' Mohamed Noordin bin Hassan	33,333	1:1	33,333
Datuk Abu Huraira Bin Abu Yazid	33,333	1:1	33,333
Total	**66,666**		**66,666**

Each of the new ordinary shares issued pursuant to the Conversion of CRPS ranks pari passu in all respect with the existing ordinary shares of RM1.00 each in Quest save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the Conversion of CRPS.

The Conversion of CRPS was completed on 6 January 2005, whereupon the issued and paid-up share capital of Quest was increased from RM424,579 to RM491,245 comprising 491,245 ordinary shares of RM1.00 each in Quest.

(iii) Bonus Issue

Upon the completion of the Acquisitions and the Conversion of CRPS, Quest undertook a bonus issue of 6,688,755 new ordinary shares of RM1.00 each in Quest on the basis of approximately sixty eight (68) new ordinary shares of RM1.00 each for every five (5) ordinary shares of RM1.00 each in Quest, credited as fully paid-up by the Company allotted to the shareholders of the Company whose names appeared on the register of members at the close of business on 6 January 2005.

The Bonus Issue was capitalised from the Company's share premium account and revaluation reserve amounting to RM2,442,000 and RM4,246,000 respectively based on the audited financial statements for the financial period ended 31 October 2004. Each of the new ordinary shares issued pursuant to the Bonus Issue ranks pari passu in all respect with the existing ordinary shares of RM1.00 each in Quest save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of the bonus shares.

The Bonus Issue was completed on 6 January 2005, whereupon the issued and paid-up share capital of Quest was increased from RM491,245 to RM7,180,000 comprising 7,180,000 ordinary shares of RM1.00 each in Quest.

5. INFORMATION ON THE QUEST GROUP *(cont'd)*

(iv) Share Split

After the completion of the Acquisitions, the Conversion of CRPS and the Bonus Issue, Quest undertook a share split exercise by subdividing every existing one (1) ordinary share of RM1.00 each in Quest into ten (10) new ordinary shares of RM0.10 par value each.
Following the completion of the Share Split on 6 January 2005, the Company's issued and paid-up share capital is RM7,180,000 comprising 71,800,000 Quest Shares.

(v) Public Issue

To facilitate the listing of and quotation for the entire issued and paid-up share capital of the Company on the MESDAQ Market and to comply with the Listing Requirements with regards to shareholding spread, Quest shall undertake a Public Issue of 26,180,000 new Quest Shares at the Issue Price.

The Public Issue Shares will be offered to the general public including eligible directors and employees of Quest Group and private placement investors (both foreign and local), each investor representing less than 5% of the resultant enlarged share capital of the Company upon Listing, and will be allocated in the following manner:

Public Issue	Number of Quest Shares ('000)	% to the enlarged share capital of the Company (approximate)
Malaysian Public	5,000	5.10
Eligible directors and employees of Quest Group	1,180	1.21
Private Placement	20,000	20.41
	26,180	**26.72**

Upon completion of the Public Issue, the enlarged issued and paid-up share capital of the Company will be further increased from RM7,180,000 to RM9,798,000 divided into 97,980,000 Quest Shares.

The 26,180,000 new Quest Shares to be issued pursuant to the Public Issue shall, upon allotment and issue, rank pari passu in all respects with the then existing issued and paid-up ordinary shares of the Company.

(vi) Listing

Quest will seek the listing of and quotation for its entire enlarged share capital of 97,980,000 new Quest Shares on the MESDAQ Market.

(vii) ESOS

After Listing, the Quest Group will implement an ESOS pursuant to which Eligible Employees and Directors will be granted options to subscribe for new shares in Quest. The approval of the SC and Bursa Securities have been obtained on 23 December 2004 and 27 December 2004 respectively.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

5. INFORMATION ON THE QUEST GROUP *(cont'd)*

5.2 BUSINESS OVERVIEW

5.2.1 Principal Activities of the Group

Quest is involved in investment holding and the provision of management services while the principal activities of its subsidiaries and associated company, can be summarised into three (3) broad categories namely the air division, the liquid division and the manufacturing division.

Air division

The air division is the foundation of the Group's business. It comprises QT, QF, QES, QSE, SQ, ETSB, EMECS and EMECS (Penang), which carry on the business of installation of cleanroom systems, providing technical and management services and sale of cleanroom filters and equipment. In general, the subsidiaries and associated company of Quest in this division were established in order to service the different geographical markets or market segments in Malaysia. Currently, a significant amount of the total sales revenue of the Group are contributed by the air division.

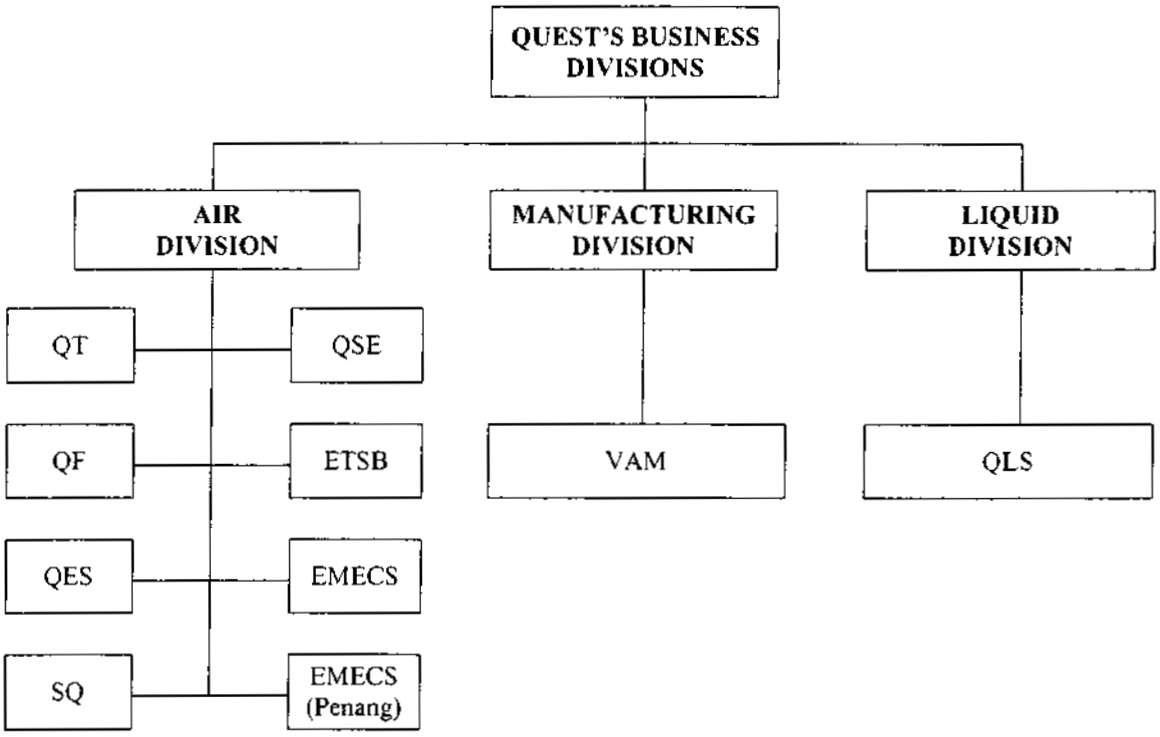
Liquid division

The liquid division was formed in 2001 and currently comprises QLS. QLS carries on the business of selling, installation and maintenance of water treatment equipment and provision of water treatment services.

Manufacturing Division

The manufacturing division of the Group manufactures and distributes certain brands of air filters for MRUK.

The diagram below depicts the overall business structure of the Group.



5. INFORMATION ON THE QUEST GROUP *(cont'd)*

5.2.2 Products and Services offered by the Group

The Quest Group's principal activities are primarily the provision of engineering services for the cleanroom industry and controlled environment, including consultation, cleanroom performance rescue, cleanroom design, project management, installation, process integration and other support services. The business activities of the Group cover the following areas:

- Air Filtration System
- Cleanroom System
- Dust Collector System
- Environmental Controls and Testing
- Gaseous Filtration System
- Ultra Pure Water System
- Treatment of Industrial Waste Water
- Sterilised Water/Water For Injection System
- Reverse Osmosis System
- Demineralised Water Treatment System
- Portable Water System
- Supply of Cleanroom Consumables, Equipment and Furniture
- Maintenance and Servicing
- Medical Gases
- Bio and Chemical Hazardous Cabinets
- Isolation and Contamination Control

Products	Brand name	Principal/ Country of Origin
Air Filtration Products	VOKES, INTERFILTA, SCANFILTER SAGI	McLeod Russel Group SAGICOFIM, Italy
Gaseous Filtration System	VOKES	McLeod Russel Group
Filter Media	ORV	Italy
Gas Turbine Inlet Filters	Vokes	McLeod Russel Group
Biological & Cytotoxic Cabinets	E Mail	Australia
FilmTec RO Membranes & Ion Exchange Resin	Dow Chemicals	USA
Water Treatment Instrument	EnTec Instruments	Singapore
Pharmaceutical and GMP Cleanroom Systems	MRC	MRC Systems, UK
Containment & Safe Change System	UNIPAK CONTEC	McLeod Russel Group Fluid System Technology, UK
Bio and Chemical Hazardous Cabinets & Isolators	MAT	MEDICAL AIR TECHNOLOGY, UK
NBC Systems- NATO Approved Systems for Air, Sea and Land Applications	SAGI	SAGICOFIM, Italy

5. INFORMATION ON THE QUEST GROUP *(cont'd)*

Over the years, Quest has developed its own cleanroom equipment under the brand names of "QUEST" and "Modulaire". Below are some of the equipment manufactured and sold by QUEST under its own brand names:

- Air Showers and Pass Boxes
- Trolley Pass-Through Boxes
- Garment Storage Cabinets and General Cleanroom Furniture
- Horizontal and Vertical Laminar Flow Stations
- Straddle Units
- Portable Cleanroom and Booths
- Wall Partitioning Channel System (Class 10, 100 & 1,000 System)
- Ceiling Grid Systems

5.2.3 Brand names, Trademarks and Licences

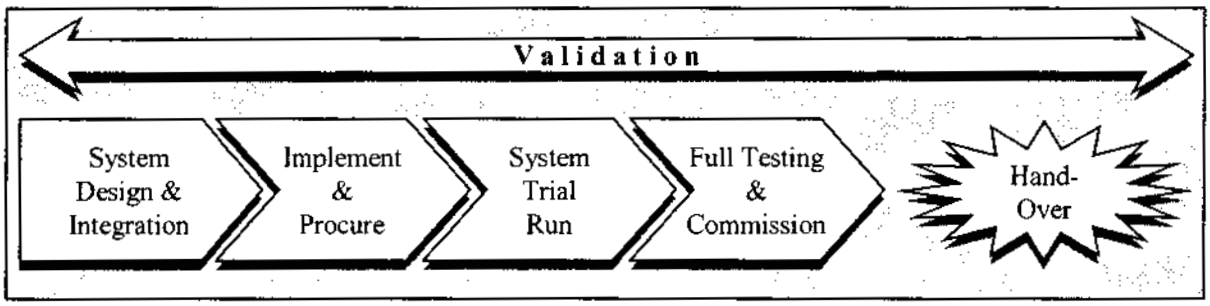
The Group sells a wide range of cleanroom equipment and air and liquid filtration products, some of which are sold under Quest Group's own brand names of various foreign principals and some of which are sold under Quest's own brand names. Please refer to Sections 4.9, 5.2.2 and 10.2 for the listing of the foreign and Quest's in-house brand names respectively.

The Quest Group via VAM has on 23 May 2002 entered into a manufacturing and distribution agreement with MRUK, pursuant to which MRUK had appointed VAM as manufacturer and distributor of certain of MRUK's industrial air filtration products. The manufacturing and distribution right is exclusive in respect of some of the products and non-exclusive in respect of others. VAM is also granted exclusive distribution rights in Malaysia, Thailand, Singapore, Indonesia and Philippines and non-exclusive distribution rights in China. The distribution and manufacturing right is granted for an initial duration of 5 years commencing 1 April 2002. Thereafter, the agreement will continue in force unless either party gives to the other prior written notice of not less than 6 months to terminate the agreement.

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.

5.2.4 Cleanroom System Technological Process

Recognising the high standard or acceptability level required in the air and liquid filtration systems, Quest has formulated a typical cleanroom system technological process which is adopted by the Company as set out below:



THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

5. INFORMATION ON THE QUEST GROUP *(cont'd)*

A brief description of the system technological process is set out below:

1. System Design & Integration

   Quest will study the user's requirement and propose the most appropriate system design to meet the user's specification. Quest will also advise on the most appropriate component, parts and equipment to be used in the cleanroom. The system will cover all aspects of the cleanroom from the airflow, humidity and level of cleanliness. Different class of cleanroom requires different system design and equipment and the Quest Group has designed and implemented up to a Class 10 System, which is currently used within the semiconductor industry.

2. Implementation & Procurement

   Once the system design and integration stage is completed, the system will be installed and implemented in accordance with the agreed designed parameters.

3. System Trial Run

   Upon completion of installation, Quest will carry out a trial run on the system. This involves the testing of system as a whole to ensure that all the various components are able to integrate and function properly.

4. Full Testing & Commissioning

   Upon completion of the system trial run, Quest will carry out final testing. This is usually undertaken by a qualified independent third party to ensure compliance with the agreed international standard and regulations. The Group will compile a full operational manual that will be handed over to the customer upon completion of the final testing and commissioning. The Group will also provide training to the end users if such requirement is needed from them.

Validation and Qualification

As depicted in the diagram above, validation is an integral part of the system technological process of Quest. At every stage of the system technological process undertaken by Quest from concept design through to full testing and commissioning, Quest will carry out a comprehensive validation process. The validation protocols carried out by Quest will be documented, including protocols on how the qualification and validation will be conducted, the critical steps required to be taken and the acceptance criteria to be applied. The protocol proposed must be approved by the customer. A brief description of the qualification for the various aspects of the system technological process is set out below.

1. *Design Qualification*

   As part of the validation process to ensure that the facilities, system and equipment meet the design qualification, the Quest Group will carry out checks to ensure that the design of new facilities, system and equipment complies with the required standard such as GMP.

2. *Installation Qualification*

   The Quest Group carries out installation qualification on new or modified facilities, system and equipment. This includes checking to ensure that the installation of equipment, piping and instrumentation complies with current engineering drawings and specification, collecting and collating supplier operational and working instructions and maintenance requirements, carrying out and complying with calibration requirements and verifying construction material used.

3. *Operational Qualification*

After completing the installation qualification, the operational qualification will follow. This entails carrying out tests developed from knowledge of processes, system and equipment, including a condition or set of conditions encompassing upper and lower operating limits, sometimes referred to as the "worst case" condition.

The completion of a successful operational qualification leads to the finalisation of calibration, operating and cleaning procedures, operator training and preventive maintenance requirements leading to a formal release of the facilities, system or equipment.

4. *Performance Qualification*

Performance qualification should follow successful completion of installation qualification and operational qualification. The qualification entails carrying out tests using production material, qualified substitutes or simulated product, and tests to include a condition or set of conditions encompassing upper and lower operating limits.

Cleanroom Technology

Quest's cleanroom technology involves the use of specialised engineering methodology to design and build the state-of-the-art cleanroom facilities. These involve the integrated expertise of various disciplines with experience in the manufacturing processes and equipment, logistics involving people and products, hook up, systems engineering, validation, safety, structures, mechanical and electrical engineering and material science. Quest places great importance in the design and operation of the cleanroom facility as the overall process and proper functioning of the cleanroom will have a direct correlation to the output yield.

Cleanroom controls the environment in which sophisticated components are manufactured and where complex processes take place.

- *Internal environment*: The cleanliness of the internal environment directly affects the processes and the quality of the products. Typically, where sophisticated components are manufactured, emphasis is placed on protecting the component from particle contamination. In the pharmaceutical and vaccine environment, it is also important to protect the employee from infection as well as preventing cross contamination.

- *External environment*: Contaminants removed from the manufacturing or process areas are to be efficiently filtered and removed from the air and water to prevent any harm to the environment. Energy consumption for the process as a whole is to be optimised.

- *Energy savings*: During the conceptual and final design stage, energy saving features are incorporated into the overall system for optimal energy utilisation. Energy monitoring is also performed after completion under operating conditions to ensure continuous optimal usage.

Cleanroom consumes vast amount of fast depleting natural resources such as electricity and water. Energy and water form significant parts of the overall operating costs. Quest's cleanroom design would incorporate controls and other resources-saving devices to reduce the environmental impact and operational costs. Every design of cleanroom will also take into consideration variable factors such as temperature, humidity, pressure, air motion, ambient air cleanliness, lighting level, sound level and vibration. Requirements needed for design determination are room/facilities conditions, thermal loads, airflows rates, airflow patterns, containment control, sound and vibration limit and energy recovery potential.

5. INFORMATION ON THE QUEST GROUP *(cont'd)*

Below are some of the systems and controls pertaining to the control of contamination requirements:

Systems	Controls
Pressurisation	Prevent cross contamination
Temperature	Provide stable conditions for materials and instruments
Humidity	Prevent corrosion, oxidation, condensation, static electricity, contamination and microbial growth
Airflow Management: Makeup Air/Exhaust Air/ Dilution Air	Prevent contamination and provide stable conditions for processes

The variation of any of the above variable factors may affect the overall system performance owing to their inter-dependency. Controlling and managing all the variable factors necessitate specialised knowledge and technological skills.

In order to broaden the breadth of Quest's engineering expertise it is now also able to provide ultra pure water, sterilised water (water for injection), reverse osmosis and waste water treatment systems.

5.2.5 Estimated Market Coverage and Competition

As with most businesses, Quest is susceptible to competitive pressures from local and foreign competitors. Due to lack of industry statistics, Quest is unable to determine exactly its market share or position in each of the market segments that Quest competes in. However, the Directors of Quest believe that the Group has competitive edge over other players in the local market by being able to provide a comprehensive air and liquid engineering solution for the cleanroom industry. 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 the 15 years of experience and know-how of the Group in the cleanroom industry, its high-quality services and increasing recognition in the domestic market place has enabled it to compete more effectively.

5.2.6 New Product Development

The Quest Group has over the 15 years of its operation progressed from a mere distributor and seller of cleanroom products and equipment to become a manufacturer of products and equipment under its own brand names. This includes cleanroom equipment sold under the trademark "Modulaire". The following are some of the new products developed or currently being developed by the Group:

(a) Hazardous Cabinets

During 2003, Quest has successfully designed and prototyped a Biological and a Chemical Class II Safety Cabinets and have begun selling them in the local market. Prior to this, most types of hazardous cabinets are imported. It is Quest's intention to further refine this product for sale in the local market and for export. These products are used extensively by pharmaceutical companies, healthcare facilities, laboratories and research organisations for testing biological and chemical contaminants. Quest has branded these cabinets as BioQUEST 2 and ChemQUEST 2. These products are fully supported by the in-house technical and service teams of the Group. Quest believes that its cabinets have competitive advantage in terms of "after sales service" and pricing compared to imported products without compromising its functionality.

Ongoing R&D to incorporate new features would be undertaken to further improve the products.

5. INFORMATION ON THE QUEST GROUP *(cont'd)*

(b) Quest Mobile Skids

In 2002, Quest developed its own range of mobile skids producing purified water. These skids are used during plants shut down for maintenance or repairs. The system enabled the essential processes to continue operating at a restricted level.

Each mobile skid consists of 2 sections. The first section comprises of 2 units of activated carbon filters which are used to reduce suspended solids, free chlorine, organics, colouring and smell from the raw feed water. The filtered water would then be directed to the second section of the mobile skid to produce purified water on site for the plant's usage during the shut down.

(c) M-ZAC2

Quest has developed a new product by the name of M-ZAC2, which is a semi-enclosed structure that serves as an outdoor air purifier that will provide filtered and cleaner air to the people taking shelter within covered structures. The unit employs a multistage air filtration system to remove particles as well as gaseous contaminants from the ambient air prior to discharging them within the unit. Aside from the pre-filters, high efficiency filtration and impregnated carbon filters are also used. The impregnated carbon filter is used to remove noxious gas compounds from the air. The project is partly funded by a grant from the Ministry of Science, Technology and the Environment (now known as Ministry of Science, Technology and Innovation).

On 4 November 2003, QT received the Certificate of Completion for the M-ZAC2 project under the environmental technology category from the Ministry of Science, Technology and the Environment.

The Group intends to commercialise the sale of the M-ZAC2 in the future. It has been envisaged that M-ZAC2 would be used as a "Clean Air Shelter" where the ambient pollution is at the greatest. M-ZAC2's main usage is to function as a bus stop and shelter for people from pollution, rain and sun. Additionally, there are spaces available on the unit that can be used to generate advertising income.

(d) Operating Theatre System

Ultra clean ventilation ("UCV") systems are now used as standard features in Operation Theatres of most leading UK hospitals. In conventional operating theatre, airborne bacterial levels at the wound site can vary between 100-500 bacterial carrying particles per cubic metre. Reducing these levels requires the installation of an efficient ultraclean air system to provide a clean zone within which the surgical team works. These restrict bacteria levels to a maximum of 10 per cubic metre at the wound site.

Whilst the volume of clean air produced is important, the management of air velocity and direction will also serve to further restrict the bacterial level. The problems arising from post-operative infections are now at very high levels and pose a tremendous financial burden to the country. Quest has been commissioned to develop a Controlled Airflow Operating Theatre System for use in a local hospital. Although these systems are already in use overseas, Quest is not aware that any such system is in use in Malaysia. Quest intends to design, develop and commercialise a system for use locally and in the region. The operating theatre system is currently under designing stage and the prototype is expected to be completed at the end of 2005.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

(e) ***Air Filters***

Quest has developed its own air filter under its own brand "Ultrasolve" and sold some in 2004. This is to ensure that it is not unduly dependent on suppliers for its products offering. Products available from overseas are often unsuitable for use in our climatic and environmental conditions. Key air filter components, for example the media, are currently imported and the market size exceeds RM100 million annually.

The Group has submitted an application for trademark registration of "Ultrasolve" in respect of air filters produced by it. Plans are in place to develop a wider range of air filter products in the near future.

(f) ***Water Filter***

Quest is also developing its own water filter system for domestic usage. The finished product has been completed in 2004 and is expected to be commercialised in 2005. The unique features of this product are low maintenance, low price, with a range of colours to blend the unit to the environment.

5.2.7 Principal Markets for Quest's Products and Services

Quest's products and services are primarily offered in the domestic market. The various segments of the market in which its products and services are offered are as follows:

- GMP pharmaceutical manufacturing plants
- Hospital and medical research centres
- Tissue culture industry
- Bio-hazard facilities
- Manufacturing plants
- Micro-electronics industry
- Rubber and glove factories
- Oil and gas industry
- Commercial and high rise building
- Hotel and catering industry
- Power station- gas turbine & co-generation plants

5.2.8 Types, Sources and Availability of Raw Materials/Input

The Group is primarily an engineering services company and sources for the supply 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 from overseas. With the exception of the exclusive manufacturing and distribution right granted by MRUK to VAM in respect of the sale of certain brands of 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.

The raw material used by the manufacturing division of the Group is filter media, which is sourced overseas. The liquid division on the other hand sources for membrane and resins primarily from the USA and Europe. Generally, the raw material required by the Group in connection with its business are readily available and are not subject to any shortage. During the past 12 months, the Group has not experienced any shortage in the supply of raw material or products.

5. INFORMATION ON THE QUEST GROUP *(cont'd)*

5.2.9 Product Quality / Quality Management programmes

As set out in Section 5.2.4, the Group has put into place a quality management programme via the implementation of a systematic engineering process and documented validation protocols consisting of design, implementation and operational performance qualification.

5.2.10 Research and Development

(i) *Objectives and Approaches*

Quest is committed to undertake ongoing R&D programme to enhance its products and service offerings to its customers as well as keeping its products in line with market developments. Quest has traditionally developed and sold a range of cleanroom equipment and fixtures under the brand name of "**Modulaire**" to its customers. These products complement Quest's value-added services in the area of system design and integration of cleanroom and controlled environment.

This is made possible through an experienced management and staff team comprising of a unique blend of professionals from various disciplines, namely mechanical, electrical and chemical process engineering, management, marketing and computer sciences. As a focused specialist in cleanroom and controlled environment facilities, Quest has the know-how and capabilities to undertake a wide range of works, from planning and designing through to construction and ongoing servicing and maintenance of cleanroom and controlled environment facilities.

From design specifications, technical backup and post-installation and engineering services, Quest has always strived to meet the most stringent requirements demanded by its clients. The R&D committee will consider the following criteria prior to commencement of product development process:

- Products with clear revenue cycle and with expansion or regionally scalable possibility.
- Products targeting at the rapid growing sector.
- Synergy with its existing services in the air filtration and water filtration system.

(ii) *R&D Committee*

The R&D committee is headed by Wong Peng Yew and the committee members are as follows:

- Aloysious Joachim A/L J.P. Pereira
- Koo Be How
- Sim Keng Siong
- Simon Loh Chi Yin
- Tan Joo Wee
- Ong Seng Joo

Please refer to Section 7.4 below for the profiles of the members of the R&D team. Besides undertaking new product development, the function of the R&D committee includes the evaluation of the quality of its existing products for upgrading and quality control purposes.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

5. INFORMATION ON THE QUEST GROUP *(cont'd)*

(iii) *R&D Activities and Achievements*

The Group has, over the last 13 years of its operations carried out or made the following R&D activities and achievements:

Year	Products	Status
1992 to 1999	Various cleanroom equipment and accessories under the "Modulaire" brand name.	These products have been sold to customers over the past few years.
2000 to 2001	M-ZAC2	Received Certificate of Completion from the Ministry of Science, Technology and the Environment on 4 November 2003 under the Environment Technology category. This product is currently pending commercialisation.
2002	Mobile Skids	Developed its own range of mobile skids used in the water purification sector and rented to a few established customers during plants shut down.
2003	Hazardous Cabinets	Finalised the design and prototyping of Biological and Chemical Class II Safety Cabinets and sold a few units locally towards end of 2003.
	Water Filter	Developed domestic water filter. This product is pending commercialisation.
2004 to current	Operating Theatre System	Quest has been commissioned to develop a controlled airflow operating theatre system for use in a local hospital. Currently under design stage and expected to be completed at the end of 2005.
	Air Filters	Developed its own air filters under the brand name "Ultrasolve" and commercialised in 2004.

The Quest Group will be embarking on the development of a new range of niche products for the high growth niche market segments mainly in the areas of pharmaceutical manufacturing plant, hospital and medical research centres for the next three years. Meanwhile, the R&D team of Quest Group is contributing their expertise towards the development of the new range of niche products domestically so as to reduce the import of these products from oversea. Please refer to Section 5.2.6 of this Prospectus for more information on the new products developed by the Group as part of its R&D initiatives.

(iv) *R&D Expenditure*

The amount spent by the Group on R&D over the last three (3) financial years is as follows :

Financial year ended 31 December	**2001**	**2002**	**2003**
Amount spent on R&D (RM'000)	129	87	188
Amount spent as a percentage of revenue	1.2%	0.7%	1.1%

The Group was awarded a grant under the Industry Research And Development Grant Scheme ("IGS") by the Ministry of Science, Technology and the Environment *(now known as Ministry of Science, Technology and Innovation)* for the development of M-ZAC2 product. Under the IGS, 70% of the approved R&D cost incurred by the Group in relation to M-ZAC2 was funded by the said Ministry. To date, M-ZAC2 has received the Certificate of Completion under the environmental technology category from the Ministry on 4 November 2003 as disclosed in Section 5.2.6(c) of this Prospectus.

For future R&D activities to be undertaken, the Group may apply for funds under the IGS, which will be considered on the basis of the merits of each R&D activity. Using this percentage as a basis, the RM500,000 allocated for the R&D expenditure from the Public Issue proceeds within the next 5 years as stated in Section 3.8 of this Prospectus, would translate to approximately RM1.67 million worth of R&D activities i.e. assuming 70% of the funds to be obtained from the IGS. In the event that the approval under the grant is not obtained for future R&D activities, any shortfall shall be funded from the working capital allocation or internally generated funds.

Apart from the grant awarded by IGS, the Group will also explore other R&D grants available from time to time. There are possibilities that the Group may also explore to collaborate with local public universities or approved private R&D institutes who has intention to apply for Intensification of Research in Priority Areas Grant Scheme, which grant 100% direct cost, for joint research activities.

5.2.11 Interruption in Business

The Quest Group did not experience any interruption in its business having a significant adverse effect on its operations for the last 12 months prior to the date of this Prospectus.

5.2.12 Information on Employees

The Quest Group's business is supported by competent personnel with sound industry knowledge, hands-on experience and expertise. The key personnel in the Quest Group are from diverse technical disciplines, including experience in the air and liquid filtration industry in Malaysia and their networks within the local market. They make up more than 50% of the total employees in the Group. There are no contractual or temporary employees within the Quest Group. All employees of the Group are under permanent employment.

Quest's staff comprised of skilled engineers and other employees who have successfully executed construction of high-tech cleanroom projects in micro-electronics plants, pharmaceutical plants, manufacturing plants, hospitals and medical research centres, tissue culture industries, biohazard facilities, electronics plants, airports and class A buildings, oil and gas industries and power stations.

As at the date of this Prospectus, the Quest Group has a total workforce of 69 employees. The employees do not belong to any labour union and enjoy cordial relationship with the management. In addition, there have not been any industrial disputes between the employees and the management of the Quest Group.

The employees of Quest keep abreast with the latest updates and methologies by attending various courses available frequently. In addition, the Quest Group will be implementing appropriate staff training and development programme, structured training programmes to support the execution of the employees' duties and responsibilities as well as the future growth of the Quest Group.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

5. INFORMATION ON THE QUEST GROUP *(cont'd)*

The employees of Quest Group can generally be segregated into the following three (3) categories:

Employees Categories	< 1 year of service	1~5 years of service	> 5 years of service	Total year of service	% of Total
Managerial & Professional	4	9	7	16	28.99
Engineers & Technician	5	11	9	25	36.23
Clerical & Admin & accounts	3	12	9	24	34.78
Total	**12**	**32**	**25**	**69**	**100%**
% of Total Workforce	**17.39**	**46.38**	**36.23**	-	**100%**

5.2.13 Key Achievements

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.

To-date, Quest Group has grown from a trading company to a service provider in system designing, manufacturing and integration of air, liquid, gaseous filtration system. Today the 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. VAM also has an exclusive manufacturing and distribution agreement with one of its principals, MRUK, to manufacture and sell a wide range of air filtration products in Malaysia, Thailand, Singapore, Indonesia and the Philippines.

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.

Over the years, the Group has also acquired the expertise and know-how in the manufacture of cleanroom equipment.

5.2.14 Modes of Marketing/Distribution

Quest has a team of dedicated sales engineers located in the Shah Alam and Penang offices to market its services and products throughout Malaysia and Singapore. The Shah Alam office which is the head office is servicing the central and southern region whereas the Penang office is servicing the northern region. The marketing team also leverages on the Group's trademark, "QUEST" which is quite well known in the air filtration system and cleanroom industry in Malaysia. Therefore, it is quite often that Quest will be invited to tender for cleanroom projects available in the market due to its past experiences and track records.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

5. INFORMATION ON THE QUEST GROUP *(cont'd)*

5.2.15 Location of Business

The head office of the Quest Group is located at Lot 15, Jalan Gudang 16/9, Section 16, 40200 Shah Alam, Selangor Darul Ehsan since April 2002.

The operations of Quest are carried out at three (3) separate locations, namely:

(i) **Shah Alam Office**

Address	:	No. 11, Jalan Taboh 33/22 Seksyen 33, Shah Alam Technology Park 40400 Shah Alam Selangor Darul Ehsan
Nature of business	:	Installation of cleanroom system and providing technical and management services, manufacturing and sale of cleanroom filters and equipments for the central and southern region.

(ii) **Penang Office**

(a)	Address	:	No. 24, Lorong Helang 3 Sungai Dua 11700 Pulau Pinang
	Nature of business	:	Installation of cleanroom system, sale of cleanroom filters and equipments for the northern region.
(b)	Address	:	75-1 (1st Floor), Persiaran Bayan Indah Bayan Bay 11900 Sungai Nibong Penang
	Nature of business	:	Mechanical, electrical contracting services and engineering works for cleanroom system.

(iii) **East Malaysia Office**

Address	:	Bangunan Sebor, Lot 2678 Section 4, KTLD, Jalan Kwong Lee Bank 93450 Kuching, Sarawak
Nature of business	:	Sale and distribution of cleanroom filters and equipment for Sabah and Sarawak.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

5. INFORMATION ON THE QUEST GROUP *(cont'd)*

5.3 SUBSIDIARIES AND ASSOCIATED COMPANY

Details of Quest's subsidiaries and associated company are as follows:

Subsidiary	Date/ Country Of Incorporation	% Effective Equity Interest	Issued And Paid-Up Capital (RM)	Principal Activities
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*

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

5. INFORMATION ON THE QUEST GROUP *(cont'd)*

5.3.1 Information on QT

(a) History and business

QT was incorporated in Malaysia under the Act as a private limited company on 6 October 1989. QT is principally involved in the installation of cleanroom systems and providing technical and management services and sale of cleanroom filters and equipment. QT commenced operations on 6 October 1989.

(b) Share capital

The present authorised and issued and fully paid-up share capital of QT are as follows:

Type	No. of ordinary shares	Par value (RM)	Total (RM)
Authorised	500,000	1.00	500,000
Issued and paid-up	250,000	1.00	250,000

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

Date Of Allotment	No. Of Shares	Par Value (RM)	Type Of Issue	Cumulative Issued And Paid-Up Share Capital (RM)
6 October 1989	3	1.00	Subscriber's Shares	3
19 October 1991	99,999	1.00	Cash	100,002
11 August 1995	149,998	1.00	Cash	250,000

(c) Subsidiaries and Associated Companies

As at the date of this Prospectus, QT does not have any subsidiaries nor associated companies.

(d) Major Shareholder

QT is a wholly-owned subsidiary of Quest.

5.3.2 Information on VAM

(a) History and business

VAM was incorporated in Malaysia under the Act as a private limited company on 25 July 1990 under the name of Quest Industries Sdn Bhd. Subsequently, on 6 March 2002, it changed its name to the present name. VAM is principally involved in the distribution and manufacturing of air filters. VAM commenced operations on 30 August 2002.

(b) Share capital

The present authorised and issued and fully paid-up share capital of VAM are as follows:

Type	No. of ordinary shares	Par value (RM)	Total (RM)
Authorised	500,000	1.00	500,000
Issued and paid-up	500,000	1.00	500,000

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

Date Of Allotment	No.of shares	Par Value (RM)	Type of Issue	Cumulative Issued And Paid-Up Share Capital (RM)
25 July 1990	10	1.00	Subscribers' Shares	10
8 June 1992	9,990	1.00	Cash	10,000
12 July 2004	490,000	1.00	Capitalisation of amount owing to holding company	500,000

(c) Subsidiaries and Associated Companies

At as the date of this Prospectus, VAM does not have any subsidiaries nor associated companies.

(d) Major Shareholder

VAM is a wholly-owned subsidiary of Quest.

5.3.3 Information on QES

(a) History and business

QES was incorporated in Malaysia under the Act as a private limited company on 11 October 1989 under the name of Pembinaan Mayang Sakti Sdn Bhd. Subsequently, on 18 September 1992, it changed to its present name. QES is principally involved in the installation of cleanroom systems and sale of cleanroom filters and equipment. QES commenced operations on 18 September 1992.

(b) Share capital

The present authorised and issued and fully paid-up share capital of QES are as follows:

Type	No. of ordinary shares	Par value (RM)	Total (RM)
Authorised	25,000	1.00	25,000
Issued and paid-up	25,000	1.00	25,000

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

Date Of Allotment	No. of shares	Par Value (RM)	Type of Issue	Cumulative Issued And Paid-Up Share Capital (RM)
11 October 1989	3	1.00	Subscribers' Shares	3.00
16 December 1992	9,997	1.00	Cash	10,000
18 January 2001	15,000	1.00	Bonus Issue*	25,000

Note:

* *The bonus issue of 15,000 new ordinary shares of RM1.00 each in Quest was on the basis of three (3) new ordinary shares of RM1.00 each for every two (2) ordinary shares of RM1.00 each in Quest*

(c) Subsidiaries and Associated Companies

As at the date of this Prospectus, QES does not have any subsidiaries nor associated companies.

(d) Major Shareholder

QES is a wholly-owned subsidiary of Quest.

5.3.4 Information on QLS

(a) History and business

QLS was incorporated in Malaysia under the Act as a private limited company on 28 November 1994 under the name of Verifi Inc. Sdn Bhd. Subsequently, on 13 April 1995 and 6 June 2001, it changed its name to Verifi Sdn Bhd and its present name respectively. QLS is principally involved in the selling, installation, maintenance, servicing of water treatment equipment and provision of water treatment services. QLS commenced operations in 18 July 2001.

(b) Share capital

The present authorised and issued and fully paid-up share capital of QLS are as follows:

Type	No. of ordinary shares	Par value (RM)	Total (RM)
Authorised	100,000	1.00	100,000
Issued and paid-up	25,000	1.00	25,000

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

Date Of Allotment	No. of shares	Par Value (RM)	Type of issue	Cumulative Issued And Paid-Up Share Capital (RM)
28 November 1994	2	1.00	Subscribers' Shares	2
27 June 2001	24,998	1.00	Cash	25,000

(c) Subsidiaries and Associated Companies

As at the date of this Prospectus, QLS does not have any subsidiaries nor associated companies

(d) Major Shareholders

QLS is a wholly-owned subsidiary of Quest.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

5.3.5 Information on QSE

(a) History and business

QSE was incorporated in Malaysia under the Act as a private limited company on 27 August 1993 under the name of Cambridge Filter (M) Sdn Bhd. Subsequently, on 28 May 2003, it changed its name to its present name. QSE is involved in the selling, installation, maintenance and servicing of water treatment equipment and sale of cleanroom filters and equipment.

(b) Share capital

The present authorised and issued and fully paid-up share capital of QSE are as follows:

Type	No. of ordinary shares	Par value (RM)	Total (RM)
Authorised	500,000	1.00	500,000
Issued and paid-up	100,000	1.00	100,000

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

Date Of Allotment	No. Of Shares	Par Value (RM)	Type of Issue	Cumulative Issued And Paid-Up Share Capital (RM)
27 August 1993	2	1.00	Subscribers' Shares	2
28 May 2003	99,998	1.00	Cash	100,000

(c) Subsidiaries and Associated Companies

As at the date of this Prospectus, QSE does not have any subsidiaries nor associated companies.

(d) Major Shareholder

QSE is a wholly-owned subsidiary of Quest.

5.3.6 Information on ETSB

(a) History and business

ETSB was incorporated in Malaysia under the Act as a private limited company on 12 December 1998 under the name of Envair Technology Sdn Bhd. ETSB is principally involved in the installation of cleanroom and sale of cleanroom filters and equipment. ETSB commenced operations on 12 December 1998.

(b) Share capital

The present authorised and issued and fully paid-up share capital of ETSB are as follows:

Type	No. of ordinary shares	Par value (RM)	Total (RM)
Authorised	500,000	1.00	500,000
Issued and paid-up	250,000	1.00	250,000

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

Date Of Allotment	No. Of Shares	Par Value (RM)	Type Of Issue	Cumulative Issued And Paid-Up Share Capital (RM)
12 December 1998	100	1.00	Subscribers' Shares	100
23 September 1999	44,900	1.00	Cash	45, 000
25 March 2000	55,000	1.00	Cash	100, 000
11 November 2002	150,000	1.00	Cash	250, 000

(c) Subsidiaries and Associated Companies

As at the date of this Prospectus, ETSB does not have any subsidiaries nor associated companies.

(d) Major Shareholder

ETSB is a wholly-owned subsidiary of Quest.

5.3.7 Information on EMECS

(a) History and business

EMECS was incorporated in Malaysia under the Act as a private limited company on 18 January 2000 under the name of Envair MECS Engineering Sdn Bhd. EMECS is principally involved in the mechanical and electrical systems for air filtration. EMECS commenced operations on 18 January 2000.

(b) Share capital

The present authorised and issued and fully paid-up share capital of EMECS are as follows:

Type	No. of ordinary shares	Par value (RM)	Total (RM)
Authorised	100,000	1.00	100,000
Issued and paid-up	100,000	1.00	100,000

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

Date Of Allotment	No. Of Shares	Par Value (RM)	Type Of Issue	Cumulative Issued And Paid-Up Share Capital (RM)
18 January 2000	50,000	1.00	Inclusive of Subscribers' Shares	50,000
18 July 2000	50,000	1.00	Cash	100,000

(c) Subsidiaries and Associated Companies

As at the date of this Prospectus, EMECS does not have any associated companies. The subsidiary company is as follows:

Subsidiary	Date/ Country Of Incorporation	% Effective Equity Interest	Issued And Paid-Up Capital (RM)	Principal Activities
EMECS (Penang)	8 June 2001/ Malaysia	100	100,000	Mechanical, electrical contracting services and engineering works

(d) Major Shareholder

EMECS is a wholly-owned subsidiary of Quest.

5.3.8 Information on EMECS (Penang)

(a) History and business

EMECS (Penang) was incorporated in Malaysia under the Act as a private limited company on 8 June 2001 under the name of Envair MECS Engineering (Penang) Sdn Bhd. EMECS (Penang) is principally involved in mechanical, electrical contracting services and engineering works. EMECS (Penang) commenced operations on 8 June 2001.

(b) Share capital

The present authorised and issued and fully paid-up share capital of EMECS (Penang) are as follows:

Type	No. of ordinary shares	Par value (RM)	Total (RM)
Authorised	100,000	1.00	100,000
Issued and paid-up	100,000	1.00	100,000

The changes in the issued and paid-up share capital of EMECS (Penang) since its incorporation are as follows:

Date Of Allotment	No. Of Shares	Par Value (RM)	Type Of Issue	Cumulative Issued And Paid-Up Share Capital (RM)
8 June 2001	100	RM1.00	Subscribers' Shares	100
3 September 2002	99,900	RM1.00	Cash	100,000

(c) Subsidiaries and Associated Companies

As at the date of this Prospectus, EMECS (Penang) does not have any subsidiaries nor associated companies.

(d) Major Shareholder

EMECS (Penang) is a wholly-owned subsidiary of EMECS which in turn is a wholly-owned subsidiary of Quest.

5. INFORMATION ON THE QUEST GROUP *(cont'd)*

5.3.9 Information on QF

(a) History and business

QF was incorporated in Malaysia under the Act as a private limited company on 28 November 1994 under the name of Modulaire Sdn Bhd. QF is currently a dormant company.

(b) Share capital

The present authorised and issued and fully paid-up share capital of QF are as follows:

Type	No. of ordinary shares	Par value (RM)	Total (RM)
Authorised	100,000	1.00	100,000
Issued and paid-up	2	1.00	2

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

Date Of Allotment	No. Of Shares	Par Value (RM)	Type Of Issue	Cumulative Issued And Paid-Up Share Capital (RM)
28 November 1994	2	1.00	Subscribers' Shares	2

(c) Subsidiaries and Associated Companies

As at the date of this Prospectus, QF does not have any subsidiaries nor associated companies.

(d) Major Shareholder

QF is wholly-owned subsidiary of Quest.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

5. INFORMATION ON THE QUEST GROUP *(cont'd)*

5.3.10 Information on SQ

(a) History and business

SQ was incorporated in Malaysia under the Act as a private limited company on 17 July 2001 under the name of Supreme Class Engineering Sdn Bhd. Subsequently, on 19 October 2001, it changed its name to its present name. SQ is principally involved in the sale and distribution of cleanroom filters and equipment. SQ commenced operations on 24 September 2002.

(b) Share capital

The present authorised and issued and fully paid-up share capital are as follows:

Type	No. of ordinary shares	Par value (RM)	Total (RM)
Authorised	500,000	1.00	500,000
Issued and paid-up	100,000	1.00	100,000

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

Date Of Allotment	No. of shares	Par Value (RM)	Type of Issue	Cumulative Issued And Paid-Up Share Capital (RM)
17 July 2001	2	1.00	Subscribers' Shares	2
15 May 2002	99,998	1.00	Cash	100,000

(c) Subsidiaries and Associated Companies

As at the date of this Prospectus, SQ does not have any subsidiaries nor associated companies.

(d) Major Shareholders

As at the date of this Prospectus, the major shareholders of SQ are as follows:

	< Direct >		< Indirect >	
Major Shareholders	No. of ordinary shares	%	No. of ordinary shares	%
Quest	40,000	40.00	-	-
Sebor Sarawak Sdn Bhd	60,000	60.00	-	-

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

5. INFORMATION ON THE QUEST GROUP *(cont'd)*

5.4 INDUSTRY OVERVIEW

5.4.1 The Malaysian Economy

With the more robust growth in global trade and domestic demand, the momentum of economic growth in Malaysia, which began in the second half of 2003, gathered pace in 2004. Real gross domestic product (GDP) increased by 7.1% in 2004 (2003: 5.3%), the fastest growth since 2000. The economy benefited from the rapid growth of global trade in manufactures and higher prices for primary commodities. Although global growth moderated somewhat in the second half of the year, the Malaysian economy remained resilient with stronger domestic demand providing the impetus for sustained expansion. The private sector was the main force of economic expansion, while the Government continued with fiscal consolidation.

The improvement in the economy was reflected by positive growth across all sectors except construction. The main drivers of growth were the manufacturing, services and primary commodities sectors. Value added in the manufacturing sector expanded strongly by 9.8%, as output growth in both export- and domestic-oriented industries reflected stronger external and domestic demand for manufactured goods. In the export-oriented industries, the strongest output expansion was seen in the electronics industry, benefiting from the upturn in the global semiconductor cycle. However, the high production during the earlier part of the year led to some inventory accumulation, which led to more moderate expansion in the second half of the year.

The services sector recorded a stronger expansion of 6.7% in 2004. The growth was driven mainly by higher consumer spending amidst rising disposable incomes, higher tourist arrivals and increased trade-related activities spurred by the buoyant export performance. The agriculture sector expanded further by 5%, driven mainly by stronger production of crude palm oil and rubber amidst the favourable commodity prices. Other agriculture commodities, particularly food-related crops, also showed strong growth, in line with the Government's concerted efforts in revitalising the agriculture sector as an important engine of growth. On the other hand, the construction sector contracted by 1.9% due to lower activity in the civil engineering sub-sector, which was partly mitigated by expansion in both residential and non-residential sub-sectors.

With policy orientation supportive of private sector activity and with the improved economic conditions, the private sector contributed 6.2 percentage points to economic expansion. Private consumption expanded strongly by 10.1% in 2004 as consumer confidence was restored following the events of early 2003, including the Severe Acute Respiratory Syndrome (SARS) outbreak. Despite some moderation in activity towards the end of 2004, sentiments remained strong. Both the Consumer Sentiment and Retail Trade Indices, compiled by the Malaysian Institute of Economic Research, remained above the 100-point mark throughout the year. In addition, various tax rebates to sustain consumption announced during the 2004 Budget and the prevailing supportive interest rate and credit environment further supported consumption spending. The stronger growth of private consumption was driven mainly by higher disposable income in both the household and the corporate sectors on account of higher export earnings and favourable employment conditions in the domestic economy.

(Sources: Annual Report 2004, Bank Negara Malaysia)

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Strong Manufacturing Activity

The manufacturing sector recorded another strong double-digit expansion in 2004, with output growth strengthening to 12.7% (2003: 10.5%). The robust performance was supported by the positive external environment following stronger growth in both the industrial and regional countries, and further reinforced by improved domestic demand. Growth was more pronounced in the first half-year (16.1%; second half-year: 9.6%), fuelled by strong demand for electronics, in line with the upward momentum in the global semiconductor cycle. Growth during the year was also underpinned by strong export rubber, chemicals and wood. In the domestic-oriented industries, growth was led by a turnaround in the transport equipment industry and robust expansion in the fabricated metal industry, which more than offset the moderation in the construction-related materials industry. Consequently, growth in both the export-oriented and domestic-oriented industries strengthened to 14.2% and 7.1% respectively in 2004 (2003: 11.9% and 6.1% respectively).

In tandem with the significant expansion in production, overall value added growth of the manufacturing sector in 2004 strengthened further to 9.8% (2003: 8.3%). The manufacturing sector remained as the leading driver of economic growth, with its contribution to GDP increasing from 30.8% in 2003 to 31.6% in 2004. Amidst the strong output growth, the overall capacity utilisation rate in the demand for resource-based products including manufacturing sector was marginally lower at 79% in 2004 (2003: 80%), due to additions in capacities in selected industries. The capacity utilisation rate for export-oriented and domestic-oriented industries stood at 81% and 75% respectively (2003: 82% and 76% respectively).

(*Sources: Annual Report 2004, Bank Negara Malaysia*)

Growth in the Global Economy

In 2004, the global economy expanded at its strongest pace of 4.8% since 1984, led by the United States (US), reinforced by strong growth in the Asian region and revival of growth in Japan and Europe. Above-trend growth in the first half-year reflected the strong rebound from the lower base of 2003 due to economic uncertainties related to the war in Iraq and the outbreak of Severe Acute Respiratory Syndrome (SARS) in Asia. In the second half-year, despite the dampening effects of sharply higher oil prices and the reversal of interest rate trends, the growth momentum was maintained, reflecting sustained strong consumer spending and the revival in investments. Overall, the global economy exhibited greater resilience to energy shocks.

Robust global growth was reflected in significant improvements in international trade and financial flows. World trade grew by 8.8% in 2004, supported by the global electronics up-cycle, higher commodity prices and rising import demand, notably in the US and People's Republic of China (PR China). In the Asian region, these developments in tandem with stronger domestic demand contributed to further expansion in intra-regional trade. In the financial markets, major equity market indices rose strongly, buoyed by improved investor optimism amidst higher corporate earnings. In the foreign exchange markets, growing concerns on the large and widening US current account imbalances, and the sustainability of capital inflows to finance the deficit led to the depreciation of the US dollar against the other key currencies.

Among the major industrial countries, the US registered above-trend growth in 2004. Growth was broad based, with sustained expansion in consumption and strength in investment expenditure supplemented by inventory rebuilding. Household spending remained strong throughout the year. Despite the tapering off in tax cuts, increases in household wealth supported by rising house prices and historically low mortgage rates continued to provide significant stimulus to consumption expenditure. The pick-up in labour markets, particularly evident in the second half-year, led to improved household incomes and consumerconfidence. Meanwhile, strong investment expenditure was supported by healthy corporate balance sheets and rising demand, and further reinforced by an investment tax incentive. The stronger-than-expected surge in demand in 2004 after a period of lean inventories in the preceding year led to a significant rebuilding of inventories, contributing to growth. The strong demand amidst higher oil prices, however, led to further deterioration in the current account deficit.

Economic recovery in Japan was better-than-expected in the first half-year, underpinned by export growth and mild improvement in private consumption. Growth in the euro area improved mainly due to stronger demand for exports but remained below-trend. In the United Kingdom (UK), strength in both consumption and investment spending continued to sustain growth. In the Asian region (excluding Japan), growth accelerated to 7.5% in 2004, the strongest since 2001. PR China led the expansion with strong growth in fixed investment, robust consumption and exports. Overall, the strong growth in the region was driven mainly by a combination of rapid increase in exports as well as continued strength in domestic demand. The pick-up in domestic demand emanated from higher private investment activities and rising consumer spending in most parts of the region. Export growth accelerated to 26.2% (2003: 19.7%), despite some easing towards the second half-year. Intra-regional trade, measured by exports to regional countries as a share of total exports of the region, rose further to exceed 40% (2000: 36%).

Growth in consumption was supported by low interest rates, continued growth in consumer finance and higher incomes from stronger employment conditions. In Korea, however, consumer spending continued to contract since the second quarter of 2003, with households consolidating from the unwinding of the credit card boom in 2002. Fixed investment grew at low double-digit rates for most of the regional economies, driven by the revival in demand for technology goods, progress in corporate restructuring, improved corporate profitability and ample liquidity in the financial systems.

Stronger external payments positions were supported by sustained current account surpluses and strong private capital inflows, which have resulted in a continued build-up of foreign reserves. The improved macroeconomic fundamentals and stronger banking sectors led to sovereign ratings upgrade in several countries in the region.

Going forward, the outlook for 2005 remains favourable. World output and world trade are projected to expand at a steady pace of 4% and 5.8% respectively in 2005. The pace of slowdown in the US and PR China is expected to be modest, on the basis that adjustments of the imbalances in these economies would be gradual. The scenario assumes that the US dollar weakness would be orderly and that the US fiscal deficit narrows, albeit moderately. In addition, as oil prices recede from its peak in October 2004, inflationary pressures are expected to remain manageable, providing flexibility for gradual increases in interest rates in the US to a neutral level. Monetary conditions are, therefore, expected to remain supportive of growth. Meanwhile, PR China is expected to manage some softening of the economy.

(Sources: Annual Report 2004, Bank Negara Malaysia)

5.4.2 Cleanroom or Contamination Control Technology

A cleanroom or containment control is a facility in which air content is strictly controlled and air conditions such as temperature, humidity, and pressure are closely monitored and maintained, to avoid the incidence of contamination in the room. Contamination consists of dust particles, microbes and other impurities that detract from the cleanliness of the room and interfere with the processes performed within the facility. Cleanrooms remain imperative during the production of sensitive industrial equipment such as computer and electronic chips, semiconductors, satellites, medical instruments and optical equipment. Because the components of these equipment are so small, even one dust particle can damage the product. Although engineers design cleanrooms to eliminate dust particles 0.5 micron in size or smaller, some engineers strive to reduce the existence of even smaller particles. To understand the smallness of such dust particles, consider the following:

- Human hair averages about 100 microns in diameter per strand
- Human skin cells average 40 microns in diameter per cell

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

In order to prevent such minuscule particles from entering the facility, cleanroom personnel adhere to strict standards of contamination control. The extent of control depends on the cleanroom class number. Cleanrooms are categorised according to the number of particles per cubic foot of air allowed within the room. Cleanroom classes include the following:

- **Class 10,000**, in which the room may contain a maximum of 10,000 particles per cubic foot of air
- **Class 1,000**, in which the room may contain a maximum of 1,000 particles per cubic foot of air
- **Class 100**, in which the room may contain a maximum of 100 particles per cubic foot of air

To appreciate the intensity of contamination control necessitated by these requirements, consider the following:

- The average office building contains up to one million particles per cubic foot of air
- Every minute, one million particles 0.5 micron in size or larger are released into the air

Cleanroom contamination control depends on preventive measures such as cleanroom structural design and the use of cleanroom personnel garments and elimination procedures such as filtration and cleaning.

- **Structural design** - aspects of the facility's architecture that contribute to the attainment and maintenance of proper air conditions, such as airflow.
- **Personnel garments** – protective material such as masks, gloves and suits that assist in the prevention of contamination by personnel.
- **Filtration** – consists of equipment, including HEPA filters and Ultra Low Particulate Air ("ULPA") Filters, that contribute to the removal of particles in cleanrooms.
- **Cleaning** – procedures performed continually to sanitise cleanroom facilities. Cleaning procedures include vacuuming, mopping, removing trash and disinfecting all surfaces, including walls, doors and door frames.

Contamination control procedures ensure that cleanrooms meet class number requirements necessary for the manufacture of sensitive industrial products. Contaminant-free cleanrooms assist in the proper production of a variety of equipment found in the computer, pharmaceutical, scientific, healthcare, electronic, aerospace, photographic and optical industries.

Types of Cleanroom

(i) Conventional Cleanroom Construction

These are permanent structures using drywall construction. It is excellent for sectioning large areas with a high production or traffic load and when temperature and humidity is critical. Conventional cleanrooms construction are designed to meet Class 1 to Class 100,000.

(ii) Modular Cleanrooms

Modular systems offer the most flexibility. Pre-engineered to specifications, it can be installed in as little as 4 to 6 weeks. These rugged, light-weight walls are fully expandable, allowing the option to upgrade or relocate as needed. It is available in a single pass or recirculated system for temperature and humidity control. Modular cleanrooms are designed to meet Class 1 to Class 100,000.

(iii) Soft Wall

When economy and space is a premium, soft wall cleanrooms are the best choice without sacrificing quality. These units are durable, expandable and easily portable. The polypropylene curtains are rugged and long-lasting. Soft wall cleanrooms are designed to meet Class 10 to Class 100,000.

5. INFORMATION ON THE QUEST GROUP *(cont'd)*

(iv) ***Site Supervision***

A supervisor can be provided for management expertise specific to the cleanroom construction industry to ensure the smooth execution of projects. The experts assist in construction techniques and will provide guidance in the coordination of the required trades for the customers' project.

(v) ***Engineering Consultation***

Engineers are available for consultation to assist in the planning of cleanroom projects. During an engineering consultation, engineers will visit the customers' facility and assist in carefully analysing the overall manufacturing or production program and its integration to the proposed cleanroom. Some provide contamination control analysis, which will include a look at production processes, quality assurance, manufacturing engineering, plant and facilities engineering, maintenance, procurement and management.

The first modern cleanroom started with the space race during the 1950s and has since evolved in tandem with technological changes into many different industry sectors. Today, cleanroom is ubiquitous in all high technology and complex processes dependent industries.

In the initial stage, Quest only provided implementation services for the cleanroom used in the industry. Quest's experiences in the early days were limited to the semiconductor and electronic industries. Over the years, Quest gained the necessary experience, know-how and engineering skills to undertake design work across many industry sectors which include healthcare, pharmaceutical and research sectors. Currently, Quest provides an extensive range of services for the cleanroom including design, implementation and ongoing servicing and maintenance. In addition, Quest is qualified to undertake work on testing, commissioning and validation.

Quest has designed and built many cleanrooms for the electronics and semiconductor sectors and collaborated with an overseas specialist to build the first wafer fabrication facility in Malaysia. Many of the cleanrooms in Kulim Technology Park were designed and built by Quest. These sectors require the latest technology on cleanroom systems to enable them to implement the latest process geometry and miniaturization.

The pharmaceutical industry is another driver for ever increasingly complex cleanroom. The emphasis here is sterility and prevention of cross-contamination. The products can pose life threatening conditions if compromised. With wider awareness, the exposure to potential litigations increases. Pharmaceutical plants are regulated by the US Food and Drugs Administration (FDA) and OECD Orange Guide (European).

Currently many laboratory research activities have been directed toward oncogenic viruses, chemical carcinogens and modification of generic information in micro-organisms (recombinant DNA). The health risks to personnel involved in such activities are immense and safe laboratory operation can be a life and death matter. The stories of accidental release of biological pathogens are numerous. This has lead to the introduction of OECD and Good Laboratory Practices (GLP) guidelines that are now mandatory for all laboratories operating out of Europe and most developed countries in addition to being highly regulated. Trials, studies and tests conducted out of non-approved research laboratories are now not acceptable.

The increased awareness of the hospital acquired infections such as Methicillin-Resistant Staphylococcus Aureus (MRSA) has resulted in many overseas hospitals upgrading and improving their facilities. The costs of MRSA to the country is immense; both to treat and to deal with the loss of lives. In the United Kingdom, the design and building of operating theatres is now regulated by Hospital Technical Memorandum (HTM) 2025 and British Standards (BS). Quest understands the complex nature surrounding hospital where cross disciplines involving cleanliness, sterility, laboratories, pharmaceutical and isolation contamination issues are all integrated into the facility. Over the years, Quest have built up its knowledge base incorporating the latest technology and best practices to provide the wide range of products and services into this market sector.

New business sectors such as genetic engineering, biotechnology and nanotechnology will increasingly play a large part of Quest's future business. To meet these challenges, Quest will adapt and acquire the necessary know-how to remain competitive. Ongoing training would be provided to the technical staff to ensure that skill and knowledge are updated regularly. In addition, Quest intends to form strategic alliances with overseas experts to increase its technological knowledge.

The expansion of the cleanroom application technology as a result of increasing demand for cleanroom for various sectors and processes has brought increased loading on the expertise and knowledge not only in the diversified requirements for air cleanliness, but also in the methods that must be deployed to meet the ever changing requirements. Quest has invested vast amount of time and resources to keep abreast of the latest developments in the technology used in the cleanroom industry to be able to fulfill the needs of its customers.

5.4.3 Industry That Requires Cleanrooms or Contamination Control Technology

The cleanroom or contamination control technology industry has emerged as a separate and distinct technology within the mainframe of modern manufacturing environments. Correspondingly, these manufacturing facilities require critical environmental products and services to ensure its efficient and effective utilisation. Whether it is categorised as a particle reduction, yield enhancement, defect prevention or even quality control, the use of contamination control technology has permeated a number of growing industries.

A summary of the various types of high technology industries and applications requiring cleanroom or contamination control technology are as follows:-

Industry	**Applications**
Electronics	Computers, TV-tubes and storage devices
Semiconductor	Production of integrated circuits used in computer memory and control
Optics and laser	Lenses, photographic film and laser equipment
Pharmaceutical	Sterile pharmaceutical, sterile disposables
Hospitals	Immunodeficiency therapy, isolation of contagious patients and operating rooms
Medical	Heart valves, cardiac by-pass systems
Biotechnology	Antibiotic production, genetic engineering
Food Technology	Brewery production, unsterilised food and drink
Avionics and aerospace	High precision bearings, purity of hydraulic fluids

New entrants into the business will face extensive capital requirement burden as well as the lack of technology and experience required to be able to keep abreast of the high requirements in providing cleanroom facilities/products and services.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Quest being one of the key local players in the market, which is supported by in-house professional staff is a specialist in cleanroom and controlled environment and is able to develop its own cleanroom equipment under its own brand names of "QUEST" and "Modulaire". As such, the Group has the competitive edge over other players in their industry. Some of the products developed by the Group are as follows:

- Air Showers and Pass Boxes;
- Trolley Pass-Through Boxes;
- Garment Storage Cabinets and General Cleanroom Furniture;
- Horizontal and Vertical Laminar Flow Stations;
- Straddle Units;
- Portable Cleanroom and Booths;
- Wall Partitioning Channel System (Classes 10, 100 & 1,000 System); and
- Ceiling Grid Systems.

Quest are currently involved in the design and integration of air, liquid and gaseous filtration system. With Quest's technology, the Group can design and build clients' cleanroom to suit individual business and operational requirements. Quest Group, via VAM, also holds an exclusive manufacturing and distribution agreement with one of its principals, MRUK, to manufacture and sell a wide range of air filtration products for the Malaysia, Thailand, Singapore, Indonesia, the Philippines and non-exclusive licence for China market.

The Quest Group is only dependent on MRUK for a very small section of its business, namely the assembly and distribution of air filter products. Other cleanroom products and equipment are either owned directly by Quest or are sourced from other suppliers. Over the past few years, the Group has taken steps to increase its air filtration and cleanroom products as stated under Section 5.2.10(iii) of this Prospectus. Furthermore, the ability to secure a cleanroom project is largely dependent on the experience, cleanroom engineering knowledge and track records of the Company.

Quest Group also distributes another brand of air filters from Flanders Precisionaire from the USA. ETSB is the sole distributor for Flanders air filter products in Malaysia. The Group today has the experience and technical know-how to produce its own brand of air filter products. Quest is known within the industry both locally and overseas as a major air filter products supplier. Quest is regularly approached by major overseas suppliers to market and distribute their products. The longer term strategic plan is for Quest to build up its own brand of air filter products to reduce the reliance on the distribution of third party products.

Apart from manufacturing its own cleanroom and air filtration products, Quest also offers clients with quality solutions and engineering services gained from over 15 years of industry experience and knowledge. The services included the provision of innovative and creative solutions for existing cleanrooms, new design and set-up, maintenance as well as controlled environment solution service which consist of the following areas:

- Consultation;
- Cleanroom performance rescue;
- Design;
- Project management;
- Installation;
- Process integration; and
- Product and service support.

In line with the continued growth that has been projected for the Malaysian economy, particularly the manufacturing sector, the potential for expansion and future profits in the cleanroom and contamination control technology industry bodes well with Quest.

Quest has operated in the cleanroom industry since 1989 and has full knowledge and understanding of the local conditions and environmental factors. The core engineering expertise and know-how built up over the years provide Quest with firm base and allow for a significant advantage against both local and overseas competitors. This is in addition to the nucleus of the key technical team who has been with the Company for many years. Quest will retain, nurture and provide the necessary training to broaden and increase its technical engineering assets base. Quest will also increase its engineering and technical "gene pool" by the careful identification, selection and employment of the appropriate staff.

Aside from the breadth of cross engineering expertise needed to design and build cleanroom today, specific industry knowledge and processes are also needed in order to gain an edge over its competitors.

As a locally-owned Malaysian company, Quest would have a lower cost base compared to overseas competitors. Quest has over the years in the industry built up a portfolio of key products and components used in the cleanroom industry. These products and components are fully tested and used in many cleanroom facilities and provide Quest with the cost advantage.

Quest also has offices across the country and is therefore able to reduce its response time to its customers. Unscheduled facility downtime cannot be tolerated by many of its customers.

Being an integrated solution provider for cleanroom engineering system, Quest is able to provide liquid engineering services for its end-users as some of the cleanrooms or laboratories particularly the micro-electronics and pharmaceutical industries require the ultra pure water system, sterilised water system or reverse osmosis system in their processes. Additionally, Quest believes that it is the only local manufacturer of branded air filters which is also involved in providing cleanroom engineering services. This has enabled Quest to provide a comprehensive range of services to its end-users for the integration of cleanroom system.

Cleanroom or contamination control will depend on the various industries that it provides products and services to and their growth will be dependent or correlated to the respective industries/segments. The outlook for the other industries relating to the cleanroom industry are as follows:

(a) Overview of the Electronics and Semiconductors Industry

During the Plan period, the growth prospects for the electrical and electronic products industry is anticipated to be favourable. The industry is targeted to grow at an average annual rate of 8.8 per cent. The electrical and electronic products subsector in the country is shifting into higher value-added activities through skills upgrading, product design and R&D. In the semiconductor product group, several companies will be upgrading and producing integrated circuits that require high technology. Similarly, in the consumer electronics group, more advanced products will be manufactured such as thin film transistor-liquid crystal display for television, personal computers and handphones. To promote and support the development of the electrical and electronic products subsector, the Government will encourage companies to have more integrated operations involving R&D, design, procurement, distribution and marketing as well as treasury and headquarters' functions. The Government will also encourage the development of a critical mass of innovative and entrepreneurial firms and strengthen their capabilities in skills training, innovation and technology.

Efforts will continue to focus on increasing the use of technology and developing a strong domestic capability in order to contribute to productivity-driven growth and industrial competitiveness. In this regard, firms are expected to intensify efforts in technology upgrading and developing indigenous technological capabilities in an environment of increasingly competitive markets and accelerating pace of scientific and technological change. This trend, together with the expanding range of technologies that firms must manage, will require R&D and technology development to be market-oriented.

(Source: Eighth Malaysia Plan 2001-2005)

(b) Overview of the Pharmaceutical Industry

The projected world pharmaceuticals market in 2002 is USD405.9 billion. In comparison, the local pharmaceutical industry is very small as the value of total output is about RM400 million in 2000. Local producers are mainly concentrated in producing generic drugs. To tap the vast potential of this industry, the Government is promoting the manufacture of active ingredients such as cephalosporin (an antibiotic group), cytokines (for cancer treatment) and artemisinine (for treatment of malaria). Another area that will be promoted is the production of patented drugs. In this regard, multinational corporations will be encouraged to establish integrated manufacturing plants for patented pharmaceuticals with R&D facilities to promote contract manufacturing. There is also the potential to use tropical flora and microbes to produce active ingredients and to manufacture traditional herbal medicine for the local and export markets. Development strategies for the pharmaceutical industry include the consolidation of local manufacturers through strategic alliances and rationalisation of products as well as strengthening and expanding R&D activities in disciplines such as medicinal chemistry, biotechnology and genetic engineering.

(Source: Eighth Malaysia Plan 2001-2005)

(c) Overview of the Medical Care Services Industry

Medical care services will continue to be improved to support primary healthcare services and meet the demand for quality care. It will focus on susceptible population groups and address diseases such as those related to cardiovascular conditions, diabetes mellitus and cancer. In addition, trauma management; maternal and perinatal health; diagnostic services in pathology and imaging services; and intensive care facilities, rehabilitative care and geriatric care will be upgraded. Efforts will also be taken to create centres of excellence in specialised areas such as cardiothoracic surgery; radiotherapy, oncology and nuclear medicine; and nephrology and urology services.

New multidisciplinary and self-contained ambulatory care centres will be built in selected hospitals to ensure the optimum utilisation of diagnostic and therapeutic support services. These centres will further improve patient care services by providing day care and day surgery so that patients do not require to be warded in hospitals. To enhance the quality of care for patients with chronic debilitating diseases and terminal illnesses, extended medical care services, which included inpatient care, day care and services at homes, will be expanded.

During the Eighth Plan period, a total of 40 health clinics will be constructed to provide a comprehensive range of outpatient services, under the decentralised outpatient services concept. More rural and urban health clinics will continue to be constructed and the scope of services offered will also be expanded to include alternative birthing services, geriatric care, post operative care, rehabilitative medicine, community-based mental healthcare and health education. In addition, selected clinics and centres in Johor, Negeri Sembilan, Sabah, Sarawak and Wilayah Persekutuan Kuala Lumpur will be equipped with a teleprimary healthcare network connected to state and district hospitals. This will facilitate teleconsultation and access to specialised diagnostic services such as radiology and pathology as well as quick reference to pharmacology divisions in the hospitals.

The private health sector will be encouraged to expand its services to complement public sector efforts. In this regard, regulations under the Private Healthcare Facilities and Services Act 1998, will be enforced to improve the quality of and access to private health services. Among others, the Act will provide for equitable distribution of accredited facilities, the deployment of qualified health and allied health professionals and the maintenance of affordable medical charges. In this regard, the role and responsibility of the Ministry of Health will be reviewed in order to increase its regulatory, licensing, quality assurance and standard setting functions so as to ensure that private medical institutions and clinics comply to the desired standards and deliver quality care.

Further development of the health sector, particularly tertiary medical care in private sector hospitals, will provide a conducive environment for the promotion of health tourism. In this regard, the use of telehealth network will also optimise the utilisation of the various categories of specialist manpower in the health sector. The National Committee on Health Tourism will leverage on the health manpower and infrastructural development that are in place to further promote health tourism.

(Source: Eighth Malaysia Plan 2001-2005)

(d) Overview of the Biotechnology Industry

Global trends indicate that innovation in biotechnology is one of the key technologies for the 21st century. Modern biotechnology brought about by developments in genomics and molecular biology will provide the catalyst for the production of novel products for commercial application in areas such as medicine, fuel production, farming and food preparation. Recognising this development, Malaysia will need to build up its R&D base to harness the use of biotechnology in order to create value from the nation's megabiodiversity of natural resources. In addition, this will provide a spin-off for the establishment of related high value-added industries such as pharmaceuticals, nutraceuticals and agro-biotechnology.
To intensify biotechnology R&D, the national biotechnology programme will continue to emphasise on prioritised and experimental research. In this regard, a sum of RM100 million will be allocated for research in the fields of agro-biotechnology, health care, and environmental and energy management. Initiatives will be taken to identify and formulate research programmes in genomics and molecular biology, pharmaceutical and nutraceutical biotechnology as well as agro-biotechnology. A national biotechnology policy will be formulated for a more comprehensive and coordinated approach for the advancement of biotechnology as a strategic technology in the development of the economy. In addition, consideration will be given to establishing a Bio-Valley to provide for more integrated development of the biotechnology industry. The Bio-Valley is expected to create a conducive environment for the introduction and synergistic expansion of biotechnology industries along the various stages of the value chain.

(Source: Eighth Malaysia Plan 2001-2005)

(e) Overview of the Food Products Industry

Recognising the importance of developing an efficient and modern *food products industry,* the Government will formulate strategies and programmes to facilitate the development of the industry. Among the new incentives to enhance food production include granting full tax deduction on investments in wholly-owned food manufacturing subsidiaries. The subsidiary itself will also be given full tax exemption on its statutory income for 10 years, commencing from the first year it is profitable. The private sector will have to improve its efficiency in the distribution of food products such as providing adequate cold room and refrigerated truck facilities and related services. To achieve the objectives of establishing Malaysia as a hub for *halal* food production, it will be important for food manufacturers to obtain quality and *halal* certification. The private sector will also need to intensify efforts to penetrate new and emerging markets by undertaking market promotion as well as improving packaging and labelling.

(Source: Eighth Malaysia Plan 2001-2005)

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

(f) General Overview of the Global and Regional Cleanroom Industry

The management of Quest are of the opinion that the spending for cleanroom hardware and consumables are expected to increase to approximately US$9 billion by 2006 globally. The semiconductor industry is taking a step down from its dominant position as the main growth driver in the industry, and in its place, industries such as biotechnology, micro-electrical systems, and flat panel displays are becoming major contributors of growth. Quest are in the opinion that the market for cleanrooms will no longer be concentrated in a few countries or a few locations in the US, with the technology invented and adopted by other local corporations, such as Quest, will promote multinational corporation in Malaysia and ASEAN region to use local services and facilities which are relatively cheaper and provides customer services support.

Semiconductors and pharmaceuticals are still the cleanroom growth engines in this country and coupled with the SARS problem has accelerated growth of the domestic pharmaceutical and healthcare industries whereas, biotechnology has moved from the laboratory size operation to large scale manufacturing facilities. These bulk-manufacturing facilities are frequently as large as large as 200,000 square feet with cleanroom investments of about US$50 million or more. This sub-segment is the new driver of high growth in the pharmaceutical and biotech cleanroom segment.

The micro-electromechanical systems ("MEMS") technology is expanding to a wide range of applicants from storage to photonics. Many semiconductor companies are finding that they can leverage their manufacturing and R&D skills and apply them to the MEMS market. Quest expects that the MEMS cleanroom revenues will exceed the revenues generated from the traditional semiconductor cleanroom market within the next 20 years.
The flat panel display market is expected to contribute to accelerate the growth of the cleanroom industry. Some of the world's largest cleanrooms are already utilised to produce these displays, with high-brightness LEDs leading the sector. The increased demand for these LEDs, fueled by increased use in mobile phones, will continue to support the growth of the sector. Quest management also feels that China will experience the highest rate of growth in 2004 for cleanroom hardware sales, mainly resulting from the growth of the pharmaceutical industry due to the SARS problem.

The Quest management expects increase in demand for ultra-pure water systems and the sale of air filters over the next four years. The bulk of the cleanroom or contamination control growth will lie in the industries relating to semiconductors, pharmaceuticals, disk drives, flat panel displays, other electronics, medical devices, aerospace, healthcare and biotechnology.

5.4.4 Industry Players and 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 the 15 years of experience and know-how of the Group in the cleanroom industry, its high-quality services and increasing recognition in the domestic market place will enable it to compete more effectively.

5.4.5 Relevant Laws and Regulations Governing the Industry

Currently, there are no laws or regulations governing the cleanroom industry and the air and liquid filtration industry specifically. The Group is however, governed by the Malaysian Construction Industry Development Board Act 1994 ("**CIDB Act**") and the regulations made thereunder in respect of the mechanical and electrical works, installation works and engineering works carried out by it. The Group is also required to comply with guidelines and regulations issued from time to time by the Construction Industry Development Board ("**CIDB**"), the body established under theCIDB Act.

Under the CIDB Act, all persons, whether local or foreign, must register with the CIDB before they can carry out any construction works in Malaysia. Construction works by virtue of the CIDB Act covers not only activities directly referring to building and construction, but also activities that form an integral part of it, such as extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition.

The cleanroom and air and liquid filtration industry may however, be indirectly affected by two areas of law, namely, the laws governing environmental protection and the laws governing occupational safety and health.

Under the Environmental Quality Act 1974 ("**EQA**") of Malaysia, the Minister of the Department of Environment ("**DOE**") under the Ministry of Health Science, Technology and the Environment is given the powers to issue regulations and guidelines specifying the acceptable level of conditions for the emission, discharge or deposit of environmentally hazardous substance, pollutants or wastes into the environment. Amongst others, the Environmental Quality (Clean Air) Regulations 1978 have been passed to prescribe the air emission and effluent discharge standards acceptable in Malaysia. The Minister also has the power under the EQA to require the owner of any factories, plant or other premises to install and operate certain device or equipment for the purpose of limiting or controlling pollution, or adopt measures to reduce, mitigate, destroy, remove or dispose of pollutions.

The Government of Malaysia through the DOE has recently embarked on a four (4) year project jointly with the Germany's Deutsche Gesellschaft for Technische Zusammenarbeit ("**GTZ**") GmbH for the improvement of quality of air in the country. The DOE and GTZ are working with other ministries, departments and agencies to reduce air pollutions. The development in environmental laws in Malaysia and the increasing awareness on environmental issues are expected to provide a positive impetus to the growth and development of the cleanroom and air and liquid filtration industry in Malaysia.

The Occupational Safety and Health Act 1994 of Malaysia imposes the duty on employers to provide and maintain a safe plant, work systems, workplace and working environment. This includes the putting in place systems and controls for environmental control, use of toxic materials and radiation satiety. The Directors of Quest believe the cleanroom and air and liquid filtration industry will over time, benefit from the gradual improvement in the standards of occupational safety and health and the enforcement of laws governing occupational safety and health in Malaysia.

5.4.6 Demand and supply condition

The demand and supply for the Group's products and services are dictated to a large extent by the growth in the pharmaceutical, healthcare, genetic and bio-technology and semiconductor industries.

5.4.7 Substitute products or services

A majority of the products sold by the Group are highly specialised products used only in certain industries and not substitutable. Other products which are generic in nature are easily substitutable with products of other brand names and are easily sourced by the Group through its established purchasing network. The Group has, over the 15 years of its operation, developed good relationship with its suppliers and enjoyed strong support from them.

5. INFORMATION ON THE QUEST GROUP *(cont'd)*

5.5 MAJOR CUSTOMERS

For the 10-month financial period ended 31 October 2004, the Group's list of top 10 major customers is as follows:

Customers	% of Group Turnover for the 10-month period ended 31 Ocotber 2004	Years Of Relationship
Pharmaniaga Manufacturing Berhad	9.85	3
Malaysia Institute Nuclear Technology (MINT)	5.21	2
Envair Mechtac Sdn Bhd	4.35	2
T.T.E. Engineering Sdn Bhd	4.32	more than 10
Champ Fungi Sdn Bhd	4.17	3
Fuji Electric (M) Sdn Bhd	3.32	8
Pheumafil Corporation	3.26	1
Kaneka Engineering (M) Sdn Bhd	3.14	3
Dynapharm (M) Sdn Bhd	2.61	2
Astronautic Technology (M) Sdn Bhd	2.61	1

The Group has a broad customer base and is not dependent on any single customer.

5.6 MAJOR SUPPLIERS

For the 10-month financial period ended 31 October 2004, the Group's list of top 10 major suppliers is as follows:

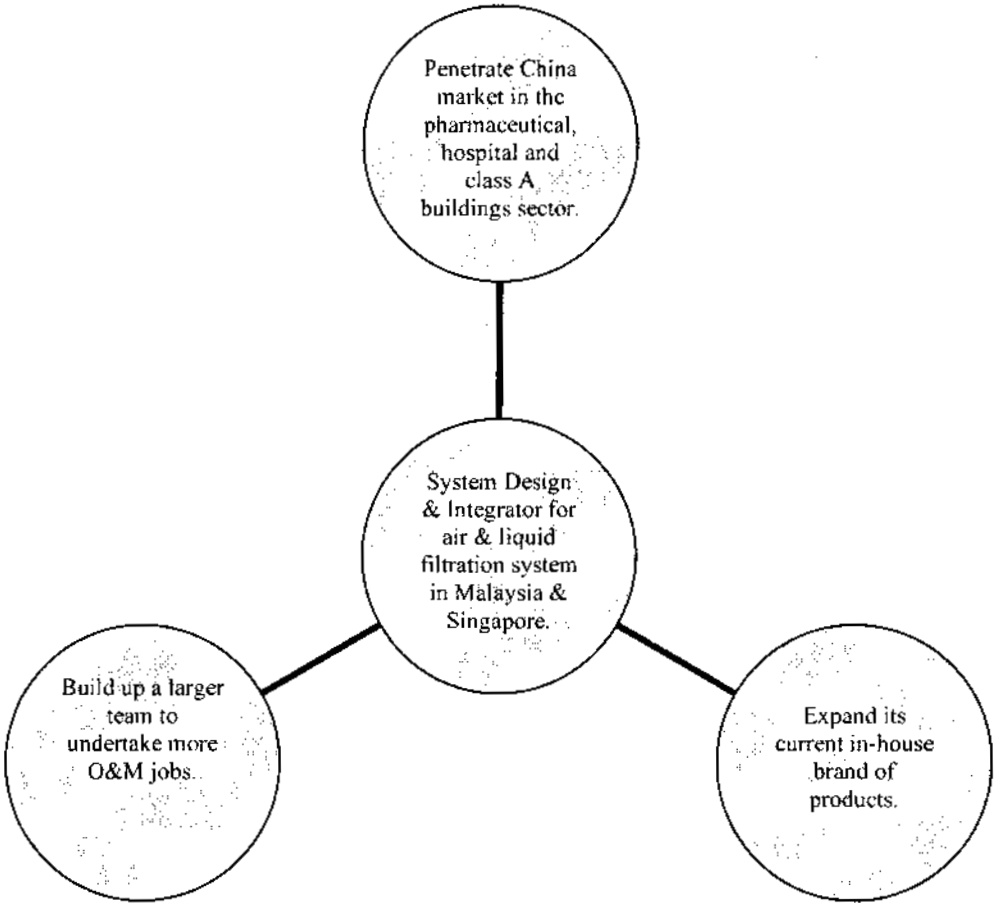
Suppliers	% of Group Purchases for the 10-month period ended 31 October 2004	Years Of Relationship
Flanders International Pte Ltd	4.21	6
Delta Filtration Ltd	4.16	1
Rigidfoam Industries (M) Sdn Bhd	3.83	more than 10
Pelangi Teliti (M) Sdn Bhd	2.27	2
Prominent Fluid Controls (M) Sdn Bhd	2.23	2
Dow Chemicals Pacific (S) Pte Ltd	1.94	2
Meridian Star Sdn Bhd	1.93	2
Venture Profile Sdn Bhd	1.69	5
Surelead Air-Cond & Engineering Works	1.62	4
Carrier (M) Sdn Bhd	1.50	3

The Group has a broad supplier base. As can be seen above, none of the suppliers of the Group contributes more than 5% of the Group's total purchases for the 10-month financial period ended 31 October 2004. Hence, the Group is not dependent on any single supplier.

5. INFORMATION ON THE QUEST GROUP *(cont'd)*

5.7 FUTURE PLANS, STRATEGIES AND PROSPECTS OF THE QUEST GROUP

Quest Group's objective is to be a leading regional specialist in the area of air and liquid filtration systems in Asia Pacific. There are many potential growth areas, which Quest intends to expand in the near future. Some of the identified areas are as follows:



The 9/11 incident has adversely affected the USA and global economy. The micro electronics industry was particularly hard hit by the downturn. The biggest users of cleanroom facilities are in the semiconductor industry. However, the Group's wide range of end users from various types of industries has enabled it to sustain its business. The growth in the genetic and biotechnology sectors together with the SARS problem in 2003 has resulted in the expansion in the research sectors in recent years. Hospitals are upgrading their facilities to cater for increases in highly infectious communicable diseases like bird flu, SARS and Tuberculosis. These facilities are inevitable in order to contain and isolate infectious diseases and stop their spread. The life sciences, healthcare facilities, research laboratories and pharmaceutical plants sectors are expected to grow in the foreseeable future.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

5. INFORMATION ON THE QUEST GROUP *(cont'd)*

Recognising such world events and the numerous opportunities for the cleanroom and air and liquid filtration industry, Quest shifted its emphasis on these target industries. In order to prepare itself for future challenges, it has set up its liquid division in 2001 and transformed itself into a comprehensive centre for environmental controlled services under the Group's established brand name of "QUEST". The Group intends to expand its presence regionally particularly in the China market. Quest foresees that environmental sector will become the top priority of China's socio-economic agenda in the near future in view of the country's rapid growth of economy of which the pace is much faster than the upgrading of its healthcare facilities and environmental infrastructure. The epidemic of SARS and the 2008 Olympic Games in China provide the business opportunity in the area of air and liquid filtration systems.

The Group also plans to increase its current range of products under its own brand. This is possible since the Group has the know-how and technology to implement it.

In term of services, the Group has identified post handover works or operational and maintenance (O&M) as an area whereby Quest can improve further. Currently, the Group maintains a small team to carry out O&M jobs and intends to expand its current O&M workforce to cover this area.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK