

1. INFORMATION SUMMARY

The Information Summary is only a summary of the salient information about the NVB Group. Investors should read and understand the Prospectus in its entirety prior to deciding whether to invest.

1.1 History and Business

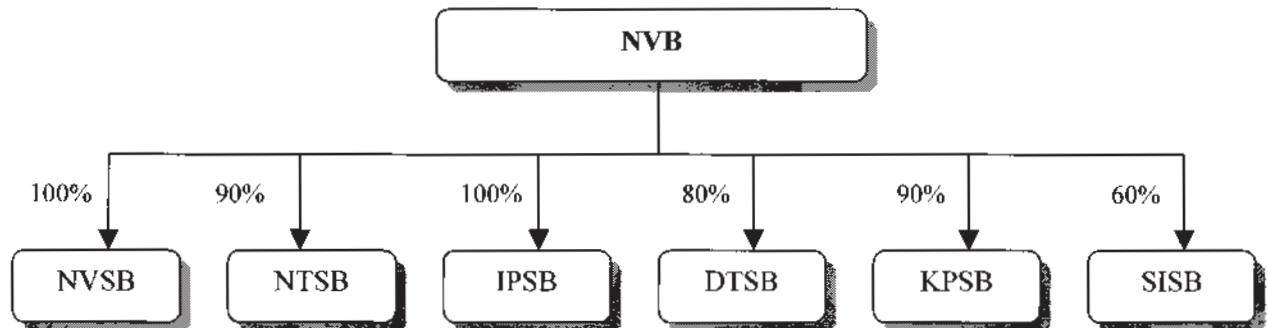
NVB was incorporated in Malaysia as a public limited company on 19 December 2003 under the Companies Act, 1965. It was established to become the investment holding company of the NVB Group in conjunction with the listing of NVB on the MESDAQ Market. The principal activities of NVB's subsidiaries are as follows:

Subsidiary	Date & Place of Incorporation	% effective equity interest	Issued & paid-up capital (RM)	Principal Activities
NVSB	22.09.1995 Malaysia	100%	6,115,920	Design and volume production of high precision metal machining of HDD, computer, consumer electronic and electrical and automotive industries' components, and related R&D activities.
NTSB	20.06.2002 Malaysia	90%	1,253,675	Design, development and modification of cutting tool geometry, regrind or re-sharpen special cutting tools using CNC tool & cutter grinder and other grinding operations and marketing of diamond abrasive grinding wheels, PCD & PCBN inserts.
IPSB	17.07.2000 Malaysia	100%	100,000	Design, development, manufacture and marketing of precision jigs & fixtures, tools & dies for stamping, precision mould parts for plastic injection, trim & form tools for semiconductor industry and precision machine parts for the automotive and other high-value added industries.
DTSB	10.12.2003 Malaysia	80%	50,000	R&D activities leading to the design and production of the air chuck assembly system for soft clamping, tool-holders, gauges, dies, collets and lathe chucks for use by CNC machining applications.
KPSB	25.01.2000 Malaysia	90%	200,000	Design and development leading to the mass production of high precision micro parts and related R&D activities.
SISB	16.06.2004 Malaysia	60%	300,000	Design of tooling and volume manufacturing of high precision appearance parts using progressive die stamping for digital cameras, MP3 players and other consumer electronic devices.

Further information on the subsidiaries is set out in Section 4 of this Prospectus.

1. INFORMATION SUMMARY (Cont'd)

The NVB Group's corporate structure is depicted as follows:



1.2 Promoters, Substantial Shareholders, Directors, Key Management and Key Technical Personnel

The beneficial interests, direct and indirect, of the promoters, substantial shareholders, directors, key management and key technical personnel in the Shares of the Company after the Public Issue are as follows:

	Designation	Before Public Issue				After Public Issue			
		Direct No. of Shares	%	Indirect No. of Shares	%	^ Direct No. of Shares	%	Indirect No. of Shares	%
<u>Promoters</u>									
Thoo Chow Fah	Executive Chairman	48,732,873	22.34	-	-	48,732,873	16.62	-	-
Choo Wing Hong	Managing Director	64,977,185	29.78	-	-	64,977,185	22.16	-	-
Choo Wing Onn	Executive Director	48,732,873	22.34	-	-	48,732,873	16.62	-	-
Lee Tian Yoke	Executive Director	21,659,055	9.93	-	-	21,659,055	7.39	-	-
Choo Wing Yew	-	10,829,528	4.96	-	-	10,829,528	3.69	-	-
Choo Wing Leong	Quality Assurance Manager	10,829,528	4.96	-	-	10,829,528	3.69	-	-
Choo Wing Kin	Assistant Factory Manager	10,829,528	4.96	-	-	10,829,528	3.69	-	-
<u>Substantial shareholders</u>									
Thoo Chow Fah	Executive Chairman	48,732,873	22.34	-	-	48,732,873	16.62	-	-
Choo Wing Hong	Managing Director	64,977,185	29.78	-	-	64,977,185	22.16	-	-
Choo Wing Onn	Executive Director	48,732,873	22.34	-	-	48,732,873	16.62	-	-
Lee Tian Yoke	Executive Director	21,659,055	9.93	-	-	21,659,055	7.39	-	-
<u>Directors</u>									
Thoo Chow Fah	Executive Chairman	48,732,873	22.34	-	-	48,732,873	16.62	-	-
Choo Wing Hong	Managing Director	64,977,185	29.78	-	-	64,977,185	22.16	-	-
Choo Wing Onn	Executive Director	48,732,873	22.34	-	-	48,732,873	16.62	-	-
Lee Tian Yoke	Executive Director	21,659,055	9.93	-	-	21,659,055	7.39	-	-
Saw Tat Loon	Independent Non-Executive Director	-	-	-	-	-	-	-	-
Yike Chee Wah	Independent Non-Executive Director	-	-	-	-	-	-	-	-

1. INFORMATION SUMMARY (Cont'd)

Designation	Before Public Issue				After Public Issue				
	Direct No. of Shares	%	Indirect No. of Shares	%	^ Direct No. of Shares	%	Indirect No. of Shares	%	
<i>Key management and key technical personnel</i>									
Ee Meng Pin	Director of KPSB/ General Manager	191,730	0.09	-	-	326,730	0.11	-	-
Foo Kee Pack	Director of SISB/ General Manager	-	-	-	-	120,000	0.04	-	-
Lee Chee Keong	Director of NTSB/ General Manager	1,377,460	0.63	-	-	1,517,460	0.52	-	-
Gan Jiin Luen	Director of DTSB/ General Manager	-	-	-	-	150,000	0.05	-	-
Choo Wing Leong	Quality Assurance Manager	10,829,528	4.96	-	-	10,829,528	3.69	-	-
Yong Kim Seng	Director of SISB/ Progressive Die Design & Tooling Manager	-	-	-	-	120,000	0.04	-	-
Jeannie Teh	Finance & Administration Manager	-	-	-	-	120,000	0.04	-	-
Hee Kuet Vui	Maintenance Manager	-	-	-	-	135,000	0.05	-	-
Choo Wing Kin	Assistant Factory Manager	10,829,528	4.96	-	-	10,829,528	3.69	-	-
Chang Yang Ming	Production Supervisor	-	-	-	-	66,000	0.02	-	-
Loi Tuck Lee	Quality Assurance Engineer	-	-	-	-	68,000	0.02	-	-
Gopalswamy Rajanigant	Machine Centre Specialist	-	-	-	-	48,000	0.02	-	-
Sreekumar Chandra Panicker	Wire cut EDM Engineer	-	-	-	-	66,000	0.02	-	-

Note:

^ Based on the assumption that all key management and key technical personnel of the NVB Group will fully subscribe for their respective entitlements in respect of Public Issue Shares reserved for the eligible employees of the NVB Group pursuant to the Public Issue.

Further information on the promoters, substantial shareholders, directors, key management and key technical personnel are provided in Section 5 of this Prospectus.

1.3 Financial Highlights

1.3.1 Historical Financial Information

The following table is extracted from the Accountants' Report set out in Section 11 of this Prospectus and should be read in conjunction with the notes thereto.

L INFORMATION SUMMARY (Cont'd)

The table sets out a summary of the proforma consolidated results of NVB for the past five (5) financial years ended 30 September 2000 to 30 September 2004 and for the three (3)-month financial period ended 31 December 2004, and are provided for illustration purposes based on the audited financial statements of the subsidiaries of NVB, prepared on the assumption that the existing group structure of NVB had been in existence throughout the financial years and period under review:

	<-----FYE 30 September----->					3 months ended 31 December
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000	2004 RM'000
Turnover	17,312	17,135	13,951	27,801	57,219	19,611
EBITDA	7,711	6,544	2,713	7,983	19,163	7,501
Depreciation	(1,980)	(2,289)	(3,347)	(3,247)	(4,304)	(1,372)
Interest expense	(356)	(568)	(580)	(813)	(476)	(229)
Interest income	-	12	2	2	19	16
PBT/(LBT)	5,375	3,699	(1,212)	3,925	14,402	5,916
Taxation	(292)	(184)	(9)	22	(2,584)	(1,541)
PAT/(LAT)	5,083	3,515	(1,221)	3,947	11,818	4,375
MI	-	-	-	(12)	(72)	(2)
PAT/(LAT) after MI	5,083	3,515	(1,221)	3,935	11,746	4,373
No. of NVB Shares assumed in issue ('000)*	218,160	218,160	218,160	218,160	218,160	218,160
Gross EPS/(LPS) (sen)	2.46	1.70	(0.56)	1.80	6.60	^ 2.71
Net EPS/(LPS) (sen)	2.33	1.61	(0.56)	1.80	5.38	^ 2.00

Notes:

* Based on the number of ordinary shares assumed in issue after completion of the Acquisitions but before the Public Issue.

^ Not annualised.

1. There were no amortisation, extraordinary or exceptional items, and share of profits and losses of associated companies and joint ventures during the financial years under review.

2. The Gross EPS/(LPS) is calculated by dividing PBT after MI by the number of NVB Shares assumed in issue.

3. The Net EPS/(LPS) is calculated by dividing PAT after MI by the number of NVB Shares assumed in issue.

1.3.2 Proforma Consolidated Balance Sheets

The proforma consolidated balance sheets of the Company as at 31 December 2004, assuming that the Acquisitions and the Public Issue had been completed as at that date, together with the detailed assumptions underlying its preparation are set out in Section 9.7 of this Prospectus. The following table shows a summary of the Proforma Consolidated Balance Sheets of NVB as at 31 December 2004:

1. INFORMATION SUMMARY (Cont'd)

	NVB Audited as at 31 December 2004 RM'000	Proforma I After Acquisitions RM'000	Proforma II After Proforma I and Public Issue RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	-	37,474	69,474
Deferred asset	-	149	149
	-	37,623	69,623
CURRENT ASSETS			
Inventories	-	2,978	2,978
Trade receivables	-	19,081	19,081
Other receivables, prepayments and deposits	420	1,941	1,521
Tax refundable	-	8	8
Fixed deposits with licensed banks	-	1,434	1,434
Cash and bank balances	*	8,005	18,175
Total current assets	420	33,447	43,197
CURRENT LIABILITIES			
Trade payables	-	7,817	7,817
Other payables and accruals	441	1,372	1,372
Amount owing to a director	-	500	500
Short term borrowings	-	9,964	6,975
Provision for taxation	-	724	724
Bank overdraft	-	555	555
Total current liabilities	441	20,932	17,943
Net current (liabilities)/assets	(21)	12,515	25,254
	(21)	50,138	94,877
FINANCED BY:-			
Share capital	*	21,816	29,316
Share premium	-	-	37,250
Negative goodwill	-	16,126	16,126
Accumulated losses	(21)	(21)	(21)
Shareholders' (deficit)/equity	(21)	37,921	82,671
Minority interests	-	361	361
NON-CURRENT LIABILITIES			
Long term liabilities	-	9,278	9,267
Deferred taxation	-	2,578	2,578
	(21)	50,138	94,877
Number of ordinary shares in issue ('000)	**	218,160	293,160
Net tangible (liabilities)/assets per share (RM)	(1,050)	0.17	0.28

1. INFORMATION SUMMARY (Cont'd)

Notes:

- * RM2
- ** 20 ordinary shares of RM0.10 each

1.3.3 Auditors' Qualification

The audited financial statements of the Company and its subsidiaries for all the financial years and period under review have been reported without any audit qualifications.

1.3.4 Consolidated Profit Forecast

Set out below is a summary of the profit forecast of the NVB Group for the financial year ending 30 September 2005.

Financial year ending 30 September 2005	RM'000
Revenue	77,184
Consolidated PBT	<u>21,568</u>
Less: Taxation	(4,375)
MI	<u>(191)</u>
Consolidated PAT after MI	17,002
Less: Pre-acquisition profit ¹	<u>(5,512)</u>
Consolidated PAT attributable to shareholders	<u><u>11,490</u></u>

Based on the enlarged issued and paid-up share capital

Net EPS ² (sen)	5.80
Net PE multiple based on the Issue Price of RM0.63 per share (times)	10.86

Based on the weighted average number of shares in issue ³

Net EPS ⁴ (sen)	6.82
Net PE multiple based on the Issue Price of RM0.63 per share (times)	9.24

Notes:

1. *The Acquisitions were completed on 31 January 2005 and the pre-acquisition profits shall relate to profit generated for the period from 1 October 2004 to 31 January 2005.*
2. *Based on the consolidated PAT after MI but before pre-acquisition profit and the enlarged issued and paid-up share capital of 293,159,760 Shares.*
3. *On the assumption that the Public Issue will be completed by early June 2005, the weighted average number of Shares in issue will be 168,478,532 Shares.*
4. *Based on the consolidated PAT attributable to shareholders and the weighted average number of shares in issue.*

1. INFORMATION SUMMARY *(Cont'd)*

1.3.5 Dividend Forecast

Financial year ending 30 September 2005

Gross dividend per share (sen)	1.71
Net dividend per share (sen)	1.71
Net dividend cover (times)	3.40
Gross dividend yield based on issue price of RM0.63 per share (%)	2.71
Net dividend yield based on issue price of RM0.63 per share (%)	2.71

1.4 Risk Factors

There are a number of risk factors (which may not be exhaustive), both specific to the NVB Group and relating to the general business environment, which may adversely impact the operating performance and financial position of the NVB Group and affect the achievability of the forecast. Investors should rely on their own evaluation and carefully consider the risk factors that may have a significant impact on the future performance of the Group, in addition to other information contained elsewhere in this Prospectus, before applying for any of the Issue Shares, which are the subject of this Prospectus. Details of the key risk factors listed below, of which investors should be aware, are set out in Section 3 of this Prospectus:

- (i) Political, Economic and Regulatory Conditions;
- (ii) No Prior Market for NVB Shares;
- (iii) Business Risks;
- (iv) Operational Risks;
- (v) Competition;
- (vi) Rapid Technological Changes;
- (vii) Dependence on Key Personnel;
- (viii) Dependence on Key Customers;
- (ix) Capital Investments;
- (x) Investment Risks;
- (xi) Control by Existing Shareholders;
- (xii) Adequacy of Insurance Coverage;
- (xiii) Foreign Exchange Fluctuation;
- (xiv) Borrowings;
- (xv) Uncertainty of the Business Development Plan;
- (xvi) Delay in or Abortion of the Listing; and
- (xvii) Forward Looking Statements.

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1. INFORMATION SUMMARY (*Cont'd*)

1.5 Technology

The NVB Group's expertise lies in its ability to value-add to the different core CNC technologies utilised to design and manufacture high precision components and tools for its customers. This ability rests largely on its design engineers and skilled technicians, and honed through in-house R&D activities. CNC technology offers three (3) main benefits in the manufacturing of parts and components, namely:

- improvement in automation, which, amongst others, reduces operator fatigue and human errors, and increases the consistency of production and predictable time for each workpiece;
- ability to produce mass copies of work pieces with consistent accuracy and repeatability; and
- flexibility to produce different work pieces using different tools with just a mere change of the CNC program, which is an important feature in the age of Just-In-Time manufacturing.

The manufacturing facility of the NVB Group is equipped with an extensive range of CNC machinery and technology required for the HDD, consumer electronics and other targeted industries covering end-to-end products and engineering solutions, as well as for internal R&D uses.

Further details on the technology of the NVB Group are set out in Section 4.2.4 of this Prospectus.

1.6 R&D

The NVB Group's strength in the area of R&D is in designing and producing jigs, tools, fixtures, progressive dies and electronic and mechanical assemblies to be used with its CNC systems. This is an essential and value-adding capability offered by the NVB Group in order to be able to manufacture and produce high precision components and parts that meet customers' specifications and quality requirements.

Apart from meeting customers' specifications and quality requirements, the continuous R&D activities undertaken by the NVB Group value-adds to its business in terms of:

- improving and refining its engineering processes and technologies to meet customers' zero defect demand;
- ensuring consistency in producing products of the highest quality; and
- reducing waste, thus, lowering the cost of operation.

The Group's R&D activities are primarily divided into two streams, namely:

- (i) Development of new products, whereby the NVB Group will undertake R&D initiatives on parts and components received from customers which require further development before mass production, such as the development of a PCP, designing and production of jigs and fixtures for each production process, production of the jigs and fixtures, development of CNC program via machining research, and the development of the appropriate tools; and
- (ii) Improvement on existing products, whereby the NVB Group carries on R&D on its mass-produced components in order to enhance product quality, productivity and effectiveness in engineering processes and technology.

Further details on the R&D activities of the NVB Group are set out in Section 4.2.11 of this Prospectus.

1. INFORMATION SUMMARY *(Cont'd)*

1.7 Principal Statistics Relating to the Public Issue

(i) Share Capital	RM
<i>Authorised:</i> 500,000,000 ordinary shares of RM0.10 each	<u>50,000,000</u>
<i>Issued and fully paid-up as at the date of this Prospectus:</i> 218,159,760 ordinary shares of RM0.10 each	21,815,976
<i>To be issued pursuant to the Public Issue:</i> 75,000,000 new ordinary shares of RM0.10 each	7,500,000
	<u>29,315,976</u>
 (ii) Issue Price per Issue Share (RM)	 0.63
 (iii) Proforma Consolidated NTA	
Proforma Consolidated NTA as at 31 December 2004 (after taking into account the Public Issue and the estimated listing expenses of RM2.5 million) (RM'000)	82,671
Proforma Consolidated NTA per share (based on the enlarged share capital of 293,159,760 ordinary shares of RM0.10 each) (RM)	0.28
 (iv) Classes of shares and ranking	

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

1.8 Utilisation of Proceeds

Based on the Issue Price of RM0.63 per Public Issue Share, NVB expects the gross proceeds of the Public Issue to be RM47.25 million. These proceeds are expected to be utilised in the following manner:

	RM'000	To be utilised by FYE 30 September*
Purchase of new machinery / equipment	12,000	2005
Purchase of land and construction of new factory	20,000	2006
Working capital	8,950	2005
R&D training and facilities	800	2005
Repayment of bank borrowings	3,000	2005
Estimated listing expenses *	2,500	2005
	<u>47,250</u>	

1. INFORMATION SUMMARY (Cont'd)

Notes:

* *The proceeds to be utilised for working capital will be adjusted accordingly in the event of any variation in the actual listing expenses from the estimated amount.*

Assuming the gross proceeds will be received by early June 2005.

Further information on the utilisation of proceeds is provided in Section 2.7 of this Prospectus.

1.9 Working Capital

The Directors of the Company are of the opinion that after taking into account the cashflow position, banking facilities available and the proceeds from the Public Issue, the NVB Group will have adequate working capital for a period of twelve (12) months from the date of this Prospectus to meet its foreseeable requirements.

1.10 Borrowings

Based on the latest proforma audited financial statements of the proforma NVB Group as at 31 December 2004, the total bank borrowings of the proforma Group amounted to approximately RM19.24 million comprising term loans, hire-purchase and lease facilities and other banking facilities.

The details of the proforma Group's interest-bearing borrowings as at 31 December 2004 are as follows:

	RM'000
Domestic:	
Short term borrowings (payable within 12 months)	9,964
Long term borrowings (payable in more than 12 months)	9,278
Total borrowings	<u>19,242</u>

Save as disclosed above, the Group does not have any other loan capital outstanding or created but unissued, mortgages or charges outstanding, convertible debt outstanding, guarantees or other borrowings on that date.

There has been no default on payments of either interest and/or principal sums in respect of any borrowings throughout the past financial year ended 30 September 2004 and up to 15 April 2005.

1.11 Material Litigation

As at 15 April 2005, neither NVB nor any of its subsidiaries is engaged in any litigation, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial positions of the Company or its subsidiaries, and the Directors of the Company are not aware of any proceedings pending or threatened against the Company and its subsidiaries or any facts likely to give rise to any proceedings which might materially and adversely affect the financial positions or businesses of the Company and/or its subsidiaries.

1. INFORMATION SUMMARY (Cont'd)

1.12 Contingent Liabilities

Save as disclosed below, as at 15 April 2005, the Directors of NVB are not aware of any other contingent liabilities incurred by NVB and/or of its subsidiaries, which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group.

	RM'000
Unsecured:	
Corporate guarantees from NVSB in favour of RHB Delta Finance Berhad for hire purchase facilities granted to KPSB and SISB	<u>1,821</u>

1.13 Capital Commitments

Save as disclosed below, as at 15 April 2005, the Group does not have any other capital commitments, which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group:

	RM'000	RM'000
Approved and contracted for:		
Purchase of plant and machinery		
▪ 30 units of CNC turning lathes machines	5,263	
▪ 2 units of CNC tap & drill machines	393	
▪ 4 units of CNC machining centres	441	
▪ 1 unit of stamping machine	72	
▪ Tools and equipment	<u>302</u>	6,471
Approved but not contracted for:		
Purchase of two (2) parcels of industrial land held under:		
▪ H.S. (D) 13321, P.T. No. 371, Mukim Kapar, Daerah Klang, Negeri Selangor Darul Ehsan	4,000	
▪ H.S. (D) 22781, P.T. No. 10649, Mukim Kapar, Daerah Klang, Negeri Selangor Darul Ehsan	<u>1,680</u>	5,680
		<u>12,151</u>

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2. PARTICULARS OF THE PUBLIC ISSUE

2.1 Introduction

This Prospectus is dated 11 May 2005.

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

Approval has been obtained from the SC and FIC (via SC) on 27 December 2004 and 18 March 2005 for the proposed listing of NVB. Approval has also been obtained from Bursa Securities on 29 December 2004 for the proposed listing of NVB, admission to the Official List of the MESDAQ Market, and permission to deal in and for the quotation of the entire issued and paid-up share capital of NVB, including the Public Issue Shares which are the subject of this Prospectus, on the MESDAQ Market. These NVB Shares will be admitted to the Official List of the MESDAQ Market and official quotation will commence upon receipt of confirmation from BMD that all the CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all the successful applicants. Admission to the MESDAQ Market is not to be taken as an indication of the merits of the Company and its subsidiaries or of its Shares.

Pursuant to the Listing Requirements, NVB needs to have at least 25% but not more than 49% of the total number of shares for which listing is sought in the hands of a minimum of 200 public shareholders holding not less than 100 shares each, upon admission to the MESDAQ Market. NVB is expected to achieve this at the point of Listing. However, in the event that this requirement is not met pursuant to the Public Issue, NVB may not be allowed to proceed with the Listing. In the event the public shareholding spread is not met, NVB shall ensure monies paid in respect of all applications for the Public Issue Shares will be returned in full without interest.

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

An applicant must have a CDS Account when applying for the Public Issue Shares. Where an applicant does not presently have a CDS account, he/she should open a CDS Account at an ADA prior to making an application for the NVB Shares. In the case of an application by way of an Application Form, the applicant must state his/her CDS Account number in the space provided in the Application Form. Only an applicant who is an individual and who has a CDS Account can make an application by way of Electronic Share Application.

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue and if given or made, such information or representation must not be relied upon as having been authorised by NVB and/or Hwang-DBS. Neither the delivery of this Prospectus nor any Public Issue made in connection with this Prospectus shall, in any circumstance and at any time, constitute a representation or create any implication that there has been no change in the affairs of NVB or any of its subsidiaries, or of the Group, since the date hereof.

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

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

If you are in any doubt about any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2.2 Opening and Closing of Application

Applications will be accepted from 10.00 a.m. on 11 May 2005 and will close at 5.00 p.m. on 20 May 2005 or for such later date or dates as the Directors of NVB and the Underwriter may in their absolute discretion mutually decide. Late applications will not be accepted. The indicative timing of events leading up to the listing of and quotation for the entire enlarged issued and paid-up share capital of NVB on the MESDAQ Market is set out below:

Event	Tentative Date
Opening of Applications	11 May 2005
Closing of Applications	20 May 2005
Balloting of Applications	25 May 2005
Despatch of notices of allotment to successful applicants	3 June 2005
Listing of the Company's entire enlarged issued and paid-up share capital on the MESDAQ Market	6 June 2005

Should the closing date of the application be extended, the dates for the despatch of notices of allotment and the listing of and quotation for the entire enlarged issued and paid-up share capital of NVB on the MESDAQ Market would be extended accordingly. NVB will notify the public via an advertisement in widely circulated English and Bahasa Malaysia newspapers in the event there is an extension of time on the closing date of the application.

2.3 Purpose of the Public Issue

The purposes of the Public Issue are as follows:

- (i) to enable the Group to gain access to the capital market to raise funds for future expansion and continued growth;
- (ii) to provide an opportunity for eligible employees and business associates of the NVB Group and the public to participate in the continuing growth of the Group by way of equity participation;
- (iii) to enhance the NVB Group's profile in Malaysia and to facilitate greater quality deal flow, which shall augur well for the future prospects of the Group; and
- (iv) to obtain the listing of and quotation for the entire issued and paid-up share capital of NVB on the MESDAQ Market, which is expected to enhance the stature and business of the NVB Group in the marketing of its products and services, and to retain existing employees and attract new skilled employees.

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

2.4 Details of the Public Issue

The Public Issue of 75,000,000 new NVB Shares is an invitation by the Company to eligible employees and business associates of the NVB Group and the public to apply for the Public Issue Shares at the issue price of RM0.63 per Public Issue Share, payable in full on application and upon the terms and conditions of this Prospectus.

The 75,000,000 Public Issue Shares shall be allocated in the following manner:

(i) Eligible employees and business associates

8,000,000 new Shares representing approximately 2.72% of the enlarged issued and paid-up share capital of NVB will be reserved for application by eligible employees and business associates of the NVB Group.

The Board of NVB is given the discretion to determine the allocation of the Shares to the eligible, confirmed employees of the NVB Group. The criteria for allocation of the Shares to the eligible employees include seniority in ranking, length of service and performance. The allocation of the Shares to business associates will be based on the degree of contribution to the success of the Group. As at 15 April 2005, a total of 416 employees of the Group are eligible to subscribe for the allocation of an aggregate of 7,351,300 Public Issue Shares and up to 68 business associates of the Group are eligible to subscribe for the allocation of an aggregate of 648,700 Public Issue Shares. The Directors of NVB and the promoters who are in the employment of the Group (including persons connected to them) will not be allocated any of these Shares reserved for application by eligible employees of the NVB Group.

(ii) Private Placement

61,000,000 new Shares representing approximately 20.81% of the enlarged issued and paid-up share capital of NVB will be placed out to the public investors by the Placement Agent.

(iii) Malaysian Public

6,000,000 new Shares representing approximately 2.05% of the enlarged issued and paid-up share capital of NVB to be made available for application by the Malaysian Public.

The ordinary shares under paragraphs (i) and (iii) above are fully underwritten. Any Public Issue Shares in respect of paragraph (i) above which are not subscribed for by the eligible employees and business associates of the NVB Group will be made available for placement to identified places.

2.5 Share Capital and Rights Attaching to Shares

	RM
Authorised share capital	
500,000,000 Shares	50,000,000
Issued and fully paid-up share capital (prior to the Public Issue)	
218,159,760 Shares	21,815,976
To be issued pursuant to the Public Issue	
75,000,000 Shares	7,500,000
Enlarged share capital upon the Listing	
293,159,760 Shares	29,315,976

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

Class of shares and ranking

There is only one (1) class of shares in NVB, namely, ordinary shares of RM0.10 each. The Public Issue Shares, when issued, shall rank pari passu in all respects with the existing issued and paid-up ordinary shares of RM0.10 each in NVB, including voting rights and rights to all dividends and/or distributions that may be declared, paid or made subsequent to the completion of the Public Issue.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the shareholders of the Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions, and the whole of any surplus in the event of the liquidation of the Company, such surplus to be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with the Articles of Association of the Company.

At every general meeting of the Company, each member shall be entitled to vote in person or by proxy or by attorney or by an authorised representative. A member is entitled to appoint up to three (3) proxies to attend the same meeting. On a show of hand, every person present who is a member or proxy or attorney or an authorised representative shall have one (1) vote. Whereas on a poll, every person present who is a member or proxy or attorney or other duly authorised representative shall have one (1) vote for each ordinary share he holds. If a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the ROC.

2.6 Basis of Arriving at the Issue Price

The Issue Price of RM0.63 per Share was determined and agreed upon by the Company and Hwang-DBS, as the Adviser and Underwriter, after taking into consideration the following factors:

- (i) the Group's financial and operating history and conditions as described in Sections 8, 9 and 11 of this Prospectus;
- (ii) the prospects, future plans and strategies of the NVB Group as described in Sections 4 and 10 of this Prospectus;
- (iii) the industry review and prevailing market conditions;
- (iv) the Group's forecast net EPS of approximately 5.8 sen for the year ending 30 September 2005, computed based on the enlarged issued and paid-up share capital of 293,159,760 Shares, and the forecast net PE Multiple of approximately 10.86 times; and
- (v) the proforma consolidated NTA per Share of approximately RM0.28 as at 31 December 2004 (after Public Issue).

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

2.7 Proceeds of the Public Issue and Utilisation of Proceeds

The gross proceeds of RM47.25 million from the Public Issue accruing to NVB will be utilised in the following manner:

	Note	RM'000	To be utilised by FYE 30 September [#]
Purchase of new machinery / equipment	(i)	12,000	2005
Purchase of land and construction of new factory	(ii)	20,000	2006
Working capital	(iii)	8,950	2005
R&D training and facilities	(iv)	800	2005
Repayment of bank borrowings	(v)	3,000	2005
Estimated listing expenses *	(vi)	2,500	2005
		47,250	

Notes:

* The proceeds to be utilised for working capital will be adjusted accordingly in the event of any variation in the actual listing expenses from the estimated amount.

Assuming the gross proceeds will be received by early June 2005.

(i) Earmarked for the acquisition of additional plant, equipment and machinery required to increase the Group's production capacity in order to meet the growing demand for its products from its customers, in tandem with the buoyant growth of the HDD industry.

(ii) As part of its plan to consolidate its production facilities for all its products and services, the Group has allocated approximately RM6.0 million for capital expenditure on the acquisition of land identified and approximately RM12.0 million for the construction of the Group's head office and new manufacturing plant on the said piece of land. The balance of the monies of RM2.0 million shall be allocated for electrical wiring, plumbing and air-conditioning work to be conducted on the new plant as well as furniture and fittings cost.

(iii) With the planned business expansion, the Group expects to require additional working capital to fund its operations. The main bulk of the working capital will be utilised for the purchase of raw materials, in particular, aluminium tubings, coils and bars.

(iv) The NVB Group will utilise RM800,000 for R&D training activities and facilities.

(v) The Group will utilise RM3,000,000 of the proceeds raised to partially repay bank borrowings (excluding hire-purchase and lease facilities) which totalled approximately RM3,816,000 as at 31 December 2004. The repayment of borrowings is expected to contribute a total interest savings of approximately RM232,500 per annum based on an average interest rate of 7.75% per annum.

The actual amount of bank borrowings outstanding upon listing of NVB on the MESDAQ Market may vary as the Group is servicing / repaying its bank borrowings continuously. In the event of any variance in the actual amount of bank borrowings to be repaid using the proceeds from the Public Issue, any excess proceeds shall either be utilised to repay other borrowings of the Group or for working capital purposes.

(vi) The estimated listing expenses incidental to the listing of and quotation for the entire enlarged issued and paid-up share capital of NVB on the MESDAQ Market, to be borne by the Company, are as follows:

	RM'000
Professional fees	700
Fees to the authorities	50
Advertisement and printing	280
Underwriting commission, placement fee, management fee and brokerage	1,000
Issuing house	100
Contingencies	370
Total estimated listing expenses	2,500

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

2.8 Brokerage, Underwriting Commission and Placement Expenses

Brokerage is payable by the Company at the rate of 1% of the Issue Price of RM0.63 per Public Issue Share in respect of successful applications bearing the stamp of Hwang-DBS, a Participating Organisation, a member of the Association of Banks in Malaysia, a member of the Association of Merchant Banks in Malaysia or MIDFCCS.

The Underwriter and Placement Agent has agreed to act as the Placement Agent for 61,000,000 Public Issue Shares and underwrite up to 14,000,000 Public Issue Shares to be issued to the public. Underwriting commission and placement fee is payable by the Company at the rate of not more than 2.5% of the Issue Price of RM0.63 per Share.

2.9 Salient Terms of the Underwriting Agreement

The following are some of the salient clauses of the underwriting agreement dated 18 March 2005 between NVB and the Underwriter ("Parties") ("Underwriting Agreement"), including clauses which may allow the Underwriter to withdraw from its obligations under the Underwriting Agreement after the opening of the offer:

(i) Conditions Precedent for Underwriting

The obligations of the Underwriter under the Underwriting Agreement shall further be conditional upon:-

- (a) on or prior to the Closing Date (as defined in the Underwriting Agreement), the SC having approved the Prospectus (and if such approvals is or will be conditional, all conditions being met upon terms acceptable to the Underwriter);
- (b) Bursa Securities having agreed in principle to the listing of and quotation for the Shares on the MESDAQ Market which conditional approval has been obtained on 29 December 2004 subject to the terms and conditions therein contained and such approval not being withdrawn, revoked, suspended, terminated or lapsed;
- (c) the Underwriter being satisfied that the listing of and quotation for the Shares on the MESDAQ Market will be granted two (2) Market Days after the submission to Bursa Securities of the relevant documents including the receipt of confirmation from the Depository confirming that the Securities Accounts of all the successful applicants have been duly credited and the Issuing House has confirmed that notices of allotment have been dispatched to the successful applicants;
- (d) the issue of the Shares under the Public Issue having been approved by Bursa Securities, SC, the MITI and any other relevant governmental agency and such authorisation not being withdrawn, revoked, suspended, terminated or lapsed;
- (e) the issue of the Public Issue Shares having been approved by the shareholders of the Company in a general meeting;

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

- (f) there has not been, as at any time hereafter up to and including the Closing Date, any adverse change, or any development involving a prospective adverse change, in the business, financial condition or prospect of the Group other than as set out in the Prospectus, nor has any event occurred or any fact discovered which will render inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings contained in **Clause 3.1** of the Underwriting Agreement if they are repeated on and as of the Closing Date;
- (g) the issue, offering and subscription of the Shares in accordance with the provisions hereof not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any governmental agency of Malaysia (including SC or Bursa Securities);
- (h) a copy of the Prospectus having been lodged with the ROC by or on behalf of the Company for registration in accordance with the requirement of Section 36A (4) of the Act, together with copies of all documents required under the Act;
- (i) the Prospectus having been registered with the SC and the accompanying documents having been submitted to the SC on or before their issue, circulation or distribution of the Prospectus to the public;
- (j) the Company having delivered to the Underwriter prior to the date of registration of the Prospectus with the SC each of the following documents:
 - (aa) a copy certified as a true copy by an authorised officer of the Company of all the resolutions of the Directors of the Company and the shareholders in general meeting approving the Underwriting Agreement, the Prospectus and authorising the execution of the Underwriting Agreement, the issue of the Shares under the Public Issue and the issuance of the Prospectus;
 - (bb) confirmation from the directors of the Company confirming that there has not been any change or any development which may result in any adverse change in the business, financial condition or prospect of the Group which may affect the success of the Public Issue;
- (k) the Company having delivered to the Underwriter on the Closing Date, a certificate in the agreed form of the Company signed by a duly authorised officer of the Company dated the Closing Date, to the effect that the person who provides such certificate has carefully examined the Underwriting Agreement and that:
 - (aa) the representations and warranties of the Company are true, accurate and correct and not misleading in all respects on and as of the Closing Date as though they had been given and made on the Closing Date and the Company has complied with all the terms of the Underwriting Agreement and satisfied all the conditions on its part under the Underwriting Agreement to be performed and satisfied on or prior to the Closing Date; and
 - (bb) since the date of the Underwriting Agreement, there has been no change or development that may adversely affect the business or financial condition or prospect of the Group except as disclosed in the Prospectus;

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

- (l) all necessary authorisations required in relation to the Shares including but not limited to governmental approvals having been obtained and are in full force and effect;
- (m) the Prospectus having been issued not later than three (3) months from the date of the Underwriting Agreement or such other date as the Company and the Underwriter may mutually agree in writing;
- (n) the Underwriter being satisfied that the Company has made adequate arrangements to ensure that the expenses referred to in Clause 14 of the Underwriting Agreement shall be duly paid;
- (o) the Underwriting Agreement having been duly executed by all the Parties and duly stamped.

In the event any of the conditions set forth in **Clause 4.1** of the Underwriting Agreement are not satisfied, the Underwriter shall, subject as mentioned below, thereupon be entitled to terminate the Underwriting Agreement by notice given to the Company not later than the Closing Date.

In the event of termination pursuant to **Clause 4.2** of the Underwriting Agreement, (except for the liability of the Company for payment of costs and expenses incurred prior to or in connection with such termination) the Parties will be released and discharged from their obligations under the Underwriting Agreement PROVIDED THAT the Underwriter may, at its discretion waive compliance with any of the provisions of this Clause without prejudice to its power, rights and remedies under the Underwriting Agreement.

(ii) **Right of Underwriter to Terminate Agreement**

The following shall constitute termination events under the Underwriting Agreement, whether or not they are within the control of the Company, upon the occurrence of which the Underwriter may by notice in writing to the Company given at any time on or before the Closing Date, terminate, cancel and withdraw from its underwriting commitment hereunder:

- (a) there is any breach by the Company of any of the representations, warranties or undertakings contained in **Clause 3.1** of the Underwriting Agreement or any other provisions of the Underwriting Agreement, the breach of which is incapable of remedy or if capable of remedy, the Company fails to remedy such breach within a period of fourteen (14) days from the date of notice in writing by the Underwriter notifying the Company of such breach and requiring the Company to remedy the same;
- (b) the Company withholds any information from the Underwriter, which, in the opinion of the Underwriter may or is likely to have an adverse effect on the business, financial condition or prospect of the Group or the success of the Public Issue;

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

- (c) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriter by reason of force majeure which would have or can reasonably be expected to have, an adverse effect on the business, operations, financial condition or prospect of the Group or the success of the Public Issue or which is likely to have the effect of making any material obligation under the Underwriting Agreement incapable of performance in accordance with its terms. **“Force Majeure”** means causes which are unpredictable and beyond the reasonable control of the party claiming force majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation including:-
- (aa) war (whether war declared or not), acts of warfare, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, civil war, hijacking, terrorism;
 - (bb) riot, uprising against constituted authority, civil commotion, disorder, rebellion, organized armed resistance to the government, insurrection, revolt, military or usurped power; or
 - (cc) natural catastrophe including but not limited to earthquake, flood, fire, storm, lightning tempest, accident or other acts of God.
- (d) any government requisition or other occurrence of any nature whatsoever which in the opinion of the Underwriter may or is likely to have an adverse effect on the business, financial condition or prospect of the Group or the success of the Public Issue;
- (e) any change in national or international monetary, financial (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the opinion of the Underwriter may or likely to have an adverse effect on the business, financial condition or prospect of the Group taken as a whole or the success of the Public Issue or the distribution or sale of the Shares (whether in the primary market or in respect of dealings in the secondary market);
- (f) the composite index of Bursa Securities drops below 600 points for three (3) consecutive Market Days;
- (g) the trading of securities on Bursa Securities is suspended or restricted for three (3) consecutive Market Days; or
- (h) any change in law, regulation, directive, policy or ruling in any jurisdiction which in the opinion of the Underwriter may prejudice the success of the Public Issue or which may or likely to have the effect of making any obligation under the Underwriting Agreement incapable of performance in accordance with its terms.

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

Upon such notice of termination being given under **Clause 5.1** of the Underwriting Agreement, the Underwriter will be released and discharged from its obligations without prejudice to its rights under the Underwriting Agreement and the Underwriting Agreement will thereafter be of no further force or effect and no Party will be under any liability to any other in respect of or under the Underwriting Agreement, except that the Company will remain liable in respect of its obligations and liabilities under **Clause 3.1** of the Underwriting Agreement and for the payment of all costs and expenses already incurred by the Underwriter up to the date on which such notice was given and for the payment of any taxes, duties or levies and the Company shall refund to the Underwriter the subscription monies including interests accrued, if any, paid by the Underwriter pursuant to their subscription of the underwritten shares pursuant to **Clause 8.1** of the Underwriting Agreement.

Notwithstanding the other provisions in the Underwriting Agreement, the Underwriter and the Company may, however, confer with a view to deferring the Public Issue or amending its terms or the terms of the Underwriting Agreement or enter into a new underwriting agreement accordingly. However, the Company and the Underwriter are not under any obligation whatsoever to enter into a fresh underwriting agreement.

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3. RISK FACTORS

There are a number of risk factors, both specific to the NVB Group and relating to the general business environment, which may impact on the operating performance and financial position of the Group and affect the achievability of the forecast. Notwithstanding the prospects of the Company as outlined in this Prospectus, investors should rely on their own evaluation and carefully consider the following factors (which may not be exhaustive) that may have a significant impact on the future performance of the Group, in addition to other information contained elsewhere herein, before applying for the Public Issue Shares.

3.1 Political, Economic and Regulatory Conditions

Any adverse development in the political situations and economic uncertainties in Malaysia and/or other countries with which the NVB Group has business links, directly or indirectly, could materially and adversely affect the financial and business prospects of the Group and the markets of its end products. These include risks of war, global economic downturn, expropriation, nationalisation, unfavourable change in government policy and regulations such as foreign exchange rates, methods of taxation and currency exchange controls.

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

3.2 No Prior Market for NVB Shares

Prior to the Listing, there was no public market for the NVB Shares. There can be no assurance that an active market for the NVB Shares will develop upon its listing on the MESDAQ Market or, if developed, that such market will be sustained. The Issue Price was determined through negotiation between NVB and Hwang-DBS based upon several factors and may not be an indication of the market price of NVB Shares after the Listing.

A variety of factors may cause the price of NVB Shares to fluctuate, including (without limitation) sale of substantial amounts of NVB Shares in the stock market in the immediate future, announcements of developments relating to the NVB Group's business, fluctuations in the NVB Group's operating results and sales levels, general industry conditions or the world economy, announcements of new products or product enhancements by the Group and/or its competitors, and developments in patent rights.

3.3 Business Risks

The NVB Group is not insulated from general business risk as well as certain risks inherent in the industry in which it operates. For example, the Group may be affected by a general downturn in the global, regional and national economies, specifically, the Malaysian economy, entry of new players, constraints in labour supply, increase in labour costs, changes in law and tax legislation affecting the industry, increase in costs of new machinery and/or additional engineering equipment, changes in business and credit conditions, fluctuations in foreign exchange rates and changes in system technology.

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3. RISK FACTORS (*Cont'd*)

The Group is also susceptible to specific business risks inherent in the HDD industry, which directly affects its business, given approximately 76% of the Group's revenue, based on the proforma consolidated financial statements of NVB as at 30 September 2004, was derived from the sale of HDD components. The main challenge in the HDD market is the fast product life cycle that lasts about 9 months for a typical HDD model. Furthermore, technological advances in this area are spurred by the process of miniaturisation while attempting to maintain the data-storage and retrieval capacity of the HDD model. Shorter product life cycles make it difficult to recover the cost of product development before the existing model becomes obsolete. Meanwhile, as HDD technology becomes more advanced, greater sums of financial resources are needed to carry out product development. The cost pressures, slim margins, intense competition and increasing difficult business conditions have a huge impact on the players in the HDD industry.

The NVB Group seeks to limit these business risks through, inter alia, prudent management policies, maintaining good business relationships with its customers and suppliers, expansion of its customer base in both local and export markets, prudent contractual terms, close project supervision and planning, and effective human resource management. In order to effectively address and mitigate the specific business risk inherent in its core industry, the Group stays abreast of latest technology advancements that influences the HDD industry, concentrates on product development with emphasis on miniaturisation and product innovation and diversifies to reduce dependency on the HDD industry.

Nevertheless, despite the mitigating efforts by the Group, no assurance can be given that any change in any of these business risks will not have a material adverse effect on the Group's business.

3.4 Operational Risks

NVSB, which carries on the core revenue-generating business of the NVB Group, has been profitable during the last financial year and generally, has a profitable track record, with the exception of FYE 2002. The loss was mainly attributable to the contraction in sales of HDD components as a result of the general slump in the world economy in 2001/2002 and was further compounded by excess inventories of HDDs in the market in FYE 2002. The negative external factors aside, the NVB Group had also incurred substantial capital expenditure in FYE 2002 to expand its production facilities. The timing for the expansion had been inopportune, in view of worldwide declining sales for HDD components.

Nevertheless, the Group had weathered the losses and had returned to profitability in the following year. However, there is no assurance that the NVB Group will continue to be profitable in future years, or that it will achieve increasing or consistent levels of profitability.

The Group's revenue and operation results could be adversely affected by many other factors, which may include, inter-alia, debt collection problems, customer order deferrals, the availability of human resources to meet market demand, the responsiveness of the Group in increasing its production capacity, the ability of the Group to develop and market new products, on a timely basis and other risks common to going concerns. Such operational risks can be controlled and monitored by management. In order to minimise such operational risks, the Group continuously maintains good cost management practices and a conducive working environment, fosters good customer relationships, concentrates on effective, result-oriented product development and market penetration efforts, and continuously sources for marketing leads and opportunities.

Meanwhile, the disruption of electricity supply is another operational risk to the Group in view of the Group's highly automated production lines, which is dependent on constant electricity supply for its smooth operations. In this respect, the Group will limit the risk with the installation of a back-up generator for contingency purposes. Nevertheless, as the operating premises of NVB are situated within established industrial areas, the Group has never experienced any serious disruption to the electricity supply that had materially affected its operations.

3. RISK FACTORS (Cont'd)

3.5 Competition

The global HDD industry is an extremely competitive market with low margins. The cost pressures experienced by this industry extends backwards throughout the supply chain, including the precision engineering companies, which are mainly the component suppliers to the HDD manufacturers. In 2004, there were two domestic companies involved in the supply of disk clamps and spacer rings to Western Digital, which is the sole HDD assembler in Malaysia. The NVB Group is one of the two domestic companies supplying HDD components to Western Digital. In terms of revenue, the NVB Group was the top supplier and commanded between 38% to 42% market share of the local demand for HDD disk clamps and spacer rings in 2004. Despite the relatively small local market size, the NVB Group still feels the competition to produce consistently high quality components at low cost.

The imposing threat is mainly from Malaysia's neighbouring countries, namely, Thailand and Singapore, which have established HDD industry hubs. Thailand has emerged as the largest exporter of HDD in South East Asia. Correspondingly, a number of supporting industries including the manufacture of component parts has also been established in Thailand, which have the ability to compete with the NVB Group to supply to HDD assemblers. Furthermore, the Group faces the risk associated with the possibility of MNC manufacturers relocating their operations to other countries with lower cost base, such as Thailand. However, the Directors of NVB are of the view that such a risk is relatively low and would not have any material adverse impact on the operations of the Group. This is primarily due to the high precision nature of the HDD manufacturing business and the dependency of HDD assemblers on a limited number of key vendors for its supply of HDD components. The NVB Group is an approved vendor to several MNCs. The risks involved in the degree of flexibility that a MNC assembler has in switching its approved vendors are detailed in Section 3.8 of this Prospectus.

The Directors of NVB Group are confident that the businesses of the Group will not be materially affected by any external competition given its established businesses with over nine (9) years of experience and its reputation as one of the leading companies in the field of high precision engineering in Malaysia. To the best of the knowledge of the Group's directors, there are few local manufacturers of HDD and other ultra-precision components and tools that possess the same technical expertise and capabilities as the Group. Such expertise provides the Group with a competitive edge over its local competitors. The Group has the proven ability to offer end-to-end high precision engineering, mass volume manufacturing services and timely delivery of components with consistently high quality, all of which are critical qualifying factors to service MNCs' customers. Meanwhile, the NVB Group's commitment to quality is attested with the certification of BS EN ISO 9001:2000 for its quality management system.

In respect of competition from new entrants, there are minimal concerns since the barriers to entry for an aspiring entrant into the precision engineering industry are relatively high, in terms of both skilled manpower and financial resources. Apart from that, competition to become a HDD component vendor of an MNC is also based on a number of criteria, such as the ability to meet the design requirements and specifications, quality and services, reliability, price, production volume capabilities, turnaround time and costs. Hence, market penetration is a time-consuming and costly process for new entrants.

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3. RISK FACTORS (*Cont'd*)

3.6 Rapid Technological Changes

Rapid advancement in data storage technology and the integration of information technology and internet technologies are constantly redefining market needs and the role of HDD manufacturers. With new digital information being created at exponential rates, emerging telecommunications, general business and internet applications need new ways to store, manage, and access huge volumes of data. Advancement in data storage technology saw the capacity of HDDs being boosted from a few gigabytes to 100 gigabytes and more on a HDD unit. Meanwhile, scientific and technology breakthrough paves the way for further miniaturisation of the HDDs from the typical 3.5-inch form factor to 2.5-inch form factor or smaller form factors. Further, cost pressures on the HDD industry are increasing, as prices of HDDs continue to drop in tandem with the process of miniaturisation.

Such rapid technology changes may negate the competitive advantage of the Group while making it more difficult to recover the cost of product development before the model becomes obsolete. The NVB Group has taken such rapid technological changes in its stride and stays abreast with the latest technology developments.

With technology discoveries and development, new HDDs are finding their way into consumer electronics. In fact, consumer electronics with built-in HDDs are projected to expand at a CAGR of 52.7% from 2004 to 2008. Leveraging on its core competencies and technological knowledge, the Group is broadening its product mix flexibility to include the production of components based on miniaturised form-factor configurations for use in HDDs in consumer electronics. The Group has also ventured into design and manufacture of a variety of high precision components, tools and dies for a wide range of industries, thus, further reducing its dependency on the HDD industry.

The Group's R&D team constantly keeps abreast with new technologies and market trends, wherein the marketing team works closely with the R&D team to provide feedback trends and client requirements. The Group also focuses on its human resource development by investing in external and in-house training sessions to update and educate its employees.

3.7 Dependence on Key Personnel

As in any other business, the NVB Group believes that its continued success will depend, to a significant extent, upon the abilities and continued efforts of its existing Directors and senior management and technical team, and the networking abilities of its marketing personnel. The loss of the services of any of these individuals may have a material adverse effect on the NVB Group's continued ability to manage the operations effectively and competitively. As such, the NVB Group has made continuous efforts to strategically develop a dynamic management team and groom younger management personnel to ensure continuity of the quality and dynamism in the management team.

The Directors of NVB also recognise the importance of the Group's ability to attract and retain its key personnel and have in place a human resource strategy, which includes a competitive remuneration package and human resource training and development programme for all employees in all key functions of the Group's operation. The NVB Group currently enjoys cordial relationships with its employees, and these employees do not belong to any trade union.

Meanwhile, the moratorium on the shareholding of the promoters of NVB, together with their collective substantial interest in the NVB Group is an extenuating factor against the risk of the Directors and key management and key technical personnel exiting the NVB Group.

3. RISK FACTORS (*Cont'd*)

3.8 Dependence on Key Customers

Due to the past consolidation of the HDD and camera industries with few major manufacturers, the NVB Group sells its products to a limited number of customers. The major customers of the NVB Group accounted for approximately 93% of its revenue based on the audited financial statements for FYE 2004. There is no contractual obligation on the part of any such customer to purchase any minimum volume of products or at all from the NVB Group in any given period. The NVB Group's financial condition and operating results may be affected in the event it loses a major customer or if a major customer reduces its orders for the Group's products.

Hypothetically, the Directors of NVB forecast that the Group's revenue shall be adversely affected by approximately 49% and PAT affected by approximately 35%, should NVB lose Western Digital and Western Digital Corporation (Thailand) Co., Ltd., as its major customers in FYE 2005, assuming all other factors remain constant. Similarly, hypothetically, the Directors of NVB forecast that the Group's revenue shall be adversely affected by approximately 22% and PAT affected by approximately 16%, should NVB lose MKE, as its major customer in FYE 2005, assuming all other factors remain constant. The Board of NVB, however, foresees that it will still continue to be profitable in the unlikely event that there is a loss of revenue from Western Digital, Western Digital Corporation (Thailand) Co., Ltd., MKE or any one of its major customers. The production capacity made available from the lost of production orders from a major customer shall be filled by other MNC customers.

Recognising this risk, the Directors of the NVB are continuously trying to increase its customer base by courting new HDD manufacturers/ other first tier vendors to MNCs, and expanding its scope of business to include the non-HDD market segment, such as manufacture of high precision micro components and fabrication of precision tools, moulds, dies, jigs and fixtures for use in CNC and precision engineering applications.

In addition, the risk of losing a major HDD customer is reasonably mitigated because the Group is an approved vendor to several MNCs. In order to qualify as an approved vendor to MNCs, the Group is subject to various levels of rigorous audits limited not only to product quality conformance but also to manufacturing and process control requirements. Due to the laborious and time-consuming selection process of an approved vendor, its MNC customers are not inclined to switching vendors, unless there are product quality issues and inability of the vendor to deliver the required quantity of components with the exact specifications within a tight tolerance range, on time.

3.9 Capital Investments

The Group operates in a capital-intensive industry, given that CNC machinery, CAD/CAM and EDM equipment are costly. In line with the positive growth in the HDD industry for computer and consumer electronics applications, there is a surge in demand for HDD components. This trend is expected to continue over, at least, the next five (5) years. The Group has to inject additional machinery to increase its production capacity in order to meet its customers' orders. Meanwhile, new machinery and equipment are required as the trend of the HDD industry moves towards product miniaturisation with minimal compromise on the storage capabilities of the HDD. The NVB Group will be required to continuously invest in advance machinery and keep abreast with new CAD and CAM technologies in order to develop its product design capabilities and compete effectively.

Without such investments, the Group's operations may be rendered less efficient, resulting in the compromise in quality or losing the edge in technological competitiveness. This may adversely affect the operating and financial performance of the NVB Group.

3. RISK FACTORS (Cont'd)

The NVB Group has invested significantly in capital expenditures on plant, machinery and equipment for the last three (3) financial years and for the three (3)-month financial period ended 31 December 2004 as follows:

	<-----FYE 30 September----->			3 months ended 31 December 2004
	2002	2003	2004	
	RM' million	RM' million	RM' million	RM' million
Investment in additional plant, machinery and equipment	8.5	3.9	13.5	5.4

The Directors and senior management team of the NVB Group constantly update themselves with the technological changes and requirements through discussions with machinery and equipment vendors and its MNC customers to understand the manufacturing trends and requirements of their specific industries. This enables the Directors to plan the Group's capital expenditures in line with the customers' requirements, and the technical know-how and production capacity of the Group.

3.10 Investment Risks

If appropriate opportunities present themselves, whether in Malaysia or elsewhere, the NVB Group may decide to enter into joint ventures, alliances or partnerships with third parties, or to expand into other geographical markets.

There can be no assurances that the NVB Group will be able to successfully identify, negotiate, finance or implement these ventures or investments, to successfully integrate these ventures or investments with its current business and operations, or to benefit from the same. These ventures and investments may also require additional capital, which may or may not be available on terms satisfactory to the NVB Group. However, any venture or investment of such nature will be carefully considered by the Directors of NVB and its subsidiaries with due care.

3.11 Control by Existing Shareholders

NVB is controlled by the promoters, namely Thoo Chow Fah, Choo Wing Hong, Choo Wing Onn, Lee Tian Yoke, Choo Wing Yew, Choo Wing Leong and Choo Wing Kin, who, in aggregate, beneficially own approximately 74% of the Company's issued and paid up capital after the Public Issue. Consequently, the aforesaid shareholders, if acting together, will possess voting control over NVB, giving them the ability, amongst others, to elect at least a majority of NVB's Directors and to control the vote on significant corporate transactions.

The introduction of corporate governance that requires the formation of the Audit Committee, which includes two (2) independent non-executive directors, may effectively help to promote transparency in all material transactions and the NVB Group's accountability, thereby representing the interest of the minority and general public at large. The promoters would also be required to abstain from voting if there is any related-party transaction, which may pose as a conflict to the interest of the Company.

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3. RISK FACTORS (Cont'd)

3.12 Adequacy of Insurance Coverage

The Group is aware of the adverse consequences arising from inadequate insurance coverage that could cripple its business operations. In order to ensure that such risks are minimised, the Group reviews and ensures adequate insurance coverage for its assets on a continuous basis. At present, the Directors believe that the Group is adequately insured against unforeseen events such as fire and lightning, malicious damage, theft and burglary. Although the Group has taken the necessary steps to insure its assets adequately, there can be no assurance that the insurance coverage would be adequate for the replacement cost of the assets or any consequential loss arising from the damage or loss of the assets of the Group.

3.13 Foreign Exchange Fluctuation

The Group's revenue, mainly from the sale of HDD components, are generated in USD. The purchases of CNC machinery and equipment are mainly denominated in Yen and aluminium, a vital raw material in the manufacture of HDD components, in USD. In addition, the NVB Group has the intention to expand its business regionally. The exchange rate fluctuations may expose the NVB Group to the additional risk, in that, a weakening of the RM may increase the NVB Group's operating costs or capital expenditure, and a weakening of the foreign currency will likewise diminish the value of the sales of the Company's products generated in foreign currency.

Currently, the USD is pegged to the RM at USD1.00 to RM3.80, thus, the NVB Group does not expect to be materially affected by fluctuations in USD/RM exchange rate. Nevertheless, there can be no assurance that any future significant exchange rate fluctuations or changes in foreign exchange control regulations will not have a material and adverse impact on the revenues and financial performance of the Group.

3.14 Borrowings

The NVB Group currently relies on credit facilities from banks and financiers to finance its operations and business activities. Fluctuations of the interest rates charged by the banks and financiers may have a material effect on the NVB Group's profitability. These credit facilities may also be subject to terms and conditions which may limit the NVB Group's operating and financial flexibility. Any act or omission by the NVB Group that breaches such terms and conditions may give rise to rights by the bankers or financiers to terminate the relevant credit facilities and/or enforce any security granted, in relation to those credit facilities, and which may also cause cross-defaults of other facilities. There can be no assurance that the aforesaid breaches will not have any adverse impact on the Group's operational and financial results.

The NVB Group is not presently in material breach of any such term or condition of any credit facility, and will at all times take all reasonable efforts to observe such terms and conditions.

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3. RISK FACTORS (*Cont'd*)

3.15 Uncertainty of the Business Development Plan

To achieve the Group's growth strategies, there may be significant strain on the Group's management, financial, customer support, operational and other resources. The success of the Group's Business Development Plan will be dependent upon, amongst others, the Group's ability to successfully develop and commercialise further applications of its technology, its ability to enter into strategic marketing arrangements on a timely basis and on favourable terms, to successfully monitor its business growth, to hire and retain skilled management, as well as to obtain adequate financing when needed. As a mitigating factor, the Group has been operating in this business since 1995. Nevertheless, there can be no assurance that the Group will be able to successfully implement its Business Development Plan or that unanticipated expenses or problems or technical difficulties will not occur which would result in material delays in its implementation or even deviation from its original plans. In addition, the actual results may deviate from the Business Development Plan due to rapid technological and market changes, as well as competitive pressures.

3.16 Delay in or Abortion of the Listing

The occurrence of any one (1) or more of the following events may cause a delay in or abortion of the Listing:

- (i) the Underwriter exercising its rights under the Underwriting Agreement and discharges itself from its obligations thereunder;
- (ii) the identified investors failing to subscribe for the portion of Public Issue Shares allocated to them under the private placement; and
- (iii) the Company being unable to meet the public spread requirement, that is, at least 25% but not more than 49% of the total number of NVB Shares for which listing is sought must be held by a minimum of 200 "public" shareholders.

Although the Directors of NVB will endeavour to ensure compliance by NVB of the various Listing Requirements, including, inter alia, the public spread requirements imposed by Bursa Securities for the successful Listing, no assurance can be given that the abovementioned events will not occur and cause a delay in or abortion of the Listing.

3.17 Forward Looking Statements

All statements contained in this Prospectus that are not statements of historical fact constitute "forward-looking statements", which are statements based on assumptions that are subject to uncertainties and contingencies. Forward-looking terms such as "anticipates", "believes", "intends", "plans", "expects", "forecasts", "may", "will", "would" and "could" or similar expressions as they relate to the NVB Group or its business are intended to identify such forward-looking statements. However, investors should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group's expected financial position, business strategy, plans and prospects are forward-looking statements.

The NVB Group believes that the expectations reflected in such forward-looking statements are reasonable at this point in time. There can be no assurance that such expectations will prove to be correct. Any deviation from the expectations may have adverse effects on the NVB Group's financial and business performance.