
IMPORTANT NOTICE

This Prospectus has been seen and approved by the Directors and Promoters of JHM Consolidation Berhad (“JHM” or the “Company”) and they collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading. The Directors hereby accept full responsibility for the profit forecast included in this Prospectus and confirm that the profit forecast has been prepared based on the assumptions made.

K & N Kenanga Bhd (“Kenanga”), being the Adviser, Underwriter and Placement Agent acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Public Issue (as defined in this Prospectus). Kenanga is satisfied that the profit forecast (for which the Directors of JHM are fully responsible), prepared for inclusion in this Prospectus, have been stated by the Directors after due and careful enquiry and have been duly reviewed by the Reporting Accountants.

The Securities Commission (“SC”) has approved the Public Issue and that the approval shall not be taken to indicate that the SC recommends the Public Issue.

The SC shall not be liable for any non-disclosure on the part of the Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

Bursa Malaysia Securities Berhad (“Bursa Securities”) has granted its approval-in-principle for the admission of the Company to the Official List of the MESDAQ Market of Bursa Securities and the admission is not to be taken as an indication of the merits of the Company or of its securities.

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, together with the form of application, has also been lodged with the Companies Commission of Malaysia who takes no responsibility for its contents.

Investors are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through sections 57, 58 and 153 of the Securities Commission Act 1993.

Characteristics of the MESDAQ Market of Bursa Securities-

Investors should be aware that MESDAQ Market is a distinct market from the Main and Second Boards in many respects. In particular, companies listed on MESDAQ Market are subject to different quantitative and qualitative requirements, which have been primarily designed to accommodate high-growth and/or technology companies. Companies that are listed on the MESDAQ Market may have a limited operating history or may not have any profit track record prior to listing. As such, these companies may be of high investment risk. The regulatory philosophy underlying the MESDAQ Market is that the market should be allowed to determine the merits of the securities/instruments in a particular company. Hence, as with all investments, prospective investors should be aware of all potential risks in investing in such companies and should make the decision to invest after due and careful consideration by referring to, amongst others, the prospectus, latest financial statements and corporate announcements. In this respect, advice from a securities professional/adviser is strongly recommended.

This Prospectus can also be viewed or downloaded from the Bursa Securities’ website at www.bursamalaysia.com

IMPORTANT DATES

The indicative timing of events leading up to the listing of and quotation for our Company's entire enlarged issued and paid-up share capital on the MESDAQ Market is set out below: -

Event	Tentative Date
Opening of Application for the Public Issue	19 June 2006
Closing of Application for the Public Issue	26 June 2006
Balloting Date	28 June 2006
Despatch of Notices of Allotment of the Issue Shares to successful applicants	10 July 2006
Listing of our Company's entire enlarged issued and paid-up share capital on the MESDAQ Market	13 July 2006

SAVE FOR THE OPENING DATE OF THE APPLICATION FOR THE ISSUE SHARES, THESE DATES ARE TENTATIVE AND ARE SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES.

APPLICATIONS WILL BE ACCEPTED FROM 10:00 A.M. ON 19 JUNE 2006 AND WILL REMAIN OPEN UNTIL 5:00 P.M. ON 26 JUNE 2006 OR SUCH LATER DATE OUR BOARD OF DIRECTORS AND KENANGA AT THEIR ABSOLUTE DISCRETION MAY JOINTLY DECIDE.

SHOULD THE DATE OF CLOSING OF APPLICATION FOR THE ISSUE SHARES BE EXTENDED, THE DATES FOR DESPATCH OF NOTICES OF ALLOTMENT OF THE ISSUE SHARES TO SUCCESSFUL APPLICANTS AND LISTING OF OUR ENTIRE ENLARGED ISSUED AND PAID-UP SHARE CAPITAL ON THE MESDAQ MARKET WILL BE EXTENDED ACCORDINGLY. IN THE EVENT THE DATE OF THE CLOSING OF APPLICATION FOR THE ISSUE SHARES IS EXTENDED, THE PUBLIC WILL BE NOTIFIED OF SUCH EXTENSION BY WAY OF ADVERTISEMENTS PLACED IN WIDELY CIRCULATED ENGLISH AND BAHASA MALAYSIA NEWSPAPERS.

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following abbreviations shall apply throughout:-

Acquisitions	:	The Acquisition of JH Tech and Acquisition of Morrissey, collectively
Acquisition of JH Tech	:	The acquisition by our Company of the entire issued and paid-up share capital of JH Tech comprising 200,000 ordinary shares of RM1.00 each for a purchase consideration of RM1,706,350, satisfied entirely by the issuance of 17,062,028 JHM Shares at an issue price of approximately RM0.10 per Share
Acquisition of Morrissey	:	The acquisition by our Company of the entire issued and paid-up share capital of Morrissey comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM4,380,173, satisfied entirely by the issuance of 43,797,952 JHM Shares at an issue price of approximately RM0.10 per Share
Act	:	The Companies Act, 1965, as amended from time to time, and any re-enactment thereof
ADA	:	Authorised Depository Agent
ADA Code	:	ADA (Broker) Code
ATM	:	Automated teller machine
Board	:	Board of Directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Bursa Securities Member	:	Registered Bursa Securities member being also an ADA
By-Laws	:	The rules, terms and conditions of the ESOS (as may be amended, varied or supplemented from time to time) as set out in Section 16 of this Prospectus
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
Electronic Share Application	:	Application of the Issue Shares through a Participating Financial Institution's ATMs
EPS	:	Earnings per share
ESOS or the Scheme	:	Employees' share option scheme for the granting of options to eligible directors and employees of our Group to subscribe for JHM Shares in accordance with the terms and conditions as set out in the By-Laws
FIC	:	Foreign Investment Committee
FSSB	:	First Share Sdn. Bhd. (687466-T)

DEFINITIONS (Cont'd)

FYE	:	Financial year(s) ended/ending
Infocredit D&B or Independent Market Researcher	:	Infocredit D&B (Malaysia) Sdn Bhd (527570-M)
Issue Price	:	RM0.50 per Issue Share
Issue Shares	:	21,140,000 new JHM Shares which are the subject of the Public Issue
ISO	:	International Organisation for Standardisation
JHM or the Company	:	JHM Consolidation Berhad (686148-A)
JHM Group or the Group	:	JHM and its subsidiaries, namely Morrissey and JH Tech
JHM Share(s) or Share(s)	:	Ordinary share(s) of RM0.10 each in JHM
JH Tech	:	Jingheng Electronic Precision Technology Sdn Bhd (557981-K)
Kenanga	:	K & N Kenanga Bhd (15678-H)
Latest Practicable Date	:	19 May 2006, being the latest practicable date prior to the printing of this Prospectus
Listing	:	Initial listing of and quotation for our Company's entire issued and paid-up share capital of RM8,200,000 comprising 82,000,000 JHM Shares, pursuant to the Public Issue, on the MESDAQ Market
Listing Requirements	:	The Listing Requirements of the Bursa Securities for the MESDAQ Market
Market Day	:	Any day between Monday and Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
MESDAQ Market	:	The MESDAQ Market of Bursa Securities
MIDA	:	Malaysian Industrial Development Authority
MIH or Issuing House	:	Malaysian Issuing House Sdn Bhd (258345-X)
MITI	:	Ministry of International Trade and Industry
MNCs	:	Multinational corporations
Morrissey	:	Morrissey Technology Sdn Bhd (525307-W)
NDP	:	National Development Policy
NMSB	:	Noble Matters Sdn. Bhd. (682746-A)
NAV	:	Net assets value
NTA	:	Net tangible assets

DEFINITIONS (Cont'd)

Option	:	The right of a Grantee to subscribe for one (1) new JHM Share pursuant to the contract constituted by acceptance by the Grantee in the manner provided in the By-Laws of an Offer made to such Grantee by the Option Committee pursuant to the By-Laws
Participating Financial Institutions	:	Participating Financial Institutions for Electronic Share Application as listed in Section 18 of this Prospectus
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE	:	Price earnings
Placement Agent	:	K & N Kenanga Bhd (15678-H)
Promoter(s)	:	A person who has an interest directly or indirectly in one or more voting shares in our Company, and who can exercise control or influence over the management of our Company at the time of our Company's admission to the MESDAQ Market. The Promoters of our Company are Dato' Tan King Seng, Ooi Yeok Hock, Tan Chin Hong and NMSB.
Proposals	:	Collectively, the Sub-Division of Shares, Acquisitions, Public Issue and Proposed Listing
Public Issue	:	The public issue of the Issue Shares at the Issue Price payable in full upon application and subject to the terms and conditions of this Prospectus
R&D	:	Research and Development
RM and sen	:	Ringgit Malaysia and sen respectively
SC	:	Securities Commission
SSA	:	Share Sale Agreement
Sub-Division of Shares	:	The sub-division of one (1) existing ordinary share of RM1.00 par value each in JHM into ten (10) ordinary shares of RM0.10 par value each
Underwriter	:	K & N Kenanga Bhd (15678-H)
Underwriting Agreement	:	The underwriting agreement dated 17 May 2006 between our Company and Kenanga, being the Underwriter, for the underwriting of the 8,200,000 Issue Shares made available for subscription by the public, directors, employees and business associates of the Group
US	:	The United States of America
USD	:	US Dollars

DEFINITIONS (Cont'd)

Technical Definitions

CAM	:	Computer Aided Manufacturing
CMC	:	Component Miniaturisation Concept
DC	:	Direct current
E&E	:	Electrical and electronic
EMS	:	Electronic Manufacturing Service
HB LED	:	High Brightness Light Emitting Diode
ICT	:	Information and Communications Technology
IP	:	Intellectual Property
IT	:	Information Technology
LED	:	Light Emitting Diode
MEC	:	Microelectronics components
mNm	:	Mili-Newton meter
ODM	:	Original design manufacturer
SMT	:	Surface mount technology

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1. CORPORATE DIRECTORY

DIRECTORS

Name	Address	Designation	Nationality/ Occupation
Dato' Tan King Seng	27, Lengkok Kenari Satu, Sg Ara, 11900 Bayan Lepas, Pulau Pinang	Executive Chairman / Managing Director	Malaysian/ Company Director
Ooi Yeok Hock	Blok 35-G-21, Lebu Nipah, Taman Lip Sin, Sungai Nibong, 11900 Bayan Lepas, Pulau Pinang	Executive Director	Malaysian/ Company Director
Tan Chin Hong	17, Jalan Legenda 12 Bandar Legenda Heights 08000 Sungai Petani Kedah Darul Aman	Executive Director	Malaysian/ Company Director
Loh Chye Teik	10, Halaman Bukit Gambir Dua 11700 Gelugor Pulau Pinang	Independent Non- Executive Director	Malaysian/ Chartered Accountant
Teoh Yee Shien	72, Jalan Mulubah Taman Alma 14000 Bukit Mertajam Pulau Pinang	Independent Non- Executive Director	Malaysian/ Accountant

AUDIT COMMITTEE

Name	Designation	Directorship
Loh Chye Teik	Chairman of the Committee	Independent Non-Executive Director
Ooi Yeok Hock	Member of the Committee	Executive Director
Teoh Yee Shien	Member of the Committee	Independent Non-Executive Director

COMPANY SECRETARY : Foo Li Ling
(MAICSA 7019557)
40, Jalan Bunga Anggerik 2
Dataran Ukay
68000 Ampang
Selangor Darul Ehsan

REGISTERED OFFICE : 51-8-B Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Tel: 04-226 7835
Fax: 04-227 9800

1. CORPORATE DIRECTORY (Cont'd)

<i>MANAGEMENT OFFICE</i>	:	A95 & A96, Jalan 2A-3, Kawasan Perusahaan MIEL Sungai Lalang 08000 Sungai Petani Kedah Darul Aman Tel: 04-442 7820 Fax: 04-442 8088 e-mail: corpinfo@jhm.net.my
<i>AUDITORS & REPORTING ACCOUNTANTS</i>	:	JB Lau & Associates Chartered Accountants 51-8-A Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel: 04-228 7828 Fax: 04-227 9828
<i>CORPORATE AND DUE DILIGENCE SOLICITORS</i>	:	Zaid Ibrahim & Co Advocates & Solicitors 51-22-B&C Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel: 04-227 0888 Fax: 04-228 6755
<i>REGISTRAR</i>	:	Agriteum Share Registration Services Sdn Bhd (578473-T) 2 nd Floor, Wisma Penang Garden 42 Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel: 04-228 2321 Fax: 04-227 2391
<i>ADVISER, UNDERWRITER AND PLACEMENT AGENT</i>	:	K & N Kenanga Bhd (15678-H) 801, 8 th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel: 03-2164 6689 Fax: 03-2164 6690
<i>ISSUING HOUSE</i>	:	Malaysian Issuing House Sdn Bhd (258345-X) 27 th Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: 03-2693 2075 Fax: 03-2693 0858
<i>INDEPENDENT MARKET RESEARCHER</i>	:	Infocredit D&B (Malaysia) Sdn Bhd (527570-M) Level 9-3A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur Tel: 03-2718 1000 Fax: 03-2718 1001

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

PRINCIPAL BANKER : Hong Leong Bank Berhad (97141-X)
Ground & 1st Floor
No. 64 & 65, Jalan Pengkalan
Taman Pekan Baru
08000 Sungai Petani
Kedah Darul Aman
Tel: 04-423 6117
Fax: 04-423 6121

LISTING SOUGHT : MESDAQ Market of the Bursa Securities

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2 SUMMARY INFORMATION

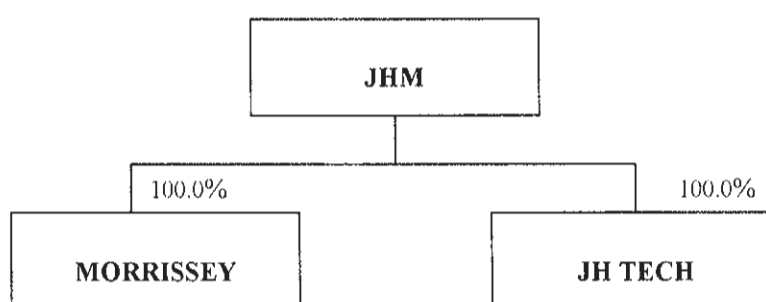
THE FOLLOWING IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR COMPANY. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST.

2.1 HISTORY AND NATURE OF BUSINESS

Our Company was incorporated in Malaysia on 26 March 2005 under the Act as a public limited company. Our Company was incorporated to be the investment holding company of our Group in conjunction with the listing of JHM Group on the MESDAQ Market.

Our Company is principally an investment holding company. The core business of our Group is undertaken by our two (2) wholly-owned subsidiary companies, namely Morrissey and JH Tech.

The corporate structure of our Group is as set out below:



A summary of the details of our subsidiaries are as follows:-

Name of Subsidiary	Date/Country of Incorporation	% Effective Equity Interest	Issued and Paid-up Share Capital (RM)	Principal Activities
Morrissey	05.09.2000/ Malaysia	100.0	1,000,000	Designing and manufacturing of precision microelectronics components
JH Tech	05.09.2001/ Malaysia	100.0	200,000	Original design manufacturing of high brightness ("HB") LED components

Our Group's business activities can be divided into four (4) main divisions as follows:-

- (a) HB LED components;
- (b) DC micromotor components;
- (c) Fine pitch connector pins; and
- (d) Other MECs.

Further details on the business overview are provided in Section 5 of this Prospectus.

2 SUMMARY INFORMATION (Cont'd)

2.2 RISK FACTORS

You should carefully consider the following risk factors (which are not exhaustive), in addition to the other information contained in this Prospectus before applying for the Issue Shares. For a detailed commentary on the risk factors, please refer to Section 4 of this Prospectus:-

(A) Business Risks

- (a) Dependence on Major Customers
- (b) Absence of Long-Term Contractual Agreements with Customers
- (c) MNCs Customers Re-direct Business Ventures to Outside Malaysia
- (d) Uncertainty in the Business Development Plan
- (e) Delays in R&D Activities and Product Development
- (f) New Geographical Market Expansion and its Related Risks Thereon
- (g) Management of Future Growth
- (h) Dependence on Key Personnel
- (i) Availability of Raw Materials and Fluctuation in Prices
- (j) Dependency on Major Supplier
- (k) Foreign Exchange Risks
- (l) Future Capital Injections
- (m) Limitation of Insurance Coverage

(B) Risks Relating to the Industry

- (a) Market Acceptance of New Products
- (b) Rapid Technological Changes
- (c) Barriers to Entry and Competition

(C) Other Risks

- (a) Profit Forecast
- (b) Control by Promoters
- (c) Capital Market Risks
- (d) No Prior Market for the Company's Shares
- (e) Political, Economic and Legislative Considerations
- (f) Forward Looking Statements
- (g) Delay in or Failure of the Listing

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2 SUMMARY INFORMATION (Cont'd)

2.3 FINANCIAL HIGHLIGHTS**2.3.1 Proforma Consolidated Income Statements**

The following table is extracted from the Proforma Financial Information set out in Section 15 of this Prospectus and should be read in conjunction with the notes thereto.

The summarised proforma consolidated income statements of our Group for the past three (3) financial years ended 31 December 2005 have been prepared based on the audited financial statements of the companies in our Group for illustrative purposes after making such adjustments that are considered necessary and assuming that our Group had been in existence throughout the years under review.

FYE 31 December	2003 RM'000	2004 RM'000	2005 RM'000
Revenue	18,158	20,504	24,126
Cost of sales	(15,103)	(15,931)	(18,857)
Gross profit	3,055	4,573	5,269
Other operating income	361	527	574
Administrative expenses excluding depreciation and amortization	(682)	(1,185)	(1,526)
Earnings before interest, depreciation, taxation and amortization	2,734	3,915	4,317
Interest expense	(147)	(55)	(34)
Depreciation	(558)	(571)	(648)
Amortisation	(17)	(55)	(75)
Operating profit	2,012	3,234	3,560
Exceptional item	-	-	-
Share of profits and losses of associated corporations and joint ventures	-	-	-
Profit before taxation	2,012	3,234	3,560
Taxation	(328)	(666)	(629)
Profit from ordinary activities	1,684	2,568	2,931
Extraordinary items	-	-	-
Minority interest	-	-	-
Net profit	1,684	2,568	2,931
No. of ordinary shares of RM0.10 in issue ('000)*	60,860	60,860	60,860
Gross earnings per share (sen)	3.31	5.31	5.85
Net earnings per share (sen)	2.77	4.22	4.82
Gross profit margin (%)	16.82	22.30	21.84
Net profit margin (%)	9.27	12.52	12.15

2 SUMMARY INFORMATION (Cont'd)

Notes:

- * The number of ordinary shares assumed in issue throughout the financial years under review represents the enlarged share capital after the Acquisitions but before the Public Issue.*
- (a) The proforma consolidated income statements for the three (3) FYE 31 December 2005 have been prepared on the basis that our Group has been in place throughout the years under review and on a time apportionment basis for Morrissey as it had a different financial year end. The proforma consolidated income statements have been prepared based on the audited income statements of Morrissey for the two (2) FYE 31 August 2004, the financial period for four (4) months from 1 September 2004 to 31 December 2004 and the financial period for sixteen (16) months from 1 September 2004 to 31 December 2005, JH Tech for the three (3) FYE 31 December 2005 and JHM for the financial period from 26 March 2005 to 31 December 2005.*
- (b) There were no extraordinary or exceptional items in respect of all the financial years under review.*

Our Group's audited financial statements for the past financial period/years under review have not been subjected to any audit qualification.

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2 SUMMARY INFORMATION (Cont'd)

2.3.2 Proforma Consolidated Balance Sheets

The Proforma Consolidated Balance Sheets as set out below are provided for illustrative purposes only to show the effects on the audited balance sheets of our Company. Morrissey and JH Tech as at 31 December 2005 had the Acquisitions, Public Issue, utilisation of proceeds and ESOS been completed on that date.

	(I)	(II)	(III)	(IV)	
	Audited JHM as at 31.12.2005 RM'000	After the Acquisitions RM'000	After (I) and Public Issue RM'000	After (II) and Utilisation of Proceeds RM'000	After (III) and ESOS RM'000
PROPERTY, PLANT AND EQUIPMENT	-	5,100	5,100	9,140	9,140
RESEARCH & DEVELOPMENT COSTS	-	1,105	1,105	2,505	2,505
CURRENT ASSETS					
Inventories	-	1,022	1,022	1,022	1,022
Trade receivables	-	5,033	5,033	5,033	5,033
Other receivables, deposits and prepayments	368	1,522	1,522	1,522	1,522
Tax recoverable	-	148	148	148	148
Margin deposits with a licensed bank	-	14	14	14	14
Cash and bank balances	*	27	10,597	3,657	11,857
	368	7,766	18,336	11,396	19,596
CURRENT LIABILITIES					
Trade payables	-	3,135	3,135	3,135	3,135
Other payables and accruals	373	1,876	1,876	1,876	1,876
Amount due to a director	-	89	89	89	89
Provision for taxation	-	99	99	99	99
	373	5,199	5,199	5,199	5,199
NET CURRENT (LIABILITIES)/ ASSETS	(5)	2,567	13,137	6,197	14,397
	(5)	8,772	19,342	17,842	26,042
FINANCED BY:					
SHARE CAPITAL	**	6,086	8,200	8,200	9,840
SHARE PREMIUM	-	1	8,457	6,957	13,517
RETAINED PROFIT	(5)	1,430	1,430	1,430	1,430
SHAREHOLDERS' FUNDS	(5)	7,517	18,087	16,587	24,787
HIRE PURCHASE PAYABLE	-	942	942	942	942
DEFERRED TAXATION	-	313	313	313	313
	(5)	8,772	19,342	17,842	26,042
Net Tangible (Liabilities)/ Assets (RM'000)	(5)	6,412	16,982	14,082	22,282
No. of ordinary shares of RM0.10 each ('000)	**	60,860	82,000	82,000	98,400
Net Tangible (Liabilities)/ Assets per share (RM)	(2,500.00)	0.11	0.21	0.17	0.23
* Represents RM2					
** Represents RM2 comprising 2 shares of RM1.00 each					

Further notes to the Proforma Consolidated Balance Sheets of our Company are set out in Section 15 of this Prospectus.

2 SUMMARY INFORMATION (Cont'd)

2.3.3 Consolidated Profit Forecast for the FYE 31 December 2006

Our Board forecasts that, in the absence of any unforeseen circumstances, the consolidated PAT of our Group for the FYE 31 December 2006, will be as follows:-

FYE 31 December	Forecast 2006 RM'000
Revenue	<u>34,086</u>
Consolidated PBT	5,162
Less: Taxation	<u>(1,062)</u>
Consolidated PAT	4,100
Less: Minority interest	<u>-</u>
Consolidated PAT and minority interest	<u>4,100</u>
Enlarged issued and paid-up share capital ('000) ²	82,000
Gross earnings per share (sen) ³	6.30
Net earnings per share (sen) ³	5.00
Gross PE multiple (times) ⁴	7.94
Net PE multiple (times) ⁴	10.00

Notes:-

- (1) It is assumed that the Group has been in existence throughout the financial year.
- (2) Ordinary shares of RM0.10 each.
- (3) Based on PBT/PAT and over the enlarged issued share capital.
- (4) Based on the Issue Price of RM0.50 per Share.

Further details on our consolidated profit forecast are provided in Sections 7.5 and 7.9 of this Prospectus.

2.3.4 Dividend Forecast

Our Directors intend to recommend the declaration of a gross dividend of 2 sen per Share for the FYE 31 December 2006 as follows:-

FYE 31 December	Forecast 2006
Gross dividend (RM'000)	1,640
Net dividend (RM'000)	1,181
Gross dividend yield based on the Issue Price (%)	4.00
Net dividend yield based on the Issue Price (%)	2.88
Net dividend cover (times)	3.47

Further details on our dividend forecast and policy are provided in Section 7.7 of this Prospectus.

2 SUMMARY INFORMATION (Cont'd)

2.4 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE**(a) Share capital**

	Number of Shares	Share Capital RM
Authorised:-	250,000,000	25,000,000
Issued and fully paid-up	60,860,000	6,086,000
To be issued pursuant to the Public Issue	21,140,000	2,114,000
Enlarged issued and paid-up share capital (prior to the exercise of ESOS options)	82,000,000	8,200,000

(b) **Issue Price per JHM Share** 50 sen

(c) **Market capitalisation of our Company based on the Issue Price** RM41,000,000

(d) Proforma NTA

Proforma NTA as at 31 December 2005 after the Public Issue RM 14,082,000
and deducting estimated listing expenses

Proforma NTA per JHM Share (based on the enlarged 17 sen
issued and paid-up share capital after the Public Issue)

(e) Classes of shares and ranking

We have only one (1) class of shares in our Company, namely ordinary shares of RM0.10 each. The Issue Shares will upon allotment rank *pari passu* in all respects with one another and all other existing issued and fully paid-up JHM Shares including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares.

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

Each shareholder shall be entitled to vote at our general meeting in person or by proxy or by attorney, and, on a show of hands, every person present who is a shareholder or authorised representative or proxy or attorney of a shareholder shall have one vote, and on poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each JHM Share held. A proxy may but need not be a member of our Company.

2 SUMMARY INFORMATION (Cont'd)

2.5 OUTLOOK AND PROSPECTS

For more details on the prospects and outlook of the MEC industry, please refer to Section 6 of this Prospectus.

2.6 PROCEEDS FROM THE PUBLIC ISSUE AND PROPOSED UTILISATION

The gross proceeds from the Public Issue amounting to RM10,570,000 will accrue entirely to our Company and will be utilised as follows:-

	RM	Expected time frame for utilisation
Machinery & equipment	4,040,000	End 2007
R&D expenses	1,400,000	End 2007
Working capital	3,630,000	End 2006
Estimated listing expenses	1,500,000	End 2006
	10,570,000	

Full details of the proposed utilisation are set out in Section 3.8 of this Prospectus.

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2 SUMMARY INFORMATION (Cont'd)

2.7 DIRECT AND INDIRECT SHAREHOLDINGS OF OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

The shareholdings of our Promoters, substantial shareholders, Directors and key management are as follows:-

	Nationality/ Country of Incorporation	Designation	No of JHM Shares Held Before the Public Issue			No of JHM Shares Held After the Public Issue ^(a)				
			Direct	%	Indirect	%	Direct	%	Indirect	%
Promoters										
Dato' Tan King Seng	Malaysian	Executive Chairman & Managing Director	28,271,586	46.45	26,278,771 ^(b)	43.18	28,471,586	34.72	26,278,771 ^(b)	32.05
NMSB	Malaysia	-	20,297,241	33.35	-	-	20,297,241	24.75	-	-
Ooi Yeok Hock	Malaysian	Executive Director	4,389,292	7.21	-	-	4,589,292	5.60	-	-
Tan Chin Hong	Malaysian	Executive Director	1,920,331	3.16	-	-	2,070,331	2.52	-	-
Substantial Shareholders										
Dato' Tan King Seng	Malaysian	Executive Chairman & Managing Director	28,271,586	46.45	26,278,771 ^(b)	43.18	28,471,586	34.72	26,278,771 ^(b)	32.05
NMSB	Malaysia	-	20,297,241	33.35	-	-	20,297,241	24.75	-	-
FSSB	Malaysia	-	5,981,530	9.83	-	-	5,981,530	7.29	-	-
Ooi Yeok Hock	Malaysian	Executive Director	4,389,292	7.21	-	-	4,589,292	5.60	-	-

2 SUMMARY INFORMATION (Cont'd)

	Nationality/ Country of Incorporation	Designation	No of JHM Shares Held Before the Public Issue			No of JHM Shares Held After the Public Issue ^(a)				
			Direct	%	Indirect	%	Direct	%	Indirect	%
<u>Directors</u>										
Dato' Tan King Seng	Malaysian	Executive Chairman & Managing Director	28,271,586	46.45	26,278,771 ^(b)	43.18	28,471,586	34.72	26,278,771 ^(b)	32.05
Ooi Yeok Hock	Malaysian	Executive Director	4,389,292	7.21	-	-	4,589,292	5.60	-	-
Tan Chin Hong	Malaysian	Executive Director	1,920,331	3.16	-	-	2,070,331	2.52	-	-
Loh Chye Teik	Malaysian	Independent Non- Executive Director	-	-	-	-	45,000	0.05	-	-
Teoh Yee Shien	Malaysian	Independent Non- Executive Director	-	-	-	-	45,000	0.05	-	-
<u>Key Management</u>										
Cheah Choon Ghee	Malaysian	Senior Administration Manager	-	-	-	-	250,000	0.30	-	-
Wong Foo Liong	Malaysian	Sales Manager	-	-	-	-	200,000	0.24	-	-
Lim Kah Hoon	Malaysian	Finance Manager	-	-	-	-	200,000	0.24	-	-
Norjjan Bt Basir	Malaysian	Assistant Human Resource Manager	-	-	-	-	129,000	0.16	-	-

Notes:-

(a) Including their respective allocation of Issue Shares under the pink form allocation but prior to the exercise of ESOS Options.

(b) Deemed interested by virtue of his shareholdings of not less than 15% in MMSB and PMSB pursuant to Section 6A of the Act.

Further information on our promoters, substantial shareholders, Directors and key management are set out in Section 9 of this Prospectus.

3 PARTICULARS OF THE PUBLIC ISSUE

3.1 PRELIMINARY

This Prospectus is dated 19 June 2006.

We have registered a copy of this Prospectus with the SC who assumes no responsibilities for the correctness of any statements made, opinions or reports expressed in this Prospectus. We have also lodged a copy of this Prospectus, together with the form of application with the CCM, who takes no responsibility for its contents.

We have received the approval from SC (including the approval under the FIC Guideline on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests) on 10 March 2006 and 17 May 2006 for the Public Issue. Approval-in-principle has been obtained from Bursa Securities on 26 May 2006 for the admission of our Company to the Official List and for the listing of and quotation for our entire enlarged issued and paid-up JHM Shares on the MESDAQ Market and for any new JHM Shares arising from the exercise of the options under the ESOS. These JHM Shares will be admitted to the Official List of the MESDAQ Market and official quotation will commence after receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, the Bursa Securities has prescribed our Shares as prescribed securities. Therefore, we will deposit the Issue Shares directly with Bursa Depository. Any dealings in these Issue Shares will be carried out in accordance with the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository. We will not issue any share certificates to successful applicants.

You must have a CDS Account prior to submitting applications for JHM Shares either by way of Application Form or by way of Electronic Share Application. In the case of an application by way of Application Form, you should state your CDS Account number in the space provided in the Application Form. In the case of an application by way of Electronic Share Application, only an applicant who is an individual and has a CDS Account can make an Electronic Share Application and you shall furnish your CDS Account number to the Participating Financial Institution by way of keying in your CDS Account number if the instructions on the ATM screen at which you enter your Electronic Share Application requires you to do so. A corporation or institution cannot apply for the Issue Shares by way of Electronic Share Application.

In compliance with the Listing Requirements, we need to have at least 25% but not more than 49% of our enlarged issued and paid-up share capital in the hands of a minimum number of 200 public shareholders, holding not less than 100 Shares each, upon admission to the MESDAQ Market. We expect to achieve this at the point of listing. However, in the event that this requirement is not met pursuant to this Public Issue, we may not be allowed to proceed with our listing plan. In this event, monies paid in respect of all applications will be returned in full without interest.

We have not authorised any person to give any information or to make any representation that is not contained in this Prospectus in connection with the Public Issue. If any such information or representation is given or made, you must not rely on them as having been authorised by us and/or Kenanga. Neither the delivery of this Prospectus nor any public issue made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of our Company or our Group since the date of this Prospectus.

3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

The distribution of this Prospectus and the offer, sale and/or issue of the Issue Shares are subject to Malaysian law, and neither we nor Kenanga take any responsibility for the distribution of this Prospectus and/or offer, sale and/or issue of the Issue Shares outside Malaysia, which may be restricted by law in other jurisdictions. This Prospectus does not constitute and may not be used for purpose of an offer to sell and/or issue, or an invitation of an offer to buy and/or subscribe for, any Issue Share in any jurisdiction in which such offer or invitation is not authorised or lawful, or to any person to whom it is unlawful to make such offer or invitation. Persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

The Prospectus can also be viewed or downloaded from the Bursa Securities' website at www.bursamalaysia.com.my.

You should rely on your own evaluation to assess the merits and risks of the Public Issue and an investment in our Company. In considering this investment, if you are in any doubt as to the action to be taken should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

3.2 OPENING AND CLOSING OF APPLICATION

The application for the Public Issue will open at 10:00 a.m. on 19 June 2006 and will remain open until 5:00 p.m. on 26 June 2006 or for such period or periods as our Board and Kenanga at their absolute discretion may jointly decide. Late applications will not be accepted.

3.3 IMPORTANT DATES

The indicative timing of events leading up to the listing of and quotation for our Company's entire enlarged issued and paid-up share capital on the MESDAQ Market is set out below: -

Event	Tentative Date
Opening of Application for the Issue Shares	19 June 2006
Closing of Application for the Issue Shares	26 June 2006
Balloting Date	28 June 2006
Despatch of Notices of Allotment of the Issue Shares to successful applicants	10 July 2006
Listing of our Company's entire enlarged issued and paid-up share capital on the MESDAQ Market	13 July 2006

Save for the opening date of the application for the Issue Shares, these dates are tentative and subject to changes which may be necessary to facilitate implementation procedures. The application period will close at the date stated above or such later date as our Board and Kenanga at their absolute discretion may jointly decide.

Should the date of closing of the application for the Issue Shares be extended, the dates for the despatch of Notices of Allotment of the Issue Shares to successful applicants and listing of our Company's entire enlarged issued and paid-up share capital on the MESDAQ Market will be extended accordingly. If the date of closing of application is extended, the public will be notified of such further extension by way of advertisements placed in widely circulated English and Bahasa Malaysia newspapers.

3.4 SHARE CAPITAL

	Number of Shares	Share Capital RM
Authorised	250,000,000	25,000,000
Issued and fully paid-up	60,860,000	6,086,000
To be issued pursuant to the Public Issue	21,140,000	2,114,000
Enlarged issued and paid-up share capital (prior to the exercise of ESOS Options)	82,000,000	8,200,000
Total market capitalisation upon listing		41,000,000

3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

We have only one (1) class of shares in our Company, namely ordinary shares of RM0.10 each. The Issue Shares will upon allotment rank pari passu in all respects with one another and all other existing issued and fully paid-up JHM Shares including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares.

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

Each shareholder shall be entitled to vote at our general meeting in person or by proxy or by attorney, and, on a show of hands, every person present who is a shareholder or authorised representative or proxy or attorney of a shareholder shall have one vote, and on poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each JHM Share held. A proxy may but need not be a member of our Company.

3.5 PARTICULARS OF THE PUBLIC ISSUE

The Public Issue is an invitation by us to the public to subscribe for the Issue Shares at an issue price of 50 sen per JHM Share, subject to the terms and conditions contained in this Prospectus.

The Issue Shares made available for subscription by individuals, companies, societies, co-operatives and institutions by way of private placement and public offer are as follows:-

	No of Issue Shares to be allotted
(a) Eligible employees, directors and business associates of our Group	4,100,000
(b) General Public:	
(i) by way of private placement	12,940,000
(ii) by way of public offer	4,100,000
Total	21,140,000

The Issue Shares in respect of Section 3.5(a) above are allocated to the eligible employees and directors of our Group based on their respective position and number of years of service with our Group and the allocation to our business associates is based on their respective length and nature of relationships and their importance to our Group's business. Based on the above criteria, there are approximately 34 employees, directors and business associates who are eligible and are interested in taking up the 4,100,000 reserved Issue Shares.

The basis of allocation for the Issue Shares under Section 3.5(b), to be determined shall take into account the desirability of distributing the Issue Shares to a reasonable number of applicants with a view of broadening our shareholding base to meet the public spread requirements and to establish a liquid and an adequate market in JHM Shares. To meet the shareholding spread requirements, the final allocation to any single applicant shall not breach 5% or more of our enlarged issued and paid-up share capital upon listing on the MESDAQ Market, regardless of the amount of Issue Shares applied for.

3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

The details of the allocation of the Issue Shares to Directors under Section 3.5(a) above are as follows-

Name of Directors	Designation	No of Issue Shares Allocated
Dato' Tan King Seng	Executive Chairman & Managing Director	200,000
Ooi Yeok Hock	Executive Director	200,000
Tan Chin Hong	Executive Director	150,000
Loh Chye Teik	Independent Non-Executive Director	45,000
Teoh Yee Shien	Independent Non-Executive Director	45,000
Total		640,000

In the event that any of the Issue Shares under Section 3.5(a) above are not taken up by our eligible employees, directors and business associates, such Issue Shares will be made available for application by the investing public under Section 3.5(b)(ii) by way of a public offer or be allocated by way of private placement under Section 3.5(b)(i) above.

In the event of an under-subscription of the 4,100,000 Issue Shares under section 3.5(b)(ii) above, such under-subscribed Issue Shares may be transferred from the public offer tranche and allocated by way of private placement, and vice versa.

The minimum number of JHM Shares to be subscribed for the purpose of the Public Issue is 21,140,000 ordinary shares being 100% of the JHM Shares available under the Public Issue.

The Issue Shares under Section 3.5(a) and 3.5(b)(ii) above have been fully underwritten by the Underwriter in compliance with the Listing Requirements. The Issue Shares which are made available for private placement under Section 3.5(b)(i) will not be underwritten since investors have been identified to subscribe for the said Issue Shares. The Placement Agent has received irrevocable undertakings from selected investors to subscribe for the Issue Shares under Section 3.5(b)(i) above.

We expect to raise RM10.57 million from the Public Issue. There is no minimum subscription as the Issue Shares are either fully underwritten or investors have been identified to subscribe for it.

3.6 PURPOSE OF THE PUBLIC ISSUE

The purposes of the Public Issue are as follows:-

- (a) To obtain a listing of and quotation for our entire enlarged issued and paid-up share capital on the MESDAQ Market;
- (b) To provide our Group with access to the capital market to raise funds for future expansion and growth;
- (c) To provide an opportunity for Malaysian investors and institutions, our eligible employees and directors and business associates of our Group and the public to participate in the continuing growth of our Group;
- (d) To raise funds for our Group's operations and expansion, details of which are elaborated in Section 3.8 of this Prospectus; and
- (e) To enhance the stature of our Group in marketing its products and services and to maintain its existing work force and attract new skilled professionals.

3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

3.7 PRICING OF THE PUBLIC ISSUE

We and Kenanga as the Adviser, Underwriter and Placement Agent, have determined and agreed on the issue price of RM0.50 per JHM Share, after taking into account, inter-alia, the following:-

- (a) our proforma Group's net EPS of 4.8 sen computed based on the proforma Group PAT of RM2,931,000 for the FYE 31 December 2005 and our enlarged issued and paid-up share capital of 60,860,000 JHM Shares after the Acquisitions but before Public Issue, translating to a net PE multiple of approximately 10.4 times based on the Issue Price;
- (b) our Group's proforma NTA per Share of 17 sen based on the proforma Group NTA as at 31 December 2005 and our enlarged issued and paid-up share capital of 82,000,000 JHM Shares, translating to a price-to-book ratio of 2.9 times;
- (c) the forecast net EPS of 5.0 sen computed based on the forecast PAT of RM4,100,000 for the FYE 31 December 2006 and the enlarged issued and paid-up share capital of 82,000,000 JHM Shares, translating to a net PE multiple of 10.0 times based on the Issue Price;
- (d) Our Group's financial and operating history and conditions as described in Sections 5.4 and 7 of this Prospectus;
- (e) The industry overview, future plans and strategies and outlook of our Group as described in Section 6 of this Prospectus; and
- (f) The stock market is expected to strengthen further for the second half of the year due to the following factors:-
 - (i) the Malaysian economy is projected to grow by an average of 6% annually under the Ninth Malaysia Plan (9MP), with growth supported by expansion in the manufacturing, services and agriculture sectors;
 - (ii) the strengthening of the Ringgit against the US Dollar since the removal of the Ringgit peg last July; and
 - (iii) the move by the regulatory authority to further broaden Malaysia's capital market both in terms of new products and investment opportunities as well as widening the range of market players, including international participants, in line with the Capital Market Masterplan.

You should note that the market price of JHM Shares upon listing on the MESDAQ Market is subject to the vagaries of market forces and other uncertainties which may affect the market price of JHM Shares being traded. You should bear in mind the risk factors as set out in Section 4 of this Prospectus and form your own view on the valuation of the Issue Shares before deciding to invest in the Issue Shares.

3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

3.8 PROCEEDS OF THE PUBLIC ISSUE AND PROPOSED UTILISATION

The gross proceeds amounting to RM10,570,000 will accrue entirely to our Company and is intended to be utilised as follows:-

	Note	RM	Expected time frame for utilisation
Machinery & equipment	(a)	4,040,000	End 2007
R&D expenses	(b)	1,400,000	End 2007
Working capital	(c)	3,630,000	End 2006
Estimated listing expenses	(d)	1,500,000	End 2006
		10,570,000	

(a) Machinery and Equipment

We plan to utilise approximately RM4.04 million of the total proceeds for the purchase of machinery and equipment to increase our production capacity and for the manufacturing of the new products as set out below:-

Description	RM	Description
1 unit of plating line	1,900,000	For lead-free leadframe
2 units of clinch machine	640,000	For clinch frame assembly
Toolings	500,000	For safety commercial vehicle LED lighting
1 unit of wire cut machine	700,000	} For mobile phone camera
1 unit of CNC machine	300,000	} lens DC micromotor
	4,040,000	

(b) R&D Expenses

We plan to utilise approximately RM1.4 million of the total proceeds for R&D activities in line with our product development plan. The R&D expenditure will involve purchase of materials, equipment and tooling and labour costs.

(c) Working Capital

An amount of RM3.63 million of the proceeds will be utilised for our Group's working capital requirements. The working capital portion will be used for operating expenses such as payment to suppliers, staff salaries, marketing, and travelling.

(d) Estimated Listing Expenses

A portion of the proceeds is to be used to bear the listing expenses such as advertising and printing costs, fees payable to the authorities, professional services rendered by advisers and experts, underwriting and placement commission, brokerage fees, promotional expenditure and other related costs. Approximately RM650,000 of the total estimated listing expenses is provided for fees for professional services rendered by advisers and experts.

In the event that additional expenses are incurred, the additional amounts will be paid from the proceeds for its working capital and/or vice versa.

3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

Financial Impact from the Utilisation of Proceeds

The financial impact and benefits from the proceeds of the Public Issue include, inter-alia, the following:-

- (a) enhance our Group's core competencies in design and development to maintain its competitive edge;
- (b) expedite the development and commercialisation of our own products for product and geographical market expansion; and
- (c) increase our Group's revenue and earnings through the expansion of our business locally and overseas.

3.9 BROKERAGE, UNDERWRITING AND PLACEMENT COMMISSION

(a) **Brokerage Fee**

Brokerage fee relating to the Issue Shares is payable by us at the rate of one percent (1.0%) of the Issue Price in respect of successful applications, which bear the stamps of Kenanga, or the Issuing House, a participating organisations of Bursa Securities, members of the Association of Banks in Malaysia or members of the Malaysian Investment Banking Association.

(b) **Underwriting Commission**

Kenanga, as the Underwriter, has agreed to underwrite 8,200,000 of the Issue Shares, which will be made available for application by our eligible employees, directors and business associates, and for application under the public offer. Underwriting commission is payable by us to the Underwriter at the rate of two percent (2.0%) of the Issue Price.

(c) **Placement Commission and Placement Management Fee**

Kenanga has arranged for the placement of the Issue Shares at a rate of one point five percent (1.5%) of the value of JHM Shares that have been successfully placed by Kenanga based on the Issue Price. A management fee is payable by us to Kenanga, at a rate of zero point five percent (0.5%) of the aggregate value of JHM Shares under the private placement based on the Issue Price.

3.10 SALIENT PROVISIONS OF THE UNDERWRITING AGREEMENT

The following are extract of some of the salient clauses contained in the Underwriting Agreement dated 17 May 2006 entered into between our Company and the Underwriter, including escape clauses, which may allow the Underwriter to withdraw from obligations under the agreement after the opening of the offer:-

“CONDITIONS TO THE UNDERWRITING

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

- (a) *the SC having approved the issuance of the Prospectus and Bursa Securities having agreed in principle on or prior to the Closing Date to the listing of and quotation for the enlarged issued and paid-up ordinary share capital of the Company after the Public Issue amounting to 82,000,000 Shares on the MESDAQ Market of Bursa Securities on terms satisfactory to the Underwriter and the Underwriter being reasonably satisfied that such listing and quotation will be granted two (2) clear Market Days (or such other period as Bursa Securities may permit) after Bursa Securities has received all the necessary supporting documents and*

3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

- receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants;*
- (b) *the proceeds / irrevocable undertakings from the placees for all shares described in Recital (D) (1) having been received by the placement agent of the Company prior to the Closing Date;*
- (c) *the delivery to the Underwriter prior to the date of issuance of the Prospectus of:-*
- (i) *a certified true copy by an authorised officer of the Company of the Memorandum and Articles of Association of the Company and all the resolutions of the directors of the Company and the shareholders in general meeting approving this Agreement, the Prospectus, the Public Issue and authorising the execution of this Agreement and the issuance of the Prospectus; and*
- (ii) *a certificate dated the day of the Prospectus signed by the duly authorized officer of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 3.1 hereof;*
- (d) *the delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the board of directors of the Company as the Underwriter may reasonably require to ascertain that there is no material change of condition or circumstances subsequent to the date of this Agreement that would or may have an adverse effect on the performance or financial position of the Company or any of its Subsidiaries;*
- (e) *the Underwriter having been satisfied that adequate arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 8;*
- (f) *the public shareholding spread as required pursuant to the MESDAQ Market Listing Requirements of Bursa Securities being met;*
- (g) *there not having been, on or prior to the Closing Date, any adverse change in the condition (financial or otherwise) of the Company from that set forth in the Prospectus which is material in the context of the Public Issue, nor the occurrence of any event rendering untrue or incorrect to an extent which is material as aforesaid any representation or warranty contained in this Agreement and in the Prospectus as though they have been given or made on such date;*
- (h) *the registration and lodgement with the SC and the Companies Commission of Malaysia of the Prospectus together with copies of all requisite documents in accordance with the requirements of Sections 41 and 42 of the Securities Commission Act 1993, the SC Guidelines on the Issue/Offer of Securities and the Prospectus Guidelines pursuant to Clause 7;*
- (i) *the Composite Index of Bursa Securities is at no less than 650 points, on or prior to the Closing Date;*
- (j) *the issue and subscription of the Public Offer 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 legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities) and to take place within sixty (60) days from the date of this Agreement;*
- (k) *all necessary approvals and consents from the SC and Bursa Securities required in relation to the Public Issue having been obtained and being in full force and effect; and*
- (l) *this Agreement having been duly executed by all parties and stamped.*

3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

If any of the conditions set forth above is not satisfied on or before the Closing Date the Underwriter shall thereupon be entitled to, terminate this Agreement by notice in writing to the Company and in that event the Parties hereto shall be released and discharged from their respective obligation hereunder PROVIDED THAT the Company shall remain liable for the payment of the Underwriting Commission and of all other costs and expenses including but not limited to those referred in Clause 8 hereof.

TERMINATION OF UNDERWRITING OBLIGATION

If by 8.00 p.m. on the Closing Date or such other date as the Company and the Underwriter may mutually agree upon, Application Forms in respect of all the Underwritten Shares have been lodged for acceptance and received in accordance with the terms of Prospectus, together with valid banker's drafts or other forms of remittances for the full amounts payable thereunder, no obligation shall arise on the part of the Underwriter to apply for any of the Underwritten Shares under this Agreement.

TERMINATION

Reasons for Termination

On or before the Closing Date, the Underwriter shall thereupon be entitled to terminate this Agreement by notice in writing delivered to the Company, if:-

- (a) any of the conditions referred to in Clause 2.2 is not satisfied, provided that the Underwriter may at its discretion and subject to such conditions as the Underwriter may impose, waive compliance with the provisions of Clause 2.2; or*
- (b) any adverse change or any development reasonably likely to involve an adverse change in the condition (financial or otherwise) of the Company from that set forth in the Prospectus which is material in the context of the Public Issue, or the occurrence of any event rendering untrue or incorrect to an extent which is material any representations or warranties contained in Clause 3.1 as though they had been given or made on such date; or*
- (c) there is withholding of information of a material nature from the Underwriter, which is required to be disclosed pursuant to this Agreement, and if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Company and its Subsidiaries and related companies, the success of the Public Issue, or the distribution or sale of the new Shares pursuant to the Public Issue; or*
- (d) 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 the coming into force of any laws of Governmental regulations or directives or any change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange or unforeseen circumstances beyond the reasonable control of the Underwriter and by reason of Force Majeure which would have, or can reasonably be expected to have, a material adverse effect on the business or the operations of the Company or the success of the Public Issue, or which is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or*
- (e) there is failure on the part of the Company to perform any of its obligations herein contained; or*
- (f) the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities which would prejudice materially the success of the Public Issue.*

3 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

Upon any such notice(s) being given pursuant to Clause 7.1, the Underwriter shall be released and discharged from its obligations hereunder whereupon this Agreement shall be of no further force or effect and no party shall be under any liability to any other in respect of this Agreement, save and except that the Company shall remain liable for the payment of the Underwriting Commission and in respect of its obligation and liabilities under Clause 8 for the payment of costs and expenses already incurred prior to or in connection with such termination and for the payment of any taxes, duties or levies, and for any antecedent breach.

Effects of Termination

In the event of termination pursuant to Clause 7.1, the Underwriter hereto shall be released and discharged from its obligations hereunder, except for the liabilities of the Company for the payment of the Underwriting Commission and costs and expenses as provided for in this Agreement, which had been incurred prior to or in connection with such termination. Provided always that the parties hereto agree that in the event of termination of this Agreement pursuant to a Force Majeure event, the Underwriter and the Company may confer with a view to deferring the Public Issue or amending its terms or the terms of this Agreement and/or entering into a new underwriting agreement as the case may be with the mutual consent of the parties hereto."

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4 RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) AND RANKED IN ORDER OF PRIORITY BASED ON OUR EVALUATION, THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE APPLYING FOR THE ISSUE SHARES.

(A) BUSINESS RISK

(a) Dependence on Major Customers

Based on our financial statements for the FYE 31 December 2005, a substantial portion of our sales were made to five (5) customers comprising 96% of our Group sales. Please refer to Section 5.4.19 of this Prospectus for the details on our major customers.

Our Group's major customers comprise leading corporations and MNCs in the electronics, semiconductor and optoelectronics industries. We do not have a wide customer base due to the characteristic of the market segment that we are operating in, whereby it is a niche market with only a handful of major global players commanding a sizeable global market share in the respective industry. We are therefore dependent upon our key customers in respect of the sales of our products, and are exposed to the risk that should we lose any one or more of these key customers, our business and sales will be materially affected.

However, our business relationships with our customers are presently good and we believe, would continue in the future. Our business model is premised on the fact that with the ability to secure either one or two of this handful of global players in their respective industries as our customers, will provide us with the opportunity to grow with these global players. These global companies have volume growth and wide range of products, which will also give us the opportunity to provide a wider range of products to these customers.

In addition to that, we have also strategized ourselves to focus on research, design and development capabilities to service these customers in the niche market segment/industry, such as diverse range of application for the products and high industry growth. With our current resources, we focus on establishing and maintaining good working relationships with these strategic customers who are leading MNCs, which will provide us with sizable volume of business. Our strategy of maintaining customer focus will provide us with an opportunity to grow with the customers by providing a full range of integrated and value-added services to the customers or growth in volume.

Notwithstanding the above, we have also taken steps to mitigate the risk of dependency on major customers by developing a more diversified customer base, expansion into other geographical markets and broaden our product range. We have increased our key customers from three (3) during the FYE 31 December 2004 to five (5) during the FYE 31 December 2005 and our top customer's contribution to total sales for the FYE 31 December 2005 was 40.0% compared to 61.3% in the previous year. Please refer to Section 5.4.19 of this Prospectus for the details. We are also undertaking the development of our own products, namely the safety commercial vehicle LED lighting and the camera lens DC micromotor which will enable us to expand into other geographical market and broaden our product range to reduce dependency on our existing major customers.

(b) Absence of Long-Term Contractual Agreements with Customers

We do not have long-term sales contracts with our customers due to the nature of business and industry that we are operating in. As the application markets for our Group's products are characterized by technological changes, continuous development, improvement and miniaturisation of products to micron scale, our customers will not award long term sales contracts. Customers will provide us with three (3) to six (6) months sales forecast and confirmed contracts are made through repeated orders. Hence, the performance of our Group would be dependent on the ability of our Group to secure new sales orders on a consistent basis. Consequently, the failure of our Group in securing new sales orders in the future may have a material adverse financial impact on our Group.

4 RISK FACTORS (Cont'd)

Nonetheless, as highlighted in paragraph (f) above, our strategy is to maintain customer focus by developing further the close working relationships that we have established with our customers and work in close liaison with customers to be proactive in providing value-added services. Although there are no long-term sales contracts, we believe that we are able to maintain our customers as the switching costs for customers are very high. The product design, development up to commercialization of the products would normally take about six (6) months to one (1) year. As there are continuous development and improvement to the products, it would be more economical and efficient for customers to work together with the same vendor on a long-term basis.

We are involved in producing components for the automobile lightings and in the automotive industry, where there are stringent requirements to be adhered to. The Production Part Approval Process ("PPAP") and Customer Change Notice ("CCN") are being enforced according to ISO/Technical Specification – 16949:2002 and governed by United Kingdom Accreditation Service ("UKAS"). With the PPAP and CCN in place, it is difficult for our customer to change supplier, as it could take about six (6) months to go through the whole qualifying process with the new vendor. After the qualification process, it will require another three (3) to six (6) months to design, develop and obtain approval from our customers for mass production of the products.

We also have the distinct advantage of having proprietary rights to the drawings of the toolings for the manufacture of these products. It would involve high switching cost for our customers to change suppliers as the toolings need maintenance and may require modifications and changes from time to time. Without the drawings, it would be difficult for another supplier to make any changes.

(c) MNCs Customers Re-direct Business Ventures to Outside Malaysia

Our strength lies in design and development capabilities. As a design house, we need not be at close proximity to our customers. However, being at close proximity to our customers has the advantage of providing prompt service to the customers and meeting with the customers on a regular basis to discuss issues. In the event that our customers re-direct business ventures to outside Malaysia, we may have to employ additional personnel to provide the same prompt service to our customers and to meet with them regularly. In this regard, we may consider setting up branch/sales office to facilitate liaison with customers to maintain prompt services to the customers, if the condition warrants it.

However, it should also be noted that currently, JH Tech has its R&D activities undertaken in Malaysia and it outsources its manufacturing activities to China and the products are delivered to customers in Thailand and China. This arrangement works for the Group in being able to manufacture the products at competitive cost in China and having its proprietary R&D activities undertaken in Malaysia. In the event that the MNCs re-direct business ventures to outside Malaysia, our Group should be in a position to work out similar arrangement for the benefits of all parties.

(d) Uncertainty in the Business Development Plan

Our Group's proposed future plans, strategies and prospects as outlined in the Business Development Plan in Section 8 of this Prospectus will be dependent on, amongst others, our Group's ability to successfully develop and commercialise our products as planned, our ability to penetrate into new markets for our new products, hire and retain skilled personnel, successfully manage growth and obtain adequate financing as and when needed. There can be no assurance that our Group will be able to successfully implement our Business Development Plan or that unanticipated expenses or problems or technical difficulties will not occur which would result in material delays in our implementation or even deviation from our 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.

(e) Delays in R&D Activities and Product Development

We have on-going development programmes with the purpose of enhancing our existing products and developing new products. There can be no assurance that these development programmes can be successfully completed on time so as to enable the launching of the enhanced or new products on a timely basis in relation to the market requirements and expectations.

4 RISK FACTORS (Cont'd)

However, we intend to minimise such delays by stringent control over the entire product development cycle by having regular milestone checkpoint reviews and keeping abreast with the changes and developments in the industry to help ensure market acceptance of the products developed.

(f) New Geographical Market Expansion and its Related Risks Thereon

Our Group currently has customers in Malaysia, Thailand and China. As part of our business development plan, we intend to expand our business to other countries such as Taiwan. There can be no assurance that our Group will be able to successfully penetrate the new markets. In addition, such future expansion could expose our Group to foreign economic, political, legislative and other risks. Any failure to accurately assess these issues may adversely affect our Group's business performance, financial condition and operating results. However, our Board intends to exercise prudence and careful planning to ensure that there would not be an over expansion.

(g) Management of Future Growth

Our Group plans to utilise part of the Public Issue proceeds to expand our existing business as well as undertake R&D into new products namely, the safety commercial vehicle LED lighting and mobile phone camera lens DC micromotor. Our Group's future growth and performance will depend, in part, on our ability to manage the growth, successfully penetrating the market for our new products and implement management and operating systems that can react promptly to changes in business and industry trends. As a mitigating factor, our Group has experienced management, R&D and production personnel to support our growth. However, there can be no assurance that our Group will be able to effectively manage the expansion and growth plan and if we are unable to achieve the anticipated performance levels, our business and financial performance may be adversely affected.

(h) Dependence on Key Personnel

Our Group's continued success will depend, to a significant extent, on the abilities and continued efforts of our Executive Directors namely Dato' Tan King Seng, Mr Ooi Yeok Hock and Mr Tan Chin Hong and our senior management team. Our Group relies heavily on the abovementioned Directors as they bring along their in-depth industry knowledge and experiences as well as business network. Our Executive Directors have been the driving force of our Group and the loss of any one of the above key Executive Directors may affect the future performance of our Group. However, the moratorium on the shareholdings of our Promoters together with their collective substantial interests in our Company will mitigate against the risk of their exit from the Group.

Recognising the importance of our human resource, continuous efforts have been taken to develop a dynamic management team and groom the existing personnel to ensure continuity and dynamism in the management team. We have in place a human resource strategy which includes a competitive remuneration package, training and development programme as well as a conducive working environment for our employees. We currently have a cordial relationship with our employees and our employees do not belong to any trade union.

We have also put in place an ESOS in conjunction with our listing on the MESDAQ Market. The ESOS will be an incentive to our employees to serve our Group for the long-term and to participate in the future growth and success of our Group.

(i) Availability of Raw Materials and Fluctuation in Prices

The major raw materials used such as silicon steel, stainless steel, copper, tin and steel materials are sourced directly from our suppliers. We do not have any long-term supply agreement with any of our suppliers. We do not face any major risk from lack of contract with suppliers as our major raw materials can be sourced from other suppliers.

4 RISK FACTORS (Cont'd)

The prices of these raw materials are mark to the prices quoted on the London Metal Exchange. Hence, we are exposed to price fluctuations of the raw materials. However, our risk is mitigated to a certain extent in that our sales quotation has a price variation clause in the event of a change in the price of the raw materials as quoted on the London Metal Exchange of between the range of $\pm 3\%$ to $\pm 10\%$. Notwithstanding this, we would normally re-negotiate and mutually agree with our customers before revising selling price to maintain goodwill. In the event that we are not able to revise the selling prices, our Group's profitability could be affected.

In addition to the above, we also source silicon steel from the supplier appointed by one of our customers, namely Sunrock Steel Centre (M) Sdn Bhd. Our customer also sources its supply of raw materials from the same supplier and has bulk purchase orders and we are able to obtain competitive pricing due to the bulk purchase by our customer.

(j) Dependency on Major Supplier

Our core competencies is in design and development and we have outsourced some of our manufacturing process to Jinan Jingheng Yamada Electronic Precision Technology Co. Ltd. For the FYE 31 December 2005, about 67.9% of our Group's purchases are sourced from Jinan Jingheng Yamada Electronic Precision Technology Co. Ltd. This business arrangement is on an ongoing basis and there is no long term agreement signed for this arrangement and can be terminated by either party. There can be no assurance that this supplier can or will continue to undertake this manufacturing process for us on the same or more advantageous terms. In the event that the existing arrangement is terminated, there may be an adverse effect on the operating results of our Group.

However, we are of the view that it is beneficial to us not to have long term arrangement with our supplier as it enables us to source for competitive pricing. Our dependency on our major supplier is mitigated by the fact that it is not the only company who is capable of undertaking this manufacturing process for us. Our design and toolings can be provided to other companies for them to undertake the processes for us and we have taken the pre-emptive measure in identifying potential co-operation with other manufacturer.

(k) Foreign Exchange Risks

Our Group's export sales are denominated in US Dollars and purchases from foreign suppliers are denominated in US Dollars, Japanese Yen and Singapore Dollars. Our exposure in foreign exchange risk is mainly in US Dollars as Japanese Yen and Singapore Dollars comprise less than 10% of the total purchases. For the FYE 31 December 2005, export sales in US Dollars comprised 49.1% of our Group sales whilst purchases in US Dollars comprised 67.5% of total purchases for the Group. The portion of sales and purchases denominated in US Dollars, have to a certain extent provided a natural hedge to the fluctuations in foreign exchange rate. Our Group does not have any hedging policy. Notwithstanding the foregoing, there can be no assurance that any future significant fluctuations in foreign exchange rate or changes in foreign exchange control regulations will not adversely affect the financial results of our Group.

(l) Future Capital Injections

We believe that the net proceeds from the Public Issue, together with the cash flow generated from our operations and other existing sources of funds will be sufficient to meet our Group's projected working capital, capital commitments and other cash requirements. However, there is no assurance that future events may not cause us to seek additional capital sooner. If additional capital is required, there can be no assurance that it will be available, or if available, that it will be on terms satisfactory or favourable to us. The issue of additional equity or other convertible securities by us may result in the dilution of the interests of our shareholders.

4 RISK FACTORS (Cont'd)

(m) Limitation of Insurance Coverage

Our Group is aware of the adverse consequences arising from inadequate insurance coverage that could affect our business operations. In order to mitigate such risks, our Group reviews and ensures adequate insurance coverage for our assets on a continuous basis. At present, we believe that our Group is adequately insured against unforeseen events such as fire, malicious damage, theft and burglary. Although we have taken the necessary steps to insure our assets adequately, there can be no assurance that the insurance coverage would be adequate for the replacement cost of the assets or any loss arising therefrom.

(B) RISKS RELATING TO THE INDUSTRY

(a) Market Acceptance of New Products

Our Group is undertaking the development and commercialisation of the DC micromotor for the handphone camera lens and the safety commercial vehicle LED lighting. The timely development and commercialisation of new products is a complex process. Although our Group has undertaken a study into these markets, has the requisite expertise to develop these products and believes that it will have the funding required to implement its business plan, there can be no assurance that our Group will continue to have sufficient resources to successfully and accurately anticipate technological and market trends, or to successfully manage long development cycles. We may also experience design, marketing and other difficulties that could delay or prevent the commercialisation of our new products. The introduction of newer competitive products may also affect our Group's product appeal to the prospective customers.

If our Group is not able to address any of the issues as highlighted above in a timely manner, our Group's revenue and operating results could be adversely affected. However, with the continued emphasis placed on our R&D activities to enhance our core competencies and the close working relationships established with the industry leaders, we believe that we can mitigate the above product risks factor.

(b) Rapid Technological Changes

As a one-stop engineering solution provider, a strong R&D capability is important to meet the requirements of our customers and the changing trend of the industry. However, there are risks involved as the R&D efforts may require long lead-times, uncertainties with regards to the outcome of the R&D efforts, delays in the development of potential products and uncertainties due to the rapid changes in technological know-how.

Furthermore, the markets for our products are characterised by rapid development and technological changes, evolving industry standards, swift changes in customer requirements and new product introductions and enhancements. Hence, we need to keep abreast with the latest technological developments to ensure that the increasingly sophisticated needs of our customers are met and to remain competitive. Nevertheless, we will still be subject to the risks, uncertainties and problems frequently encountered by companies in the MEC industry which include, amongst others, the following:-

- (i) failure to keep abreast with changing technological standards and requirements;
- (ii) failure to anticipate and adapt to developing market trends and requirements; and
- (iii) inability to maintain, upgrade and develop our systems and infrastructure to cater to rapid expanding operations.

4 RISK FACTORS (Cont'd)

Recognising the abovementioned challenges, our R&D team constantly keeps abreast with new technologies and market trends. Both our marketing and R&D teams work closely with our customers who are industry leaders to obtain feedback on market trends and customer requirements. We also focus on our human resource development by providing in-house training and development programmes as well as on-the-job training to update and educate our employees. However, there can be no assurance that our Group's development policy will be successful in procuring the latest technologies and technical know-how.

(c) Barriers to Entry and Competition

The barriers to entry for the industry are relatively high due to the requisition of technical know-how and the rigorous qualification process from customers. Generally, a long period of gestation and qualification audit is required to be an approved MNC vendor.

Although there are threats of new entrants, we believe that with the in-depth experience and knowledge of our management team in the various aspects of the industry, we have the requisite capabilities to compete in the industry. However, there can be no assurance that we will not be affected by the competitive strategies adopted by other companies within the same industry.

(C) OTHER RISKS

(a) Profit Forecast

This Prospectus contains a profit forecast of the Group that is based on assumptions which our Directors believe to be reasonable, but which nevertheless are subject to uncertainties and are contingent in nature. Due to the subjective judgements included and inherent uncertainties of the profit forecast, and because events and circumstances may not occur as expected, there can be no assurance that the profit forecast contained herein will be realized and actual results may be materially different from those shown. Investors will be deemed to have read and understood the assumptions underlying the profit forecast that is contained herein.

(b) Control by Promoters

Our Promoters, namely Dato' Tan King Seng, NMSB, Mr Ooi Yeok Hock and Mr Tan Chin Hong, beneficially own in aggregate approximately 67.60% of our Company's issued and paid-up share capital after the Public Issue. Consequently, our Promoters will be able to effectively influence the outcome of certain corporate actions in a manner that could cause conflict with the interests of minority shareholders.

However in the event of related party transactions involving any of our Promoters, our Promoters would be required to abstain from voting. In addition, we have appointed two (2) independent non-executive directors, as a step towards good corporate governance and protecting the interests of minority shareholders.

(c) Capital Market Risks

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

4 RISK FACTORS (Cont'd)

(d) No Prior Market for the Company's Shares

There has been no prior public market for our Shares. Therefore, we cannot assure you that an active market can develop for our Shares upon its listing on the MESDAQ Market or if developed, that such a market can be sustained. The Issue Price of RM0.50 per Issue Share has been determined after taking into consideration a number of factors, including but not limited to, our Group's financial and operating history and conditions, R&D capability and technology, the prospects of the industry in which our Group operates and prevailing economic and market conditions. However, various factors may have an effect on how the price of our Shares may trade subsequent to its listing on the MESDAQ Market, such as sales of substantial amount of our Shares in the public market, fluctuations in our Group's operating results, announcements of developments relating to our Group, and/or general industry conditions and economy outlook. There can be no assurance that the Issue Price will correspond to the price at which our Shares will trade on the MESDAQ Market upon or subsequent to the listing.

(e) Political, Economic and Legislative Considerations

Adverse development in political, economic and regulatory conditions in Malaysia and other countries in which our Group is currently operating or where our Group may operate, source our supplies or market our products in the future could materially and adversely affect the financial prospects of our Group. Political and economic uncertainties include but are not limited to the risks of war, riots, expropriation, nationalisation, renegotiations or nullification of existing contracts, fluctuations in foreign exchange rates, inflation, changes in interest rates and methods of taxation.

Whilst our 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 our Group.

(f) Forward Looking Statements

Certain statements in this Prospectus are based on historical data which may not be reflective of the future results, and others are forward-looking statements in nature, that are based on assumptions that are subject to uncertainties and contingencies. The word "anticipates", "believes", "intends", "plans", "expects", "forecast", "may", "will", "could", "would", "predicts" and similar expressions as they relate to our Group or its business are intended to identify such forward-looking statements. All forward-looking statements are based on forecasts and assumptions made by our Board, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this point of time, there can be no assurance that such expectations will prove to have been correct. Any deviation from the expectations may have adverse effects on our Group's financial and business performance.

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4 RISK FACTORS (Cont'd)

(g) Delay in or Failure of the Listing

The Listing is exposed to the risk that it may be delayed or aborted, should any of the following events, which may not be exhaustive, occur:-

- (i) identified investors fail to subscribe for the portion of the Issue Shares to be placed to them;
- (ii) the Underwriter exercise its rights pursuant to the Underwriting Agreement and discharge itself from its obligations thereunder; or
- (iii) we are unable to meet the public spread requirements, that is, at least 25% but not more than 49% of the total number of our Shares for which listing is sought must be held by a minimum number of 200 public shareholders holding no less than 100 Shares at the point of Listing.

Although our Board will endeavour to ensure compliance with the Listing Requirements, including, inter-alia, the public spread requirement imposed by Bursa Securities for a successful Listing, no assurance can be given that the abovementioned events will not occur and cause the Listing to be delayed or aborted.

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