

## 5.0 INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT

### 5.1 Promoters, Directors and Substantial Shareholders

The details of the promoters, Directors and substantial shareholders of IQGHB and their respective shareholdings in IQGHB upon listing (based on their respective shareholdings as at the Latest Practicable Date) are as follows:-

#### 5.1.1 Promoters

Name	Nationality/ Place of Incorporation	Principal Activities/ Designation	<---- Direct ---->		<---- Indirect ---->	
			No. of Shares	%	No. of Shares	%
Chen, Wen-Chin also known as Kent Chen	Taiwanese	Executive Chairman	400,001 <sup>(a)</sup>	0.47	34,087,740 <sup>(b)</sup>	40.10
Graham Arthur Clancy	British	Managing Director	6,585,364 <sup>(a)</sup>	7.75	-	-
Sensorlite Limited	British Virgin Islands	Investment holding	34,087,740	40.10	-	-

Notes:-

- (a) Assuming the allocation of Public Issue Shares to eligible Directors of the IQGHB Group have been subscribed in full based on their respective Pink Form Allocations.
- (b) Deemed interested through his shareholding in Sensorlite Limited. Upon listing of IQGHB, Chang Su-Chu who is the wife of Chen, Wen-Chin also known as Kent Chen holds another 1,494,584 IQGHB Shares representing 1.76% of the enlarged issued and paid-up share capital of IQGHB.

#### 5.1.2 Directors

Name	Nationality	Designation	<---- Direct ---->		<---- Indirect ---->	
			No. of Shares	%	No. of Shares	%
Chen, Wen-Chin also known as Kent Chen	Taiwanese	Executive Chairman	400,001 <sup>(a)</sup>	0.47	34,087,740 <sup>(b)</sup>	40.10
Graham Arthur Clancy	British	Managing Director	6,585,364 <sup>(a)</sup>	7.75	-	-
Daniel John Beasley	British	Executive Director	280,000 <sup>(a)</sup>	0.33	-	-
Mat Zaid Bin Ibrahim	Malaysian	Non-Independent Non-Executive Director	40,000 <sup>(a)</sup>	0.05	-	-
Ng Hai Suan @ Ooi Hoay Seng	Malaysian	Independent Non-Executive Director	40,000 <sup>(a)</sup>	0.05	-	-
Dato' Hong Tok Hiang @ Fang Chok Seong	Malaysian	Independent Non-Executive Director	40,000 <sup>(a)</sup>	0.05	-	-
YB Ustaz Khazan Bin Che Mat	Malaysian	Alternate Director to Mat Zaid Bin Ibrahim	-	-	-	-

Notes:-

- (a) Assuming the allocation of Public Issue Shares to eligible Directors of the IQGHB Group have been subscribed in full based on their respective Pink Form Allocations.
- (b) Deemed interested through his shareholding in Sensorlite Limited. Upon listing of IQGHB, Chang Su-Chu who is the wife of Chen, Wen-Chin also known as Kent Chen holds another 1,494,584 IQGHB Shares representing 1.76% of the enlarged issued and paid-up share capital of IQGHB.

## 5.0 INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)

### 5.1.3 Substantial Shareholders

Name	Nationality/ Place of Incorporation	Principal Activities/ Designation	<---- Direct ---->		<---- Indirect ---->	
			No. of Shares	%	No. of Shares	%
Chen, Wen-Chin also known as Kent Chen	Taiwanese	Executive Chairman	400,001 <sup>(a)</sup>	0.47	34,087,740 <sup>(b)</sup>	40.10
Graham Arthur Clancy	British	Managing Director	6,585,364 <sup>(a)</sup>	7.75	-	-
Sensorlite Limited	British Virgin Islands	Investment holding	34,087,740	40.10	-	-
Yayasan Islam Terengganu	Malaysia	To assist Majlis Agama and Adat Melayu Terengganu in the efforts to disseminate and expand the teachings of Islam throughout the state	14,398,800	16.94	-	-

Notes:-

- (a) Assuming the allocation of Public Issue Shares to eligible Directors of the IQGHB Group have been subscribed in full based on their respective Pink Form Allocations.
- (b) Deemed interested through his shareholding in Sensorlite Limited. Upon listing of IQGHB, Chang Su-Chu who is the wife of Chen, Wen-Chin also known as Kent Chen holds another 1,491,584 IQGHB Shares representing 1.76% of the enlarged issued and paid-up share capital of IQGHB.

### 5.1.4 Profile of Corporate Substantial Shareholders

#### (i) Sensorlite Limited

Sensorlite Limited was incorporated in the British Virgin Islands on 23 March 2000. The present authorised share capital of Sensorlite Limited is USD50,000 comprising 50,000 ordinary shares of USD1.00 each. Its issued and paid-up share capital is USD1,000 comprising 1,000 ordinary shares of USD1.00 each. Sensorlite Limited is an investment holding company.

The Directors and substantial shareholders of Sensorlite Limited and their respective shareholdings in Sensorlite Limited as at the Latest Practicable Date are as follows:-

Directors and Substantial Shareholders	Designation	No. of Ordinary Shares of USD1.00 each Held			
		Direct	%	Indirect	%
Chen, Wen-Chin also known as Kent Chen *	Director	1,000	100.00	-	-
Chang, Su-Chu *	Director	-	-	-	-

Note:-

- \* Chen, Wen-Chin also known as Kent Chen and Chang, Su-Chu are husband and wife.

## 5.0 INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)

### (ii) Yayasan Islam Terengganu

Yayasan Islam Terengganu, which is wholly-owned by Terengganu State Government, is a foundation incorporated in Malaysia on 2 April 1974 by the Terengganu State Government under Enakmen Bilangan No. 1, 1974. Its principal activity is to assist Majlis Agama and Adat Melayu Terengganu in the efforts to disseminate and expand the teachings of Islam throughout the state.

The Board of Trustees of Yayasan Islam Terengganu as at the Latest Practicable Date are as follows:-

Name	Nationality
YAB Dato' Seri Haji Idris bin Jusoh	Malaysian
YB Dato' Haji Muhatar bin Abdullah	Malaysian
YB Dato' Haji Mokhtar bin Nong	Malaysian
YB Dato' Dr. Abdul Latif bin Awang	Malaysian
YB Dato' Haji Mohamed bin Awang Tera	Malaysian
YB Ustaz Haji W. Mohd bin Wan Hassan	Malaysian
YB Ustaz Khazan bin Che Mat	Malaysian
YB Ustaz Haji Ahmad Kamal bin Abdullah	Malaysian
YB Dato' Haji Embong bin Awang	Malaysian
Dato' Haji Alwi bin Muhamad	Malaysian
Haji Ibrahim @ A. Aziz bin Yaacob	Malaysian

### 5.2 Promoters', Directors' and Substantial Shareholders' Directorships and Substantial Shareholdings in Other Public Corporations for the Past Two (2) Years

Save as disclosed below, none of the promoters, Directors and/or substantial shareholders of IQGHB has any directorships or substantial shareholdings in other public corporations for the past two (2) years prior to the date of this Prospectus.

Name of Director	Name of Company	Designation	Date Appointed/ (Resigned)	Shareholdings as at the Latest Practicable Date				Principal Activities
				-----Direct-----		-----Indirect-----		
				No. of Shares	%	No. of Shares	%	
Ng Hai Suan @ Ooi Hoay Seng	Uchi Technologies Berhad	Senior Independent Non-Executive Director	30.08.2001/ -	500,000 <sup>(a)</sup>	0.14	1,500,000	0.41	Investment holding and provision of management services.
	Action Asia Ltd, Singapore	Independent Non-Executive Director	26.11.2003/ (07.01.2005)	200,000 <sup>(b)</sup>	0.05	-	-	Investment holding and provision of management services.
Mat Zaid Bin Ibrahim	Seal Polymer Industries Berhad	Alternate Director to YB Dato' Haji Mokhtar bin Nong	21.06.2004/ (16.05.2005)	-	-	-	-	Manufacturing and sale of latex gloves.
Dato' Hong Tok Hiang @ Fang Chok Seong	PJI Holdings Berhad	Independent Non-Executive Director	31.05.2004/ -	-	-	-	-	Investment holding.
	Uchi Technologies Berhad	Independent Non-Executive Director	18.02.1998/ -	117,705 <sup>(a)</sup>	0.03	-	-	Investment holding and provision of management services.

Notes:-

(a) Ordinary shares of RM0.20 each.

(b) Ordinary shares of SGD0.10 each.

## 5.0 INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT *(cont'd)*

### 5.3 Knowledge and Experience of Promoters

The knowledge and experience of the promoters, who are also the Directors of IQGHB, and their involvement in the management of the Group are set out in Section 5.5 of this Prospectus.

### 5.4 Changes in the Promoters and Substantial Shareholders of IQGHB for the Past Three (3) Years

The changes in the shareholdings of the promoters and substantial shareholders of IQGHB for the past three (3) years prior to the date of this Prospectus are as follows:-

Name	Promoter/ Substantial Shareholder	As At Incorporation Date on 13.12.2003		Upon Implementation of IQM Acquisition		As At the Latest Practicable Date	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
Angelina Cheah Gaik Suan	Substantial shareholder	1	50.00	(a)	-	-	-
Ooi Ean Hoon	Substantial shareholder	1	50.00	(b)	-	-	-
Chen, Wen-Chin also known as Kent Chen	Promoter and substantial shareholder of IQGHB	-	-	1	*	1	*
Graham Arthur Clancy	Promoter and substantial shareholder of IQGHB	-	-	8,893,377	12.36	6,225,364	8.64
Sensorlite Limited	Promoter and substantial shareholder of IQGHB	-	-	38,432,090	53.38	34,087,740	47.35
Yayasan Islam Terengganu	Substantial shareholder of IQGHB	-	-	14,398,800	20.00	14,398,800	20.00
Framework Associates Limited	Substantial shareholder of IQM	-	-	4,679,610	6.50	-	-

Note:-

\* *Immaterial.*

(a) *The Share was transferred to Chen, Wen-Chin also known as Kent Chen on 13 April 2005.*

(b) *The Share was transferred to Graham Arthur Clancy on 13 April 2005.*

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**5.0 INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)****5.5 Profile of the Board of Directors*****Board of Directors***

**Chen, Wen-Chin also known as Kent Chen**, aged 52, Taiwanese, is the Executive Chairman of IQGHB and was appointed to the Board of Directors of IQGHB on 12 April 2005. He graduated with a degree in Business Administration from Soo-Chow University in Taiwan. He is the founder of IQM and is presently the Chairman of IQM. Prior to founding IQM, he was the Director/General Manager of Sun Radar Co. Ltd and Peyco Electronics (Taiwan) Ltd. which are also involved in designing and manufacturing of PIR motion sensor devices. He is now regarded as one of the pioneers in the PIR motion and sensor devices business in Malaysia. He has more than 20 years of experience in the PIR motion sensors business, thus making him the driving force behind the Group's product design and development activities.

**Graham Arthur Clancy**, aged 48, British, is the Managing Director of IQGHB and was appointed to the Board of Directors of IQGHB on 12 April 2005. He has been the Group Managing Director of IQM since 1996. He is an Honours graduate of Manchester Polytechnic, UK with a degree in Industrial Design Engineering. He was also the winner of the UK Aluminium Extruders Association Design Prize in 1979. Prior to joining IQM, he served as the Product Development & Technical Director of Friedland Limited, a world leading manufacturer of door entry and home communication products. From 1988 to 1993, he was the Managing Director of Apex Product Design Limited. He was the founding Director and owner of this privately owned consultancy firm which specialises in product development and marketing. During the period from 1979 to 1988, he served as Business Development Director in PA Technology, an international science & technology consultancy firm. As the Business Development Director, together with other board members, he was responsible for the formulation of Company Strategy and Direction, Project Management, Resource Allocation and Liaison with 1,300 professional staff based in laboratories and offices in over 20 countries worldwide. He is now responsible for the IQGHB Group's overall operation, business development and strategic planning.

**Daniel John Beasley**, aged 35, British, is the Executive Director of IQGHB and was appointed to the Board of Directors of IQGHB on 12 April 2005. He joined IQM in 1996 as Industrial Design Manager. During the period with the company, he has held a number of positions including Group R&D Manager, Director of Product Management and Group Business Development Director, prior to holding his position as the Director of IQM as of 27 April 2004. He graduated in 1991 from the University of Central England with a Bachelor of Arts (Honours) Degree in Industrial Design/Engineering. Prior to joining IQM, he worked as an Industrial Design Consultant for various companies including Friedland Limited. He is responsible for Business Development activities across the Group, working with both the Group's sales and marketing companies and the OEM customers.

**Mat Zaid Bin Ibrahim**, aged 42, Malaysian, is the Non-Independent Non-Executive Director of IQGHB and was appointed to the Board of Directors of IQGHB on 12 April 2005. He graduated from the University of Technology Malaysia with a Bachelor (Hons) in Property Management in 1986. He started his career with Yayasan Islam Terengganu in 1990 as an Assistant Director (Development & Investment) where he is in-charge of Yayasan Islam Terengganu's investment and has been holding the position since then. Currently, he sits on the Board of Directors of a few private limited companies. He is also a corporate representative appointed by Yayasan Islam Terengganu to the Board of IQGHB.

**Ng Hai Suan @ Ooi Hoay Seng**, aged 64, Malaysian, is the Independent Non-Executive Director of IQGHB and was appointed to the Board of Directors of IQGHB on 18 April 2005. He is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He was a partner of a Public Accountants firm up until his retirement from this position in year 2001. He has over thirty (30) years experience in providing auditing, tax consultation and business advisory services to various clients, which include multinational companies. He is the Senior Independent Director in Uchi Technologies Berhad. He also holds directorships in a number of other private limited companies.



## 5.0 INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT *(cont'd)*

**Dato' Hong Tok Hiang @ Fang Chok Seong**, aged 68, Malaysian, is the Independent Non-Executive Director of IQGHB and was appointed to the Board of Directors of IQGHB on 18 April 2005. He was a Kedah State Assemblyman from 1978 to 1990 and a Kedah State Executive Councillor from 1982 to 1990. In 1993, he was appointed as the Malaysian Consul General in Guangzhou, China until 1995. He is also the Independent Non-Executive Director of Uchi Technologies Berhad and PJI Holdings Berhad. In this capacity, he is the Chairman of the audit committee and a member of the nomination and remuneration committees of Uchi Technologies Berhad. He is also involved in various businesses including timber sawmills, property development, rubber plantations and furniture manufacturing.

**YB Ustaz Khazan Bin Che Mat**, aged 36, Malaysian, is the Alternate Director to Mat Zaid Bin Ibrahim, the Non-Independent Non-Executive Director of IQGHB. He graduated with a Bachelor (Hons) in Arabic Language/Syariah from the Jordan University of Jordan in 1994. He started his career as the Assistant Director of Education with Yayasan Islam Terengganu in 1995 and had been holding the position for approximately eight (8) years until early 2004. Currently, he is a State Assembly of Terengganu (Batu Rakit). He sits on the Board of Directors of Syarikat Percetakan Yayasan as the Chairman. He is also the Chief of Setiu Umno Youth and Deputy Chief of Terengganu State Umno Youth.

### 5.6 Declaration by the Directors and Key Management

None of the Directors or key management of the IQGHB Group is or has been involved in any of the following (whether in or outside Malaysia):-

- (i) a petition under bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he/she was a partner or any corporation of which he/she was a Director or key personnel;
- (ii) was charged and/or convicted in a criminal proceeding or is named as the subject of a pending criminal proceeding; or
- (iii) was the subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him/her from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

### 5.7 Directors' Remuneration and Benefits

For the financial year ended 31 March 2005, the total remuneration, fees and benefits paid to the Directors of the Company for their services rendered to the IQGHB Group amounted to RM2.46 million. For the financial year ending 31 March 2006, the estimated remuneration, fees and benefits to be paid to the Directors of the Company for their services rendered to the IQGHB Group is approximately RM2.62 million.

The remuneration, fees and benefits of the Directors of the Company can be analysed as follows:-

Range of Remuneration, Fees and Benefits (Per Annum)	Financial Year Ended 31.03.2005			Financial Year Ending 31.03.2006		
	No. of Executive Directors	No. of Non-Executive Directors	Total	No. of Executive Directors	No. of Non-Executive Directors	Total
Less than RM100,000	-	4	4	-	4	4
RM100,001 to RM500,000	-	-	-	-	-	-
RM500,001 to RM1,000,000	2	-	2	2	-	2
RM1,000,001 to RM1,500,000	1	-	1	1	-	1

## 5.0 INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)

### 5.8 Audit Committee

Details of the members of the Audit Committee of IQGHB are as follows:-

Name	Designation	Directorship
Ng Hai Suan @ Ooi Hoay Seng	Chairman	Independent Non-Executive Director
Dato' Hong Tok Hiang @ Fang Chok Seong	Member	Independent Non-Executive Director
Graham Arthur Clancy	Member	Managing Director

The main functions of the Audit Committee include the review of audit plan and audit report with the Auditors, review of Auditors' evaluation of internal controls, review of the scope of internal audit procedures, review of the financial statements and nomination of Auditors.

### 5.9 Profile of the Key Management

**Chen, Ming-Yun**, aged 53, Taiwanese, is the Managing Director of IQC. He completed his tertiary education at Taipei Industrial College, specialised in Electrical Engineering. He started his career in 1983 as the Manufacturing Manager at Japan Kikusui Electric Inc., a company specialising in oscilloscope, regulator and power supply production. During his tenure, he developed a new system which enable Kikusui Electric Inc. to successfully produce finished goods from its raw materials without having to import semi-finished goods from Japan. He joined IQC in 2000. His areas of responsibilities include overseeing the operations and management of IQC.

**Martin Charles Connor**, aged 44, British, is the Managing Director of IQE. He graduated from Hull University, UK with Master of Business Administration specialising in Strategic Marketing. He joined IQE in 1997 as the European Marketing Director and was then promoted to his current position in 2003. He started his career as an Electrical Engineer in the British Merchant Navy with P&O SN Co in 1979. In 1986, he left to join Lampways Ltd, UK, becoming the Marketing Manager in 1991 and was subsequently promoted to Marketing Director in 1994. Subsequently, in 1996, he joined Panasonic UK Ltd, UK as a National Account Manager. Presently, he is responsible for the development of the business of IQE.

**Beverley Marshall Crute**, aged 59, British, is the Business Director of IQE. He completed his City and Guilds of the London Institute Certification in Electrical Engineering at St Georges Road Technical College, Bristol, UK. He joined IQE in year 2000. He is responsible for customer development in UK and staff development of IQE. He started his career in 1973 as a Retail Representative in Thorn Lighting Ltd, UK. In 1978, he left to join MK Electric Ltd as the Senior Sales Representative and was promoted to Regional Manager in 1981. Subsequently, he joined Friedland Ltd as the General Sales Manager in 1986.

**Loo Weng Keong**, aged 39, Malaysian, is the Group General Manager of IQGHB. He graduated with a Master of Science Degree in Manufacturing Engineering from the Queen's University of Belfast, UK in 1991. He joined IQM as Manufacturing Manager in 1996. He was promoted to Operations Manager in 1998, General Manager in 2002 and Operations Director in 2004 before assuming his current position in 2005. He started his career in 1991 as a Process Engineer in Penang Seagate (M) Sdn Bhd and was subsequently promoted to Senior Process Engineer in 1993. In 1995, he joined Hewlett-Packard (M) Sdn Bhd ("HP") as the Senior Engineer. His present areas of responsibilities includes general management of the IQGHB Group.

**Chee Ting Ting**, aged 35, Malaysian, is the Financial Controller of the IQGHB. She graduated with a Bachelor Degree in Commerce (Accounting) from The Flinders University of South Australia in 1992 and is a member of the CPA Australia and Malaysian Institute of Accountants. In 1993, She started her career with Arthur Andersen & Co, a public accounting firm as an auditor. Subsequently, she served as an Accountant in a wholly-owned subsidiary of a US based listed company involved in manufacturing of metal stencils and test fixture in 1995. She joined IQM in 1996 as Finance Manager. She was promoted to Group Finance Manager in 2003 before assuming her current position in August 2005. She is currently responsible for financial planning, budgeting and overseeing all areas of finance including company taxation of the IQGHB Group.

**5.0 INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)**

**Foong Kin Wah**, aged 43, Malaysian, is the Managing Director of IQM. He graduated from University of Malaya with a Master of Engineering in 1994. He is a graduate member of Board of Engineers, Malaysia and Institute of Engineers, Malaysia. He started his career as Product Engineer with Intel Technology (M) Sdn Bhd in 1987 and was subsequently promoted to Staff Engineer. He left and joined Prime Granite (M) Sdn Bhd as Operations Manager in 1995. In 1996, he joined Syquest Technology (M) Sdn Bhd as a Program Manager. He then joined Silitek Corporation (M) Sdn Bhd as Operations Manager in 1999. He joined IQM in 2002 as Operations Manager and was promoted to General Manager in 2004 before assuming his current position in 2005. His areas of responsibility include overseeing the factory operations and ensuring IQM meets its objectives and targets.

**Choong Bee Gnoh**, aged 46, Malaysian, is the Business Development Director of IQM. She obtained a private secretary course from Perkim Goon Institute in 1982. She joined IQM as R&D Secretary in 1990 and was promoted to Customer Development Manager in 1995 before assuming her current position in 2005. She is responsible for customer care, customer development and business development. She started her career as a Secretary to the Managing Director of Texchem Malaysia Sdn Bhd in 1982. Prior to joining IQM, she was attached to Pexim Electrical Ind. Sdn Bhd as Executive Secretary.

**Chan Wing Chong**, aged 41, Malaysian, is the R&D Manager of IQM. He obtained an Advanced Diploma in Electronic Engineering from Tunku Abdul Rahman College, Malaysia in 1988. He began his career as a Product Engineer with integrated circuit manufacturer National Semiconductor in 1988. He joined IQM in 1989 as a Research and Development Engineer. In 1992, he was promoted to the post of QA Manager. In 1998, he was promoted to the post of Strategic Sourcing Manager. He was subsequently promoted to his current post as R&D Manager in 2005. He is currently responsible for research and development activities of IQM.

**Teh Tat Jin**, aged 38, Malaysian, is the Engineering and QA Manager of IQM. He obtained a Diploma in Electronics Engineering from Tunku Abdul Rahman College, Malaysia in 1991. In 2000, he obtained a Master in Business Administration from Greenwich University, Australia. He began his career with Sony Electronics Sdn Bhd, Penang in 1991 as an Engineer. In 1994, he joined Phillips Audio Electronics Sdn Bhd, Penang as a Senior Engineer. Subsequently, he joined IQM as a Senior Engineer in 1997. In 2000, he was promoted to Section Head and later as QA Manager. He was again promoted to his current post as Engineering and QA Manager in 2004. His current responsibilities include auto-insertion engineering, manufacturing engineering, product engineering, facilities and maintenance and QA.

**Chin Thai Khee**, 46, Malaysian, is the Logistics Manager of IQM. She obtained a Bachelor of Business Administration from National Chung-Hsing University Taipei, Taiwan in 1984. She started her career with an international trading company, KUL Enterprise Ltd., Taiwan as an Assistant Sales Manager. In 1990, she joined G-TEK Electronics Sdn Bhd in Penang as Assistant Manager of Production Control and was later promoted to Purchasing Manager. In 1995, she left and joined IQM as Planning and Control Chief, and in 1996, she was promoted to Purchasing Manager. She was promoted to her current position as Logistics Manager of IQM in 1998. Her current responsibilities include material planning and procurement, shipping, sub-contracting, raw material storage and finished goods storage.

**Eroothayaraja Valentine a/l Anthony Dass**, aged 42, Malaysian, is the Management Information System Manager of IQM. He obtained a NCC Diploma from Informatics (Penang), Malaysia in 1988. He began his career as a System Analyst with Business Computers Holdings Sdn Bhd, Malaysia. In 1992, he joined Mearsk Medical Sdn Bhd as an IT Manager. In 1996, he joined IQM in his current post as the Management Information Systems Manager. He is responsible for Information Technology and related functions at IQM.

**Teoh Teng Teong**, aged 36, Malaysian, is the Finance and Human Resource Manager of IQM. He obtained his professional qualifications from The Association of Chartered Certified Accountants, UK in 2000 and he is now a member of the Malaysian Institute of Accountants. He started his career with Kings Hotel Singapore in 1990 as an Assistant Food & Beverage Cost Controller. Subsequently, he served as a Finance Executive in Hewlett Packard (M) Sdn. Bhd. for four (4) years. He then joined AIC Semiconductor Sdn. Bhd. in 1998 as an Accountant and subsequently promoted to the Finance Section Manager in 2000. He joined IQM in 2003 and is currently responsible for the finance and human resources functions.



## 5.0 INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)

### 5.10 Shareholdings of the Key Management

The shareholdings of the key management of the IQGHB Group upon listing (based on their respective shareholdings, if any, as at the Latest Practicable Date) are as follow:-

Name	Nationality	Designation	<---- Direct <sup>#</sup> ---->		<--- Indirect --->	
			No. of shares	%	No. of shares	%
Chen, Ming-Yun	Taiwanese	Managing Director of IQC	160,000	0.19	3,275,727*	3.85
Martin Charles Connor	British	Managing Director of IQE	280,000	0.33	-	-
Beverley Marshall Crute	British	Business Director of IQE	160,000	0.19	-	-
Loo Weng Keong	Malaysian	Group General Manager of IQGHB	320,000	0.38	-	-
Chee Ting Ting	Malaysian	Financial Controller of IQGHB	320,000	0.38	-	-
Foong Kin Wah	Malaysian	Managing Director of IQM	50,000	0.06	-	-
Choong Bee Gnoh	Malaysian	Business Development Director of IQM	120,000	0.14	-	-
Chan Wing Chong	Malaysian	R&D Manager of IQM	120,000	0.14	-	-
Teh Tat Jin	Malaysian	Engineering and QA Manager of IQM	84,000	0.10	-	-
Chin Thai Khee	Malaysian	Logistics Manager of IQM	120,000	0.14	-	-
Eroothayaraja Valentine a/l Anthony Dass	Malaysian	Management Information System Manager of IQM	96,000	0.11	-	-
Teoh Teng Teong	Malaysian	Finance and Human Resource Manager of IQM	12,000	0.01	-	-

Notes:-

# Assuming the allocation of Public Issue Shares to eligible Directors and employees of the IQGHB Group have been subscribed in full based on their respective Pink Form Allocations.

\* Deemed interested through his shareholdings in Framework Associates Limited pursuant to Section 6A of the Companies Act, 1965.

Save as disclosed above, none of the key management has any existing direct or indirect shareholding in IQGHB except for their respective entitlements pursuant to the allocation of the Public Issue Shares to eligible Directors and employees of the IQGHB Group.

### 5.11 Service Agreements

None of the Directors or key personnel of the IQGHB Group has entered into any service agreement (is expiring or determinable by notice without payments or compensation other than statutory compensation) with the Group.

**5.0 INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)****5.12 Employees**

As at the Latest Practicable Date, the IQGHB Group has a total of 631 employees (including Executive Directors) comprising 232 Malaysians and 399 foreigners. The Group conducts constant on-the-job training and in-house workshops for the employees. The breakdown of employees by category is as follows:-

Category	Average Years of Service			Total
	More than 10	Between 6 to 10	5 or less	
Management & Professional	4	12	11	27
Technical & Supervisory	4	27	152	183
Clerical and others	19	29	59	107
Factory and General Workers	13	26	275	314
<b>Total</b>	<b>40</b>	<b>94</b>	<b>497</b>	<b>631</b>

The employees of the IQGHB Group do not belong to any union and they enjoy a cordial relationship with the management. There has been no industrial dispute in the past between the management and the employees of the Group.

As at the Latest Practicable Date, all of the foreign workers are legally employed and there are no special terms of engagement. There has been no caution, reprimand or special condition imposed by the Immigration Department of Malaysia.

**5.13 Family Relationship**

Save for Chang, Su-Chu who is the shareholder of IQGHB and the spouse of Chen, Wen-Chin also known as Kent Chen, there are no family relationship or association between the Promoters, substantial shareholders and Directors of IQGHB or key management of the IQGHB Group.

**5.14 Involvement of Executive Directors and Key Management in Other Businesses/Corporations**

Save as disclosed below, all of the other Executive Directors and key management of the IQGHB Group are involved in the IQGHB Group on a full time basis and are not involved in other businesses or corporations.

- (i) Chen, Wen-Chin also known as Kent Chen, the Chairman, is also a Director of Interquartz Taiwan based in Taiwan, which is involved in the export of electronic parts, Sensorlite Limited based in British Virgin Islands and Sensorlite (M) Sdn Bhd based in Malaysia which are both investment holding companies.

His involvement in companies mentioned above and other businesses is minimal and has not jeopardised his performance in the IQGHB Group. He is a full-time Executive Director of IQGHB and he has ensured that he has been and is able to fulfil his responsibilities to the IQGHB Group.

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**5.0 INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (cont'd)**

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**5.15 Management Succession Plan**

The Group is led by an experienced and qualified management team headed by Chen, Wen-Chin also known as Kent Chen and Graham Arthur Clancy. Both of them have approximately twenty-five (25) years of experience each in the electrical and lighting industry.

The Group's key management comprises competent professionals and qualified personnel who possess relevant qualifications and experience. The management understands the importance of recruiting qualified personnel with relevant qualifications and experience in their respective area of responsibilities to ensure continuing success of the business operation.

Hence, individuals at all levels in the Group are given high degree of autonomy to perform their duties within a supportive management framework.

The ability and commitment of the Group's senior and middle management teams as a whole is reflected in the steady growth of the Company and loyalty of employees. The average length of service of the Group's executive directors is approximately ten (10) years and the average service years of the Group's key management is approximately eight (8) years.

In addition, ongoing efforts are made by the Group to groom the younger members of the management team to assume more responsibilities, hence ensuring a smooth transition should changes occur. The Group continuously strives to attract and retain skilled personnel by creating promotion opportunities within the Group.

The management of IQGHB Group believes that with the listing of the Company and the establishment of the ESOS, the Group would have an added advantage to attract, retain and motivate the employees by allowing them to participate directly in the equity of the Company.

The Directors are confident that by having the benefit of a relatively large pool of skilled and experienced employees and an established and proven management system in place, in the event of any departure of its key management staff, disruption of the operations of the Group will be minimal.

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**6.0 RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST****6.1 Related-Party Transactions****6.1.1 Promotion of Assets**

Saved as disclosed below, none of the Directors or substantial shareholders and/or key management of the IQGHB Group or persons connected to them has any interest, direct or indirect, in the promotion of or in any assets which have been acquired or proposed to be acquired or assets disposed or proposed to be disposed of by or leased or proposed to be leased to the IQGHB Group within the two (2) years immediately preceding the date of this Prospectus.

- (a) The IQM Acquisition (as disclosed in Section 4.3 of this Prospectus)

The Directors and substantial shareholders of IQGHB deemed interested in the aforesaid transaction are as follows:-

<b>Person Interested</b>	<b>Nature of Interest</b>
Chen, Wen-Chin also known as Kent Chen	Executive Chairman, substantial shareholder of IQM prior to the IQM Acquisition and substantial shareholder of Sensorlite Limited
Graham Arthur Clancy	Managing Director and substantial shareholder of IQM prior to the IQM Acquisition
Sensorlite (M) Sdn Bhd	Shareholder of IQM prior to the IQM Acquisition and deemed connected to Chen, Wen-Chin also known as Kent Chen
Sensorlite Limited	Substantial shareholder of IQM prior to the IQM Acquisition and deemed connected to Chen, Wen-Chin also known as Kent Chen
Yayasan Islam Terengganu	Substantial shareholder of IQM prior to the IQM Acquisition
Chang, Su-Chu	Shareholder of IQM prior to the IQM Acquisition and wife of Chen, Wen-Chin also known as Kent Chen

- (b) On 1 April 2004, Interquartz Taiwan entered into a tenancy agreement as landlord with IQM as tenant for the tenancy of the premises located at 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup> Floors, No 16, Lane 130, Ming Chun Road, Hsin Tien, Taipei Hsien, Taiwan at a monthly rental of NTD620,000 for the business of sourcing and procurement of raw materials and R&D activities of IQM. The tenancy is for a period of one (1) year commencing from 1 April 2004 to 31 March 2005, which was subsequently renewed for another one (1) year from 1 April 2005 to 31 March 2006. Chen, Wen-Chin also known as Kent Chen, the Group Executive Chairman and substantial shareholder of IQGHB is also the Director and substantial shareholder of Interquartz Taiwan.

**6.1.2 Material Interest in Contracts or Arrangements**

None of the Directors and/or the substantial shareholders and/or key management of IQGHB and its subsidiary companies, and persons connected to them has any material interest, directly and/or indirectly, in any contract or arrangement which is significant in relation to the business of the Group and/or subsisting at the date of this Prospectus.

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## 6.0 RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST *(cont'd)*

### 6.1.3 Other Related Party Transactions

Save as disclosed below, there are no other related party transactions between IQGHB Group and the Directors and substantial shareholders of IQGHB and/or any other persons connected to them:-

- (a) Chen, Wen-Chin also known as Kent Chen, a Director and substantial shareholder of IQGHB is also a Director and substantial shareholder of Interquartz Taiwan. IQM had on 1 April 2004 entered into a trading agreement with Interquartz Taiwan whereby Interquartz Taiwan shall perform centralised purchasing services for IQM and IQM shall pay a commission of 4% of the amount payable by Interquartz Taiwan to the local Taiwanese vendors for such services. For the financial period from 1 April 2004 to 31 March 2005, the total commission paid to Interquartz Taiwan amounted to approximately RM217,101.
- (b) IQC had on 1 April 2004 entered into a trading agreement with Interquartz Taiwan whereby Interquartz Taiwan shall perform centralised purchasing services for IQC and IQC shall pay a commission of 4% of the amount payable by Interquartz Taiwan to the local Taiwanese vendors for such services. For the financial period from 1 April 2004 to 31 March 2005, the total commission paid to Interquartz Taiwan amounted to approximately RM70,133.

The Directors of IQGHB will ensure that the IQGHB Group will transact all future transactions which involve the interests of the Directors, substantial shareholders, key management and/or persons connected with them, including the abovementioned transactions, at arm's length, on the normal commercial terms of IQGHB Group which are not more favourable to the related parties than those generally available to the public, and are not to the detriment of the minority shareholders of the Company. The Audit Committee of the Company will also supervise the terms of related party transactions, and the Directors of IQGHB will report related party transactions, if any, annually in the annual reports of IQGHB.

### 6.2 Interest in Similar Business

Save as disclosed below, none of the Directors nor substantial shareholders of the Company have any interest, direct or indirect, in any business carrying on a similar trade as the Company and its subsidiary companies:-

- (a) Chen, Wen-Chin also known as Kent Chen is a Director and substantial shareholder of Sensorlite Limited. Sensorlite Limited is the holding company of IQ America Inc. IQ America Inc. presently acts as the sales agent for the Group for the American market and it does not compete directly or indirectly with the IQGHB Group.

### 6.3 Declaration by the Advisers and Foreign Experts

MIMB hereby confirms that there are no existing or potential conflict of interests in its capacity as the Adviser of IQGHB in relation to the IPO. MIMB is also acting as the Managing Underwriter and Underwriter in relation to the Public Issue.

Messrs Ong and Manecksha has given its confirmation that there are no existing or potential conflict of interests in its capacity as the Solicitors for the listing exercise of the IQGHB Group.

Messrs Deloitte KassimChan has given its confirmation that there are no existing or potential conflict of interests in its capacity as the Auditors of the IQGHB Group and Reporting Accountants in relation to the IPO.

Vital Factor Consulting Sdn Bhd has given its confirmation that there are no existing or potential conflict of interests in its capacity as the Independent Business and Market Research Consultants in relation to the IPO.

The Foreign Experts, namely Messrs GuanDong ZhongJian Development Law Firm, Messrs McCombie & Co, Messrs Midosuji Legal Profession Corporation and Messrs Hunte & Co Law Chambers have given their respective confirmations that there are no existing or potential conflict of interests in their capacities as the Foreign Experts in relation to the reports/opinions as set out in Section 12.0 of this Prospectus.

## 7.0 OTHER INFORMATION ON THE IQGHB GROUP

### 7.1 Approvals and Conditions

The Public Listing was approved by the MITI on 30 November 2004 and the SC (pursuant to the Securities Commission Act, 1993 and the Guidelines on the Acquisition of Interests, Take-Overs and Mergers by Local and Foreign Interests) on 27 January 2005. The conditions imposed by the relevant authorities and the status of compliance are set out below.

#### 7.1.1 Approval from the MITI vide its letter dated 30 November 2004

Details of Conditions Imposed	Status of Compliance
(i) The approval from the SC is obtained for the listing scheme and compliance with the guidelines on the acquisition of interests, mergers and take-overs by local and foreign interests	Complied. The relevant approval of the SC was obtained on 20 January 2005.
(ii) The allocation of the entire 11,101,200 special shares representing 13.06% of IQGHB's enlarged share capital will be decided separately by MITI, after the SC's approval have been obtained.	Complied. MITI had vide letters dated 8 August 2005 and 5 September 2005 approved the full allocation of 11,101,200 IQGHB Shares to the Bumiputera investors.
(iii) MITI recognises Yayasan Islam Terengganu as Bumiputera shareholder with shareholdings of 14,398,800 Shares representing 16.94% of the enlarged share capital of IQGHB before the ESOS, subject to the condition that only 30% of the total recognised Bumiputera shareholdings can be sold within 3 months after the public listing and the balance of 70% of the recognised Bumiputera shareholdings can be sold in stages, subject to the prior written approval from the MITI.	To be observed by Yayasan Islam Terengganu.
(iv) IQGHB is required to inform the MITI after all of the above has been completed.	To be complied with.

#### 7.1.2 Approval from the SC vide its letter dated 27 January 2005

Details of Conditions Imposed	Status of Compliance
(i) With regard to the trade debtors, IQGHB should:-	
(a) Fully disclose in the prospectus the trade debtors position, ageing analysis and comments by its directors on the recoverability of the debts exceeding credit period;	Complied. Please refer to Section 8.8.2 of this Prospectus.
(b) Make full provision for all overdue trade debtors which are in dispute or under legal action, or for which the amounts have been outstanding for more than 6 months. The directors of IQGHB should confirm to the SC that this condition has been complied with prior to the issuance of the prospectus; and	Complied. Please refer to Section 8.8.2 of this Prospectus. A confirmation letter from IQGHB dated 5 August 2005 was submitted to the SC on 29 August 2005.

**7.0 OTHER INFORMATION ON THE IQGHB GROUP (cont'd)**

<b>Details of Conditions Imposed</b>	<b>Status of Compliance</b>
(c) Submit a declaration by its directors to the SC that trade debtors exceeding the credit period which have not been provided for as doubtful debts, excluding those under paragraph (b) above, are recoverable;	Complied. A declaration letter dated 5 August 2005 from the Directors of IQGHB was submitted to the SC on 29 August 2005.
(ii) The directors and substantial shareholders of the IQGHB should not, in the future, carry out any new businesses which will compete directly or indirectly and be in conflict with the business of the IQGHB Group;	To be complied with by the Directors and substantial shareholders of IQGHB.
(iii) IQGHB should ensure that any future transactions between the IQGHB Group and the directors/substantial shareholders or companies related to the directors/substantial shareholders must be at arms-length basis, and on terms and conditions that are not unfavourable to the IQGHB Group.	To be complied with by the IQGHB Group.
In this regard, the audit committee of IQGHB should report on the position of such transactions in the annual report of IQGHB;	To be complied with by the Audit Committee of IQGHB.
(iv) IQGHB should disclose the status of utilisation of proceeds from the listing proposal in its quarterly and annual reports until the proceeds are fully utilised;	To be duly complied with by IQGHB.
(v) IQGHB/MIMB should make detailed disclosures in the listing prospectus with regard to the following:-	
(a) The legal suit filed against customers of Massive Lighting Products NV, Europe, one of the long-term customers of IQGHB Group by Dr Maul & Partners GmbH (Plaintiff), the financial impact and/or other impacts of the legal suit on the Group, whether the Plaintiff can take any action against the Group, the legal opinion by Messrs Ong and Manecksha as well as the directors' confirmation on whether there is any action pending/threatened against IQGHB for patent infringement;	Complied. Please refer to Section 3.12 of this Prospectus.
(b) Expert's report pertaining to the policies and investments and repatriation of profits of the host country; and	Complied. Please refer to Section 12.0 of this Prospectus.
(c) Legal opinion on the ownership/title of the foreign-based subsidiaries, the enforceability of agreements, representations and undertakings by foreign counter-parties under the relevant laws of domicile and other relevant legal matters;	Complied. Please refer to Section 12.0 of this Prospectus.

**7.0 OTHER INFORMATION ON THE IQGHB GROUP (cont'd)**

<b>Details of Conditions Imposed</b>		<b>Status of Compliance</b>
(vi)	11,101,200 IQGHB ordinary shares of RM1.00 each allocated to Bumiputera investors should be approved by the MITI in compliance with the National Development Policy (NDP) requirement;	Complied. MITI had vide letters dated 8 August 2005 and 5 September 2005 approved the full allocation of 11,101,200 IQGHB Shares to the Bumiputera investors.
(vii)	IQGHB/MIMB should inform the SC of the status of compliance with the NDP requirement upon completion of the listing exercise;	To be complied with by IQGHB and MIMB.
(viii)	IQGHB/MIMB should comply with the other requirements in relation to the listing proposal, as stipulated in the SC Guidelines; and	Duly complied with by IQGHB and MIMB and to be further complied with.
(ix)	Upon completion of the listing proposal, MIMB/IQGHB should confirm to the SC that IQGHB has complied with the relevant requirements as stipulated in the SC Guidelines.	To be complied with by IQGHB and MIMB.

7.1.3 The SC vide its letter dated 27 January 2005 has also taken note of the effect of the IPO on the equity structure of IQGHB as follows:-

	<b>Before IPO</b> %	<b>After IPO</b> %
Bumiputera	-	30.00
Non-Bumiputera	100.00	15.30
Foreign	-	54.70
Total	100.00	100.00

7.1.4 The Board of Directors of IQGHB have sought the approval of the SC in relation to the payment of a tax-exempt dividend amounting to RM7,650,000 to the former shareholders of IQM, which was approved by the SC on 6 June 2005. Subsequently, the said dividend was fully paid to the former shareholders of IQM on 23 June 2005, 24 June 2005, 17 August 2005 and 18 August 2005. The SC's approval for the dividend payment is subject to the following conditions:-

<b>Details of Conditions Imposed</b>		<b>Status of Compliance</b>
(i)	With regard to the interim dividend payment:-	
(a)	Proceeds from the Public Issue must not be utilised, directly or indirectly, for the proposed interim dividend payment; and	To be complied with by IQGHB.
(b)	Audited net NTA of IQM after the payment of the interim dividend must not be less than the audited net NTA of IQM Group as at 31 March 2004.	Met. The audited net NTA of the IQM Group (after excluding the dividend of RM7,650,000) as at 31 March 2005 based on the audited financial statements of IQM Group for the financial year ended 31 March 2005 amounted to RM72.41 million, which is higher than the audited NTA of IQM Group as at 31 March 2004 of RM69.46 million.



**7.0 OTHER INFORMATION ON THE IQGHB GROUP (cont'd)**

Details of Conditions Imposed	Status of Compliance
(ii) MIMB/IQGHB should submit the following:-	
(a) an undertaking letter that the proceeds from the Public Issue must not be utilised, directly or indirectly, for the proposed interim dividend payment prior to the issuance of the Prospectus; and	Complied. An undertaking and confirmation letter dated 5 August 2005 from the Directors of IQGHB was submitted to the SC on 29 August 2005.
(b) a written confirmation that the audited net NTA of IQM Group after the payment of the interim dividend must not be less than the audited net NTA of IQM Group as at 31 March 2004.	
7.1.5 Pursuant to the SC's letter dated 3 August 2005, the SC has granted IQGHB an extension of time from 27 July 2005 to 27 January 2006 to facilitate the full implementation of the IPO.	

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## 7.0 OTHER INFORMATION ON THE IQGHB GROUP (cont'd)

## 7.2 Summary of Landed Properties

As at the Latest Practicable Date, details of the landed properties of the IQGHB Group are as follows:-

Registered Owner/ Location	Description/ Existing Use/ Restriction of Interest	Land Area/ Built-up Area	Approximate Age of Building (year)	Tenure/ Encumbrances	Date of Certificate of Fitness for Occupation	Audited Net Book Value as at 31.03.2005 (RM'000)
<p><b>Leasehold Land and Buildings</b></p> <p><b>IQM</b></p> <p>Plot 149, Jalan Sultan Azlan Shah, Taman Perindustrian Bayan Lepas, Fasa 1 (FTZ), Bayan Lepas 11900 Penang held under P.T.1300 H.S. (D) 12680, Mukim 12, Daerah Barat Daya, Pulau Pinang</p>	<p><b>Description</b> 2-storey factory cum office with a mezzanine floor</p> <p><b>Existing Use</b> Industry use as head office, R&amp;D centre and factory premises</p> <p><b>Restriction of Interest</b> (a) The land shall not be transferred, charged, leased, sub-leased or disposed of without the written consent of the State Authority of Penang; and (b) The land shall not be sub-divided or partitioned.</p>	<p>8,136.93 square metre/ 6,091.79 square metre</p>	15	<p><b>Tenure</b> Leasehold 60 years (expiring 22.09.2049)/</p> <p><b>Encumbrances</b> A 30 year lease of part of the land to Tenaga Nasional Berhad (expiring 15.09.2021)</p>	09.01.1999	3,321

## 7.0 OTHER INFORMATION ON THE IQGHB GROUP (cont'd)

Registered Owner/ Location	Description/ Existing Use/ Restriction of Interest	Land Area/ Built-up Area	Approximate Age of Building (year)	Tenure/ Encumbrances	Date of Certificate of Fitness for Occupation	Audited Net Book Value as at 31.03.2005 (RM'000)
<u>Leasehold Land and Buildings</u>  <b>IQM</b> Plot 151, Jalan Sultan Azlan Shah Taman Perindustrian Bayan Lepas Fasa 12(FTZ), Bayan Lepas 11900 Penang held under P.T. 1246 H.S. (D) 12566, Mukim 12, Daerah Barat Daya, Pulau Pinang	<b>Description</b> 2-storey factory cum office  <b>Existing Use</b> Industry use as head office, R&D centre and factory premises  <b>Restriction of Interest</b> (a) The land shall not be transferred, charged, leased, sub-leased or disposed of without the written consent of the State Authority; and (b) The land shall not be sub-divided or partitioned.	6,754.89 square metre/ 2,998.94 square metre	15	<b>Tenure</b> Leasehold 60 years (expiring on 11.06.2049)  <b>Encumbrances</b> A 30 year lease of part of the land to Tenaga Nasional Berhad (expiring 25.09.2021)	15.11.1993	5,600

No revaluation exercise has been carried out on the land and buildings above pursuant to the IPO. Further, there has been no known breach of land use condition nor non-compliance to the building regulations for the abovementioned land and buildings respectively.

## 7.3 Acquisition of Landed Properties During The Past Two (2) Years

There were no transactions relating to the acquisition of new landed properties by the Group during the two (2) years preceding the date of this Prospectus.

**8.0 FINANCIAL INFORMATION****8.1 Proforma Consolidated Income Statements**

The following table is a summary of the proforma consolidated income statements of the IQGHB Group for the last five (5) financial years ended 31 March 2005, prepared based on the assumption that the current structure of the Group has been in existence throughout the financial years under review. The proforma consolidated income statements are prepared for illustrative purposes and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report.

Financial Year Ended 31 March	Proforma Group				
	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000	2005 RM'000
Revenue	89,560	89,947	112,776	110,388	138,587
Earnings before interest, taxation, depreciation and amortisation	11,549	8,012	19,951	22,891	26,196
Interest expense	(333)	(441)	(326)	(155)	(15)
Depreciation expenses	(3,073)	(3,455)	(3,794)	(4,107)	(4,503)
Amortisation of development cost	-	(225)	(572)	(623)	(1,024)
Share of profits and losses of associated corporations and joint ventures	-	-	-	-	-
PBT and exceptional items	8,143	3,891	15,259	18,006	20,654
Exceptional items	-	-	-	-	(1,760)
PBT and minority interests	(A) 8,143	3,891	15,259	18,006	18,894
Taxation	(2,619)	(1,070)	(1,767)	(2,938)	(2,301)
Profit from ordinary activities	5,524	2,821	13,492	15,068	16,593
Extraordinary items	-	-	-	-	-
Minority interest	-	-	-	-	-
PAT	(B) 5,524	2,821	13,492	15,068	16,593
Number of shares assumed to be in issue ('000)	(C) 71,994	71,994	71,994	71,994	71,994
Gross EPS (sen)	(A)/(C) 11.31	5.40	21.19	25.01	26.24
Net EPS (sen)	(B)/(C) 7.67	3.92	18.74	20.93	23.05
<b>Other Disclosure</b>					
R&D costs	2,072	2,424	5,014	6,009	4,025



**8.0 FINANCIAL INFORMATION (cont'd)**

Notes:-

- (i) *The proforma consolidated income statement of IQGHB Group has been prepared based on the audited financial statements of the subsidiary companies and assuming that the effective shareholdings in subsidiary companies held by IQGHB have been in effect throughout the financial years under review.*
- (ii) *For the financial year ended 31 March 2002, IQGHB Group managed to maintain its sales at the level registered in the financial year ended 31 March 2001 of about RM90 million. The reduction in selling price by about 5% to 10% for certain customers and for certain models of lighting products was partially offset by the market expansion by a subsidiary company, IQE which concentrated more on the sales of its high priced models. Another subsidiary company, IQJ managed to secure a major customer who purchased in higher volume but at a lower profit margin. Consequently, gross profit and gross profit margin decreased during the financial year as compared to the previous financial year. The setting-up of two new subsidiary companies namely IQC and IQGL in the previous year caused a substantial increase in operating expenses, thus the pre-tax profit margin of the Group has dropped from 9.09% in the financial year ended 31 March 2001 to 4.33% in the financial year ended 31 March 2002.*
- (iii) *For the financial year ended 31 March 2003, selling price for its products tapered in view of the stiff competition in the market. However, revenue improved remarkably from RM90 million in the financial year ended 31 March 2002 to RM112.8 million in the financial year ended 31 March 2003 due to the boom in housing market in UK. With new house building being buoyant, most new houses have some form of outside lighting fitted as standard thereby leading to higher general spending on DIY lighting as well as other new product ranges. Moreover, IQGHB Group managed to reduce its cost of sales as a result of a slight decrease in purchase price of raw materials coupled with the implementation of cell manufacturing system in IQM which had increased production efficiency and hence resulted in cost reduction. The gain on foreign exchange due to the strengthening of Sterling Pound against Ringgit Malaysia also had a favourable impact on the net profit of IQGHB Group, resulting in an improvement in pre-tax profit margin to 13.53% in the financial year ended 31 March 2003.*
- (iv) *For the financial year ended 31 March 2004, notwithstanding the slight decrease in revenue from RM112.8 million in the financial year ended 31 March 2003 to RM110.4 million in the financial year ended 31 March 2004, gross profit improved. The decrease in revenue was largely attributed to the decrease in customer orders in UK as a result of the drop in IQ representation in a major customer's catalogues and the destocking exercise of another major customer prior to the launch of new product line in financial year ended 31 March 2005. In its effort to counter the declining customer orders, several new models of PIR sensor lighting products such as MPT-MD1190SA-B, RAB-STL-360-BR, MM-MS90V2-MSV and PK-DC9V-SDT were introduced during the financial year. The slight shift in the product mix with more sales of stand alone sensor modules without lightings and door chime products which have higher margins resulted in the overall improvement in the profit margin during the financial year.*
- (v) *For the financial year ended 31 March 2005, as a result of IQGHB Group's effort to diversify the range of the products and increase their market penetration and regional coverage, the Group's revenue improved by 26% to RM138.6 million in the financial year ended 31 March 2005 as compared to preceding year. Although the IQGHB Group faced competitive pricing in the market, the Group managed to maintain its major customers such as B&Q plc (UK), Novar ED&S (UK) and Massive Lighting Products NV (Europe) due to the Group's continuing product innovation and differentiation as well as stringent quality control on its products. However, the Group's other operating income decreased tremendously due mainly to the decrease in gain on foreign exchange on its sales proceeds. Besides, during the financial year, IQM paid a commercial settlement sum to one of its customers, Massive Lighting Products NV (Europe) as compensation for a legal case involving patent infringement of infrared motion detector. As such, the pre-tax profit margin dropped from 16.31% in the financial year ended 31 March 2004 to 13.63% in the financial year ended 31 March 2005.*

**8.0 FINANCIAL INFORMATION (cont'd)**

- (vi) *There were no extraordinary items or exceptional items in respect of all the financial years under review except for the commercial settlement sum paid by IQM amounting to approximately RM1.76 million to one of its customers, Massive Lighting Products NV (Europe) as compensation for a legal case involving patent infringement of infrared motion detector during the financial year ended 31 March 2005*
- (vii) *The effective tax rate of IQGHB Group for the financial year ended 31 March 2001 reflects an effective tax rate which was higher than the Malaysian statutory income tax rate of 28% mainly due to the losses of certain subsidiary companies which cannot be set off against the profit of the other subsidiary companies for income tax purposes. The effective tax rates for the financial years ended 31 March 2002 to 2005 were lower than the Malaysian statutory income tax rate of 28% mainly due to the profit of IQC being exempted from income tax for two years starting from the first cumulative profit-making year and will be subject to income tax at a reduction of 50% of the standard tax rate for the following three years and also utilisation of carry forward tax losses of the other subsidiary companies.*
- (viii) *The gross EPS have been calculated by dividing the proforma consolidated PBT by the number of IQGHB Shares assumed in issue, based on the existing paid-up ordinary share capital of the Company before the Public Issue.*
- (ix) *The net EPS have been calculated by dividing the consolidated PAT by the number of IQGHB Shares assumed in issue, based on the existing paid-up ordinary share capital of the Company before the Public Issue.*

Details of the proforma consolidated income statements are set out in Section 9.0 of this Prospectus.

**8.2 Segmental Analysis on Revenue and PAT**

The segmental analysis of revenue and PAT registered by the IQGHB Group is as follows:-

**8.2.1 Analysis of Revenue by Company**

<u>Company</u>	<----- Financial Year Ended 31 March ----->				
	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000	2005 RM'000
IQGHB	-	-	-	-	-
IQM	88,148	81,801	69,135	62,683	72,343
IQC	10,774	34,373	45,063	41,994	61,050
IQE	33,992	36,260	48,135	44,957	66,941
IQJ	3,243	11,660	12,978	17,162	13,353
IQGL	15,472	39,197	51,573	49,639	69,484
	151,629	203,291	226,884	216,435	283,171
Less: Consolidation adjustments	(62,069)	(113,344)	(114,108)	(106,047)	(144,584)
Consolidated revenue	89,560	89,947	112,776	110,388	138,587

**8.2.2 Analysis of PAT by Company**

<u>Company</u>	<----- Financial Year Ended 31 March ----->				
	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000	2005 RM'000
IQGHB	-	-	-	(3)	(4)
IQM	7,744	807	4,905	8,268	8,940
IQC	(1,135)	1,243	5,424	3,617	924
IQE	(1,141)	93	638	45	(189)
IQJ	(761)	146	143	675	521
IQGL	(45)	(69)	3,091	3,281	5,711
	4,662	2,220	14,201	15,883	15,903
Add/(Less): Consolidation adjustments	862	601	(709)	(815)	690
Consolidated PAT	5,524	2,821	13,492	15,068	16,593

**8.0 FINANCIAL INFORMATION (cont'd)****8.3 Directors' Statement on Financial Performance of the Group**

As at the Latest Practicable Date, to the best knowledge of the Directors of the Company, the financial performance, position and operations of the Group have not and is not expected to be affected by the following:-

- (i) known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of the Group save as disclosed in Sections 3.3 to 3.17, Section 4.6 to 4.9, the explanatory notes to Section 8.1, 8.2, 8.4 and 8.6 of this Prospectus;
- (ii) material commitments for capital expenditure other than those disclosed in Section 8.10(iv) of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that materially affect the financial performance, position and operations of the Group, and the extent to which the financial performance, position and operations of the Group was so affected save as disclosed in Sections 3.7, 3.11 and 3.13 of this Prospectus;
- (iv) a substantial increase in revenue save as mentioned in the explanatory notes to Section 8.1 of this Prospectus; and
- (v) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position save as disclosed in Sections 3.7, 3.9, 3.11, 3.12, 3.13, 3.15, 3.16 and 3.17 of this Prospectus.

**8.4 Future Financial Information****8.4.1 Consolidated Profit Forecast Together with the Principal Bases and Assumptions**

The Directors of IQGHB Group forecast that the Group results for the financial year ending 31 March 2006 are as follows:-

<b>Financial Year Ending 31 March 2006</b>	<b>RM'000</b>
Revenue	140,370 =====
PBT	19,899
Less: Taxation	(2,625)
PAT	17,274
Less: Minority interests	-
PAT after minority interests	17,274 =====
<b>Basic EPS</b>	
Weighted average number of IQGHB Shares assumed in issue*	( '000) 78,497
Gross EPS	(sen) 25.35
Net EPS	(sen) 22.01
Gross PE Multiple (Based on Issue/Offer Price of RM1.80 per share)	(times) 7.1
Net PE Multiple (Based on Issue/Offer Price of RM1.80 per share)	(times) 8.2

**8.0 FINANCIAL INFORMATION (cont'd)**

<b>Fully diluted EPS</b>		
Weighted average number of IQGHB Shares assumed in issue <sup>#</sup>	('000)	84,872
Gross EPS	(sen)	23.44
Net EPS	(sen)	20.35
Gross PE Multiple (Based on Issue/Offer Price of RM1.80 per Share)	(times)	7.7
Net PE Multiple (Based on Issue/Offer Price of RM1.80 per Share)	(times)	8.8

Notes:-

- \* *The weighted average number of IQGHB Shares assumed to be in issue during the financial year for the purpose of calculating the basis EPS is arrived at on the assumption that the Public Issue Shares are issued on 30 September 2005.*
- # *The weighted average number of IQGHB Shares assumed to be in issued during the financial year for the purpose of calculating the diluted EPS is arrived at on the assumption that both the Public Issue Shares and the ESOS Shares are issued on 30 September 2005.*

The above consolidated profit forecast has been made based on the principal bases and assumptions as set out below:

1. The Group will or has carried out the following corporate exercise:
  - (i) Acquisition of the entire issued and fully paid-up share capital of IQ Group Sdn. Bhd. ("IQM") comprising 25,500,000 ordinary shares of RM1 each for a total purchase consideration of RM71,993,998 satisfied by the issuance of 71,993,998 new ordinary shares of RM1 each in IQGHB at par. The purchase consideration of RM71,993,998 was arrived at based on the audited consolidated net assets value of IQM as of March 31, 2004 of RM71,993,803. The consolidated net assets value of IQM as of March 31, 2005 based on the audited financial statements of IQM for the financial year ended March 31, 2005 stood at RM76.63 million (excluding the tax-exempt dividend of RM7,650,000 which was approved by the Securities Commission on June 6, 2005 and the said dividend were subsequently fully paid to the former shareholders of IQM on June 23, 2005, June 24, 2005, August 17, 2005 and August 18, 2005);
  - (ii) Acquisition of the entire capital of IQC amounting to RMB11,909,601 from IQM for a nominal cash consideration of RM1;
  - (iii) Acquisition of the entire issued and fully paid-up share capital of IQE comprising 150,000 ordinary shares of £1 each from IQM for a nominal cash consideration of RM1;
  - (iv) Acquisition of the entire issued and fully paid-up share capital of IQJ comprising 600 ordinary shares of ¥50,000 each from IQM for a nominal cash consideration of RM1;
  - (v) Acquisition of the entire issued and fully paid-up share capital of IQGL comprising 1,000 ordinary shares of USD1 each from IQM for a nominal cash consideration of RM1;



**8.0 FINANCIAL INFORMATION (cont'd)**

- (vi) Public issue of 13,006,000 new ordinary shares of RM1 each in IQGHB at an issue price of RM1.80 per ordinary share ("Public Issue");

The gross proceeds from the Public Issue will be utilised as follows:-

	<b>RM'000</b>
Investment in application of new technology/ developing new products and enhancing existing products:	
i) Purchase of plant and equipment	11,405
ii) Research and development expenditure	3,595
Working capital	5,711
Estimated listing expenses	2,700
	<hr/>
Total	23,411
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- (vii) Offer for sale of 11,101,200 ordinary shares of RM1 each in IQGHB to Bumiputera investors approved by the Ministry of International Trade and Industry at an offer price of RM1.80 per ordinary share; and
- (viii) Establishment of an ESOS for eligible employees and directors of the Group. The number of ESOS options to be offered under the ESOS shall not exceed 15% of the issued and paid-up share capital of IQGHB at any one time during the duration of the ESOS.
- (ix) Listing of and quotation for the entire enlarged issued and paid-up share capital of IQGHB comprising 85,000,000 ordinary shares of RM1 each on the Main Board of the Bursa Securities

The Acquisitions are accounted for using the acquisition method of consolidation. The difference between the consideration paid for shares in the subsidiary companies and the value of attributable net assets acquired at the date of acquisition is included in the consolidated balance sheet as goodwill arising on consolidation or negative goodwill. Goodwill arising on consolidation is either written off to the consolidated income statement or amortised evenly on a straight-line basis over its estimated useful life. Negative goodwill on consolidation is included in the consolidated balance sheet and is not amortised. The Acquisitions of IQM, IQC, IQE, IQJ and IQGL were completed on the following dates:

IQM	-	April 4, 2005
IQC	-	July 7, 2005
IQE	-	April 21, 2005
IQJ	-	April 5, 2005
IQGL	-	April 5, 2005

2. There will be no significant changes to the prevailing world economic, social and political conditions (include risk of war, terrorism, sabotage, expropriation, nationalisation, re-negotiation or nullification of existing contracts) in Malaysia, China, United Kingdom, Japan and elsewhere that will have direct or indirect effects on the activities or performance of the Group and the businesses of the Group's major customers and suppliers.
3. There will be no significant changes in the present legislation or Government regulations, rates and bases of duties, levies and taxes which will adversely affect the activities of the Group or the markets in which it operates.



**8.0 FINANCIAL INFORMATION (cont'd)**

4. There will be no significant fluctuations in foreign currency exchange and inflation rates from their present levels which would adversely affect the activities and operations of the Group.
5. There will be no significant changes in the prices of raw materials, labour, overheads and trading goods.
6. There will be no significant changes in the customer demand, selling prices and product lines of the Group other than those already forecasted for.
7. There will be no major breakdown or disruption of manufacturing facilities, major industrial disputes, labour shortages, technological changes or any abnormal factors or changes both domestic and overseas, which will adversely affect the production, purchases and sales of the Group.
8. There will be no significant changes in the present management structure, key personnel, ownership and operating and accounting policies adopted by the Group. In this connection, the consolidated results of the Group were prepared using the acquisition method of accounting.
9. Existing financing facilities will remain available and that the level of interest rates will not change materially from those presently prevailing.
10. There will be no material acquisitions or disposals of property, plant and equipment or investments other than those already forecasted for.
11. There will be no significant changes involving key customers and suppliers which will adversely affect the activities of the Group or the markets in which it operates.
12. There will be no material changes in the principal activities and structure of the Group.
13. Production capacity and the mix of sales will be achieved as planned and there will be no unusual quality issues resulting in reject of goods by customers.
14. The Group will not engage in any litigation and there will be no legal proceedings against the Group which will adversely affect the activities or performance of the Group or give rise to any liabilities which will materially affect the financial position and business of the Group.
15. There will be no major delays or cost overruns in the upgrading and capital expenditure program of the Group which will adversely affect the activities of the Group or the markets in which it operates.
16. The income tax rates applicable to the Group will remain at their present levels. IQM, one of the subsidiary companies acquired by IQGHB pursuant to the Acquisitions, will continue to claim for reinvestment allowances under the Promotion of Investments Act, 1986 and the amount approved by the tax authorities will not vary significantly from the forecasted amount.  
  
The profit of a subsidiary company, IQC will be exempted from income tax for two years starting from the first cumulative profit-making year 2002 and will be subject to income tax at a reduction of 50% of the standard rate for the years 2004 to 2006.
17. Listing expenses are estimated to be approximately RM2,700,000, out of which RM982,000 has been paid in the financial year ended March 31, 2005 and the balance will be paid in the financial year ending March 31, 2006. The listing expenses will be set-off against the share premium account.

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**8.0 FINANCIAL INFORMATION (cont'd)**

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**8.4.2 Directors' Commentary and Analysis on the Consolidated Profit Forecast for the Financial Year Ending 31 March 2006**

The Directors of IQGHB have forecasted that the Group is expected to achieve a consolidated revenue of approximately RM140.40 million for the financial year ending 31 March 2006 representing an increase of RM1.80 million or approximately 1.30% compared to the consolidated revenue of the Group for the financial year ended 31 March 2005 of RM138.60 million.

The Group's forecast revenue is mainly supported by continuing demand for the Group's PIR motion sensor lighting products, door chimes and the recently launched, video door entry products during the financial year.

In line with the increase in revenue, the Group's consolidated PAT for the financial year ending 31 March 2006 is forecasted to increase to approximately RM17.27 million, as compared to RM16.60 million for the financial year ended 31 March 2005, representing an increase of approximately 4%.

The Directors of IQGHB have reviewed the principal bases and underlying assumptions used in arriving at the consolidated profit forecast of the IQGHB Group for the financial year ending 31 March 2006 after having taken into account the future prospects of the industry, future plans and strategies, level of gearing, liquidity and working capital requirements to be adopted by the Group and are of the opinion that the consolidated profit forecast of the Group for the financial year ending 31 March 2006 should be achievable.

Nevertheless, the actual situation may differ significantly from certain assumptions including exchange rates and this may have a material impact on the IQGHB Group's profit forecast.

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**8.0 FINANCIAL INFORMATION (cont'd)**

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**8.5 Reporting Accountants' Letter on the Consolidated Profit Forecast**  
(Prepared for inclusion in this Prospectus)

# Deloitte.

**Deloitte KassimChan (AF 0080)**  
Chartered Accountants  
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251-A, Jalan Burma  
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The Board of Directors  
IQ Group Holdings Berhad  
3rd Floor, Wisma Wang  
251-A Jalan Burma  
10350 PENANG  
MALAYSIA

September 9, 2005

Dear Sirs,

**IQ GROUP HOLDINGS BERHAD (COMPANY NO.: 636944 U)**  
**CONSOLIDATED PROFIT FORECAST**  
**FOR THE FINANCIAL YEAR ENDING MARCH 31, 2006**

We have reviewed the consolidated profit forecast of IQ Group Holdings Berhad ("IQGHB") and its subsidiary companies ("the Group") for the financial year ending March 31, 2006 as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the standard (ISAE 3400) applicable to the review of forecasts. The forecast has been prepared for inclusion in the Prospectus of IQGHB, in connection with the corporate exercise of IQGHB and subsequent listing of and quotation for the entire issued and paid-up share capital of IQGHB on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the financial year ended March 31, 2005. The Directors of IQGHB are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

8.0 FINANCIAL INFORMATION (cont'd)

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Deloitte KassimChan


September 9, 2005  
IQ Group Holdings Berhad  
Page No.: 2

Subject to the matters stated in the preceding paragraphs:

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the profit forecast; and
- (ii) in our opinion, the profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the financial year ended March 31, 2005.

Yours faithfully,

*Deloitte KassimChan*  
DELOITTE KASSIMCHAN  
AF 0080  
Chartered Accountants

  
LEE CHENG HEOH  
2225/04/06(J)  
Partner

Penang

**8.0 FINANCIAL INFORMATION (cont'd)****8.6 Sensitivity Analysis**

Like any other business, the forecast result of the IQGHB Group may be sensitive to various factors, such as changes in selling price of its products and cost of good sold.

The analysis below shows the direct impact on the consolidated reserve, PBT, PAT and PAT margin with the change of one (1) single factor in isolation without any measures which the Group will invariably institute to arrest any potential deviation from the forecast figures as a result of the change such that the forecast consolidated PBT and PAT should be achievable.

**8.6.1 Changes in Selling Price**

	<---- Forecast for the Financial Year Ending 31 March 2006 ---->			
	Revenue RM'000	PBT RM'000	PAT RM'000	PAT Margin %
Forecast	140,370	19,899	17,274	12.31
Up 5%	147,389	26,918	23,367	15.85
Up 10%	154,407	33,936	29,459	19.08
Down 5%	133,352	12,881	11,182	8.39
Down 10%	126,333	5,862	5,089	4.03

**8.6.2 Changes in Cost of Goods Sold**

	<---- Forecast for the Financial Year Ending 31 March 2006 ---->			
	Revenue RM'000	PBT RM'000	PAT RM'000	PAT Margin %
Forecast	140,370	19,899	17,274	12.31
Up 5%	140,370	15,510	13,464	9.59
Up 10%	140,370	11,121	9,654	6.88
Down 5%	140,370	24,288	21,084	15.02
Down 10%	140,370	28,677	24,894	17.73

**8.7 Dividend Forecast****Financial Year Ending 31 March 2006**

Gross dividend (tax exempt) per Share	(sen)	9.00
Net dividend (tax exempt) per Share	(sen)	9.00
Gross dividend yield (based on the Public Issue/Offer price of RM1.80 per Share)	(%)	5.00
Net dividend yield (based on the Public Issue/Offer price of RM1.80 per Share)	(%)	5.00
Net dividend cover (based on the PAT after minority interests of RM17.274 million)	(times)	2.3

An interim dividend of 30 sen per Share (tax exempt) amounting to RM7,650,000 was approved by the SC on 6 June 2005 and the said dividend were subsequently fully paid to the former shareholders of IQM on 23 June 2005, 24 June 2005, 17 August 2005 and 18 August 2005.



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**8.0 FINANCIAL INFORMATION (cont'd)**

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The forecast dividend for the financial year ending 31 March 2006 is expected to be declared and paid to the entitled shareholders of IQGHB during the financial year ending 31 March 2007.

It is the intention of Directors of IQGHB to continue to recommend dividends for the following financial year to allow the shareholders of the Company to participate in the profits of the IQGHB Group whilst retaining adequate reserves for the future growth of the IQGHB Group.

The declaration and payment of dividends are subject to the approval of the shareholders of IQGHB on the recommendation of the Board of Directors. The actual quantum of dividend payable for the financial year ending 31 March 2006 may vary from the above forecast dividend depending on the future performance, financial condition, cashflow position and other factors deemed relevant by the Board of Directors.

Future dividend may not be declared by the Directors of IQGHB if:-

- (i) the Group is in a loss position for the relevant financial period;
- (ii) the Group has insufficient tax exempt profits and/or insufficient tax credits to frank its dividends;  
or
- (iii) the Group has insufficient cashflow to meet any dividend payment.

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**8.0 FINANCIAL INFORMATION (cont'd)****8.8 Proforma Consolidated Balance Sheets****8.8.1 Proforma Consolidated Balance Sheets together with the Notes and Assumptions**

The proforma consolidated balance sheets of the IQGHB Group as at 31 March 2005 as set out below have been prepared for illustrative purposes to show the effects of the transactions described below based on the assumption that the respective transactions are completed on 31 March 2005:-

	(A)	(B)	(C)	
	Audited as at 31.03.2005 RM'000	Proforma Group After Acquisitions RM'000	Proforma Group After (A), Public Issue and Utilisation of Proceeds RM'000	Proforma Group After (B), and ESOS RM'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	-	26,281	37,686	37,686
Development costs	-	4,223	7,818	7,818
<b>CURRENT ASSETS</b>				
Inventories	-	25,858	25,858	25,858
Trade receivables	-	28,914	28,914	28,914
Other receivables and prepaid expenses	4	2,598	1,616	1,616
Tax recoverable	-	1,579	1,579	1,579
Amount owing by a related company	-	37	37	37
Short-term deposits with a licensed bank	-	3,500	3,500	3,500
Cash and bank balances	*	5,643	12,336	35,286
Total Current Assets	4	68,129	73,840	96,790
<b>CURRENT LIABILITIES</b>				
Trade payables	-	10,855	10,855	10,855
Other payables and accrued expenses	11	8,045	8,045	8,045
Amount owing to directors	-	96	96	96
Hire purchase payables	-	148	148	148
Tax liabilities	-	808	808	808
Total Current Liabilities	11	19,952	19,952	19,952
NET CURRENT LIABILITIES/ASSETS	(7)	48,177	53,888	76,838
	(7)	78,681	99,392	122,342
SHARE CAPITAL	*	71,994	85,000	97,750
SHARE PREMIUM	-	-	7,705	17,905
ACCUMULATED LOSSES	(7)	(7)	(7)	(7)
SHAREHOLDERS' EQUITY	(7)	71,987	92,698	115,648
NEGATIVE GOODWILL	-	4,634	4,634	4,634
<b>LONG-TERM AND DEFERRED LIABILITIES</b>				
Hire purchase payables	-	4	4	4
Deferred tax liabilities	-	1,187	1,187	1,187
Provision for retirement allowance	-	869	869	869
Total long-term and deferred liabilities	-	2,060	2,060	2,060
	(7)	78,681	99,392	122,342
Number of shares ('000)	0.002	71,994	85,000	97,750
NTA (RM'000)	(7)	67,764	84,880	107,830
NTA per share (RM)	(3.500)	0.94	1.00	1.10

Note:-

\* Comprises two (2) Shares.

**8.0 FINANCIAL INFORMATION (cont'd)****NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2005****I. Basis of Preparation**

The Proforma Consolidated Balance Sheets of IQ Group Holdings Berhad ("IQGHB") have been prepared based on the audited balance sheets of IQGHB, IQ Group Sdn. Bhd. ("IQM"), Dong Guan Zhong Jia Electronics Co. Ltd. ("IQC"), IQ (Europe) Limited ("IQE"), IQ Japan Co., Ltd. ("IQJ") and IQ Group Limited ("IQGL") as of March 31, 2005, as applicable, solely for illustrative purposes, to show the effects of the corporate exercise to be undertaken by IQGHB.

The Proforma Consolidated Balance Sheets of IQGHB together with the notes thereon have been prepared for illustrative purposes only, based on accounting principles and bases consistent with those previously adopted in the preparation of the audited financial statements of IQGHB and its subsidiary companies ("the Group") as of March 31, 2005, and on the assumptions that the corporate exercise of IQGHB has been effected on that date.

The corporate exercise of IQGHB involves the following inter-conditional transactions:

**(i) Acquisitions**

- (a) IQGHB acquired the entire issued and fully paid-up share capital of IQM comprising 25,500,000 ordinary shares of RM1 each for a total purchase consideration of RM71,993,998 satisfied by the issuance of 71,993,998 new ordinary shares of RM1 each in IQGHB at par. The purchase consideration of RM71,993,998 was arrived at based on the audited consolidated net assets value of IQM as of March 31, 2004 of RM71,993,803. The consolidated net assets value of IQM as of March 31, 2005 based on the audited financial statements of IQM for the financial year ended March 31, 2005 stood at RM76.63 million (excluding the proposed tax-exempt dividend of RM7,650,000 which was approved by the Securities Commission on June 6, 2005 and the said dividend were subsequently fully paid to the former shareholders of IQM on June 23, 2005, June 24, 2005, August 17, 2005 and August 18, 2005);
- (b) IQGHB acquired the entire capital of IQC amounting to RMB11,909,601 from IQM for a nominal cash consideration of RM1;
- (c) IQGHB acquired the entire issued and fully paid-up share capital of IQE comprising 150,000 ordinary shares of £1 each from IQM for a nominal cash consideration of RM1;
- (d) IQGHB acquired the entire issued and fully paid-up share capital of IQJ comprising 600 ordinary shares of ¥50,000 each from IQM for a nominal cash consideration of RM1; and
- (e) IQGHB acquired the entire issued and fully paid-up share capital of IQGL comprising 1,000 ordinary shares of USD1 each from IQM for a nominal cash consideration of RM1.

**(ii) Public Issue and Offer For Sale**

After the Acquisitions, IQGHB and certain former shareholders of IQM concurrently propose the following:

- (a) Public issue of 13,006,000 new ordinary shares of RM1 each in IQGHB ("IQGHB Shares") at an issue price of RM1.80 per ordinary share; and

**8.0 FINANCIAL INFORMATION (cont'd)**

- (b) Offer for sale of 11,101,200 ordinary shares of RM1 each in IQGHB to Bumiputera investors approved by the Ministry of International Trade and Industry at an offer price of RM1.80 per ordinary share.

Upon completion of the Acquisitions and Public Issue, the issued and paid-up share capital of IQGHB will increase to RM85,000,000 comprising 85,000,000 IQGHB Shares credited as fully paid-up. The new ordinary shares to be issued pursuant to the Public Issue shall rank pari passu in all respects with the existing IQGHB Shares.

- (iii) Employees Share Option Scheme ("ESOS")

IQGHB establishes an ESOS for eligible employees and directors of the Group. The number of ESOS options to be offered under the ESOS shall not exceed 15% of the issued and paid-up share capital of IQGHB at any one time during the duration of the ESOS.

- (iv) Listing

In conjunction with the Public Issue, IQGHB has sought the approval of Bursa Securities for the admission and the listing of and quotation for its entire enlarged issued and paid-up share capital comprising 85,000,000 IQGHB Shares on the Official List of the Main Board of Bursa Securities, which was approved by Bursa Securities on May 25, 2005.

**1.1 Proforma I**

Proforma I had been presented based on the audited balance sheet of IQGHB as of March 31, 2005 and incorporating the acquisitions of the following subsidiary companies:

- (i) the entire issued and fully paid-up share capital of IQM comprising 25,500,000 ordinary shares of RM1 each for a total purchase consideration of RM71,993,998 satisfied by the issuance of 71,993,998 new ordinary shares of RM1 each in IQGHB at par. The purchase consideration of RM71,993,998 was arrived at based on the audited consolidated net assets value of IQM as of March 31, 2004 of RM71,993,803. The consolidated net assets value of IQM as of March 31, 2005 based on the audited financial statements of IQM for the financial year ended March 31, 2005 stood at RM76.63 million (excluding the proposed tax-exempt dividend of RM7,650,000 which was approved by the Securities Commission on June 6, 2005 and the said dividend were subsequently fully paid to the former shareholders of IQM on June 23, 2005, June 24, 2005, August 17, 2005 and August 18, 2005);
- (ii) the entire capital of IQC amounting to RM11,909,601 from IQM for a nominal cash consideration of RM1;
- (iii) the entire issued and fully paid-up share capital of IQE comprising 150,000 ordinary shares of £1 each from IQM for a nominal cash consideration of RM1;
- (iv) the entire issued and fully paid-up share capital of IQJ comprising 600 ordinary shares of ¥50,000 each from IQM for a nominal cash consideration of RM1; and
- (v) the entire issued and fully paid-up share capital of IQGL comprising 1,000 ordinary shares of USD1 each from IQM for a nominal cash consideration of RM1.

(hereinafter collectively referred to as the "Acquisitions").

The Acquisitions are accounted for using the acquisition method of consolidation.

**8.0 FINANCIAL INFORMATION (cont'd)****1.2 Proforma II**

Proforma II incorporates the effects of Proforma I and the following:

- (i) public issue of 13,006,000 new ordinary shares of RM1 each in IQGHB at an issue price of RM1.80 per ordinary share ("Public Issue"); and
- (ii) offer for sale of 11,101,200 ordinary shares of RM1 each in IQGHB to Bumiputera investors approved by the Ministry of International Trade and Industry at an offer price of RM1.80 per ordinary share.

The gross proceeds from the Public Issue amounting to RM23,410,800 will accrue entirely to IQGHB and will be utilised as follows:

	<b>RM'000</b>
Investment in application of new technology/ developing new products and enhancing existing products:	
i) Purchase of plant and equipment	11,405
ii) Research and development expenditure	3,595
Working capital	5,711
Estimated listing expenses	2,700
<b>Total</b>	<b>23,411</b>

The estimated listing expenses of RM2,700,000 will be charged against the share premium account.

**1.3 Proforma III**

Proforma III incorporates the effects of Proforma I and Proforma II and the full exercise of 12,750,000 ESOS options, representing 15% of the issued and paid-up share capital of IQGHB of 85,000,000 IQGHB shares upon completion of the Acquisitions and Public Issue, at an assumed exercise price of RM1.80 per IQGHB share ("ESOS").

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**8.0 FINANCIAL INFORMATION (cont'd)****8.8.2 Trade Receivables**

As at 31 March 2005, total trade receivables of the IQGHB Group (net of total allowances for doubtful debts) amounted to RM28.914 million. The normal credit period extended to the customers of the IQGHB Group is between 7 to 90 days.

The ageing analysis for trade receivables (net of total allowances for doubtful debts) as at 31 March 2005 is as follows:-

Ageing	Outstanding as at 31 March 2005					Total
	Within Credit Period		Exceeded Credit Period			
	Current Within 30 days	31 to 60 days	61 - 180 days	181 - 365 days	> 365 days	
Trade receivables (RM'000)	13,417	8,983	6,514	175	70	29,159
Less: Provision for doubtful debts (RM'000)	-	-	-	(175)	(70)	(245)
Net trade receivables (RM'000)	13,417	8,983	6,514	-	-	28,914
Proportion of total trade receivables (%)	46.40	31.07	22.53	-	-	100.00

All trade receivables outstanding for more than six (6) months amounting to RM0.245 million have been fully provided for in the audited financial statements of the IQGHB Group for the financial year ended 31 March 2005.

The Board of Directors of IQGHB is of the opinion that all the above outstanding trade receivables are recoverable from the respective trade debtors in the ordinary course of business of the IQGHB Group.

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**8.0 FINANCIAL INFORMATION (cont'd)**

**8.9 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets**  
(Prepared for inclusion in this Prospectus)

**Deloitte.**

**Deloitte KassimChan** (AF 0080)  
Chartered Accountants  
4th Floor, Wisma Wang  
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September 9, 2005

The Board of Directors  
IQ Group Holdings Berhad  
3rd Floor, Wisma Wang  
251-A Jalan Burma  
10350 PENANG  
MALAYSIA

Dear Sirs,


**IQ GROUP HOLDINGS BERHAD (COMPANY NO.: 636944 U)**  
**PROFORMA CONSOLIDATED BALANCE SHEETS**  
**AS OF MARCH 31, 2005**


We have reviewed the presentation of the Proforma Consolidated Balance Sheets of IQ Group Holdings Berhad ("IQGHB") and its subsidiary companies ("the Group") as of March 31, 2005, together with the notes thereto for which the Directors are solely responsible, as set out in the accompanying statements which we have stamped for the purpose of identification. The Proforma Consolidated Balance Sheets have been prepared for illustrative purposes only for inclusion in the Prospectus of IQGHB, in connection with the corporate exercise of IQGHB and the subsequent listing of and quotation for the entire enlarged issued and paid-up share capital of IQGHB on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities").

In our opinion,

- (i) the Proforma Consolidated Balance Sheets, together with the notes thereto, which are provided for illustrative purposes only, have been properly compiled on the basis stated;
- (ii) such basis is consistent with the accounting policies normally adopted by the Group; and
- (iii) the adjustments as explained in Notes to the Proforma Consolidated Balance Sheets are appropriate for the purposes of the Proforma Consolidated Balance Sheets.

Yours faithfully,

  
DELOITTE KASSIMCHAN  
AF 0080  
Chartered Accountants

  
LEE CHENG HEOH  
2225/04/06(J)  
Partner

**8.0 FINANCIAL INFORMATION (cont'd)****8.10 Working Capital, Borrowings, Material Contingent Liabilities and Material Capital Commitments****(i) Working Capital**

The Directors of IQGHB are of the opinion that, after taking into consideration the forecast cashflow including the proceeds from the Public Issue and the credit facilities currently available to the Group, the Group will have adequate working capital available for a period of twelve (12) months from the date of issue of Prospectus.

**(ii) Borrowings**

As at the Latest Practicable Date, the Group has total borrowings amounting to RM117,127. These borrowings are interest-bearing and denominated in £ consisting of the following:-

	<b>(Short Term)</b> <b>Payable Within</b> <b>Twelve (12) Months</b>		<b>(Long Term)</b> <b>Payable After</b> <b>Twelve (12) Months</b>		<b>Total Outstanding</b>	
	<b>£</b>	<b>RM</b>	<b>£</b>	<b>RM</b>	<b>£</b>	<b>RM</b>
Hire-purchase payables	16,892	114,306	-	-	16,892	114,306
<b>Total</b>	<b>16,892</b>	<b>114,306</b>	<b>-</b>	<b>-</b>	<b>16,892</b>	<b>114,306</b>

There have been no defaults on payments of both interest and/or principal in respect of the above borrowings throughout the past one (1) financial year ended 31 March 2005 and the 3-month financial period ended 30 June 2005.

**(iii) Material Contingent Liabilities**

As at the Latest Practicable Date, the Directors of IQGHB are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group.

**(iv) Material Capital Commitments**

Save as disclosed below, as at the Latest Practicable Date, there are no material commitments incurred or known to be incurred by the Group which may have a substantial impact on the result or the financial position of the Group.

	<b>RM'000</b>
Approved but not contracted for	-
Contracted but not provided for:-	
- Capital expenditure on tooling (mould) equipment	210

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