

## 1. INFORMATION SUMMARY

THE INFORMATION SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE GROUP AND INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN THE SHARES OF THE COMPANY. THE INFORMATION SUMMARY SET OUT BELOW IS DERIVED FROM THIS PROSPECTUS AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS.

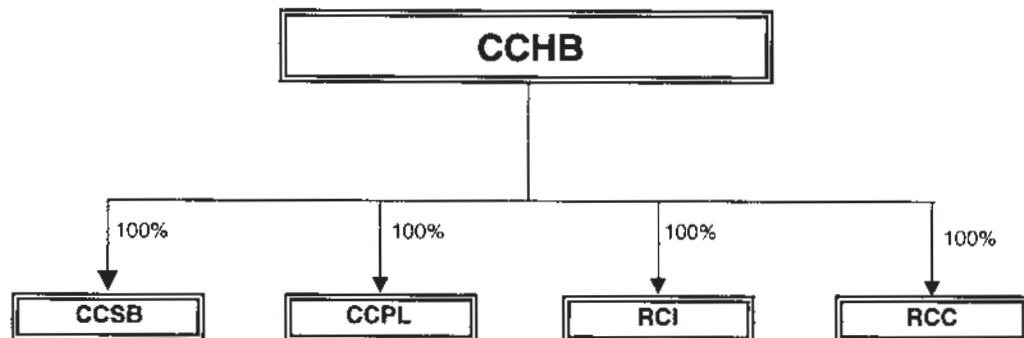
### 1.1 HISTORY AND BUSINESS

CCHB was incorporated in Malaysia under the Companies Act, 1965 on 18 June 2003 as a private limited company under the name of Better Span Sdn Bhd. It changed its name to ConnectCounty Holdings Sdn. Bhd. on 31 July 2003. Subsequently, on 19 December 2003 it was converted to a public limited company and since then assumed its present name.

CCHB is principally an investment holding company with four (4) wholly owned subsidiaries. Its subsidiaries consist of a set of complementary business activities and operate from four (4) countries, namely Malaysia, USA, Singapore and China.

The Group's principal activities comprise design, development, manufacture, sales, marketing and services of customised, value-added and industry-standard cables, connectors and related products for the broadband satellite communication solutions, digital audio entertainment equipment, computers and disk drives industries; and system-assembly/sub-assembly of electronic components.

The corporate structure of the Group is depicted as follows:-



The Group primarily targets high technology market sectors that requires high level of engineering knowledge such as next generation broadband network products, multimedia and data satellite products, storage devices (i.e. hard disk and media drives), professional audio equipment and personal computer peripherals.

The CCHB Group's products include, among others, cable sets (power cords and audio/video cables) for high-speed broadband products, ultra miniature card edge connectors and switches utilised in testing of hard disks, high performance audio jacks for professional audio equipment and ISPs such as Ultra ATA/60-100, SCSI and SATA cables and connectors. The Group also provides system assembly/sub-assembly services, for assembly of printed circuit boards and CD/DVD-ROM drive components.

**1. INFORMATION SUMMARY (Cont'd)**

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The Group's founding history began in 1996 with investment by Ang Chuang Juay, the director and founder of CCHB Group, in NTC, a company incorporated in Taiwan, that is involved in manufacturing and assembly of cables and connectors for electronic components, with a subsidiary located in Singapore under the name NS Tech (S) Pte Ltd. Following a takeover by Ang Chuang Juay of NS Tech (S) Pte Ltd., the company was renamed to CCPL in 2000. CCSB was incorporated in the year 2000. Thereafter, RCI was acquired in the year 2001. RCC was incorporated in 2004.

The new Group is focused towards developing a niche position in the interconnect industry, by capitalising on the strength and experience of its R&D team in product development and related automation techniques and design. The Group's main objective is to provide value-added and customised product mix solutions, for customers, that encompass conceptualisation, designing, prototyping, fabrication, testing, design patenting, manufacturing and logistic integration. The Group also draws from its knowledge and expertise in value-adding and customisation to design and manufacture ISPs. To the best knowledge of the Directors, the CCHB Group is the only company in Malaysia that provides a total in-house solution, from conceptualisation down to manufacturing of cable and connectors.

The establishment of R&D and sales marketing facility in the USA via its subsidiary, RCI, is vital to the Group as the next generation interconnection solutions are driven by product standardisation organisations, design houses and high technology customers that are all located in the USA. Among its major customers include HNS and Thomson/RCA Inc., USA, two of the world's largest providers of broadband satellite network solutions for businesses and consumers, Mackie, a global supplier of professional audio equipment, Jabil Circuit, LLC., USA, a global leader in electronic manufacturing services and TEM a major supplier of storage devices.

The Group is currently introducing its high-speed SATA signal cable, an industry standard compliant storage interface. The United States Patent and Trademark Office in Washington, USA has allowed the Group's application for its SATA signal cable. The CCHB Group's indigenous automation technology consists of a range of machineries that allow for a fully automated and high-speed assembly and termination of SATA and flat ribbon cables.

The CCHB Group has a total operating area of approximately 60,250 sq ft. The Group also engages licensed sub-contractors in China for the production of commodity Interconnects. CCHB had on 24 December 2004 incorporated a wholly owned subsidiary – RCC.

RCC will function as the procurement company for the Group, sourcing for raw materials and components as well as finished goods. It will also conduct sales in China. RCC is currently awaiting approvals from the relevant authorities to commence operations. It will also serve as an extension of the quality assurance function of both RCI and CCSB. Trained quality inspectors will be seconded to key manufacturers to ensure that products fully meet the Group's stringent quality standard before shipment.

The CCHB Group markets its products under its own brand name, Rapid Conn. The Group's product offerings comply with the quality and safety standards as set by UL in USA, CSA and RoHS pursuant to the directive 2002/95/EC issued by the European Parliament and the Council of the European Union of 27 January 2003 on the restriction of the use of certain hazardous substances in electrical and electronic equipment.

**1. INFORMATION SUMMARY (Cont'd)**

Details of the subsidiary companies of CCHB are as follows:-

<b>Subsidiaries of CCHB</b>	<b>Date/Place of Incorporation</b>	<b>Issued and Paid-up Share Capital / Capital invested</b>	<b>Effective Equity Interest (%)</b>	<b>Principal Activities</b>
CCSB	17 May 2000/ Malaysia	RM 3,410,000	100.00	Design, development, manufacture, sales, marketing and services of cables, connectors and related products and system-assembly/sub-assembly services.
CCPL	22 February 1994/ Singapore	SGD3,661,827	100.00	Trading and marketing of cables, connectors and related products.
RCI	5 September 2000/ USA	USD731,580	100.00	R&D, design, manufacture, sales, marketing and services of cables, connectors and related products.
RCC	24 December 2004/ China	USD45,068	100.00	The Group's International Procurement/Purchasing Office for sales and marketing of cables, connectors and related products.  Currently awaiting approvals from the relevant authorities to commence operations.

Further details on the history and business of the Group are set out in Section 4 of this Prospectus.

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## 1. INFORMATION SUMMARY (Cont'd)

## 1.2 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL OF CCHB

The direct and indirect shareholdings of the promoters, substantial shareholders, Directors, key management and technical personnel of the Group are as follows: -

Name	Designation	No. of Ordinary Shares Held in CCHB After the Public Issue			No. of Ordinary Shares Held in CCHB After Full Exercise of ESOS <sup>(d)</sup>				
		Direct	(%)	Indirect	(%)	Direct	(%)	Indirect	(%)
<b>Promoters</b>									
Chng Seng Chye	-	33,439,480	22.29	-	-	33,439,480	19.90	-	-
Ang Chuang Juay	Group Managing Director	<sup>(b)</sup> 36,899,530	24.60	<sup>(a)</sup> 400,070	0.27	38,899,530	23.15	<sup>(a)</sup> 1,400,070	0.83
Lee Siew Kee	-	9,974,410	6.65	-	-	9,974,410	5.94	-	-
Ng Poh Seng	-	8,312,010	5.54	-	-	8,312,010	4.95	-	-
<b>Substantial Shareholders</b>									
Noraini Binti Ahmad	Chairperson	15,100,000	10.07	-	-	15,100,000	8.99	-	-
Chng Seng Chye	-	33,439,480	22.29	-	-	33,439,480	19.90	-	-
Ang Chuang Juay	Group Managing Director	<sup>(b)</sup> 36,899,530	24.60	<sup>(a)</sup> 400,070	0.27	38,899,530	23.15	<sup>(a)</sup> 1,400,070	0.83
Lee Siew Kee	-	9,974,410	6.65	-	-	9,974,410	5.94	-	-
Ng Poh Seng	-	8,312,010	5.54	-	-	8,312,010	4.95	-	-

## 1. INFORMATION SUMMARY (Cont'd)

Name	Designation	No. of Ordinary Shares Held in CCHB After the Public Issue		No. of Ordinary Shares Held in CCHB After Full Exercise of ESOS <sup>(d)</sup>	
		Direct	Indirect (%)	Direct	Indirect (%)
<b>Directors</b>					
Noraini Binti Ahmad	Chairperson / Non-executive Non-independent Director	15,100,000	10.07	15,100,000	8.99
Ang Chuang Juay	Group Managing Director	<sup>(b)</sup> 36,899,530	24.60	38,899,530	23.15
Turker Hidirilar	Executive Director	<sup>(b)</sup> 1,680,550	1.12	3,080,550	1.83
Robert Jean Tondreault	Executive Director	<sup>(c)</sup> 600,000	0.40	2,000,000	1.19
Huang Yan Teo	Independent Non-Executive Director	100,000	0.07	100,000	0.06
Toh Wing Yew	Independent Non-Executive Director	100,000	0.07	100,000	0.06
				<sup>(a)</sup> 1,400,070	0.83

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## 1. INFORMATION SUMMARY (Cont'd)

Name	Designation	No. of Ordinary Shares Held in CCHB After the Public Issue		No. of Ordinary Shares Held in CCHB After Full Exercise of ESOS <sup>(d)</sup>	
		Direct	Indirect	Direct	Indirect
<b>Key Management and Technical Personnel</b>					
Ang Chuang Juay	Group Managing Director	<sup>(b)</sup> 36,899,530	<sup>(a)</sup> 400,070	38,899,530	<sup>(a)</sup> 1,400,070
Turker Hidirlar	CEO and Sales & Marketing Director – RCI	<sup>(b)</sup> 1,680,550	1.12	3,080,550	1.83
Robert Jean Tondreault	Director of R&D – RCI	<sup>(c)</sup> 600,000	0.40	2,000,000	1.19
Loh Tong Yew	Regional Sales Director - CCPL	<sup>(b)</sup> 2,427,880	1.62	3,427,880	2.04
Henry Low Kim Teck	Operations Director – RCI	<sup>(c)</sup> 300,000	0.20	1,300,000	0.77
Yen Heng Yiap	Chief Financial Officer -CCHB	-	-	-	-
Chin Hock Seng	General Manager – CCSB	<sup>(b)</sup> 2,012,400	1.34	3,012,400	1.79
Juana Lopez	Customer Service Manager - RCI	<sup>(c)</sup> 300,000	0.20	500,000	0.36

## Notes:-

(a) Deemed interested by virtue of the shares held by his spouse, Goh Mee Chin, who is an employee of the Group including their respective entitlements for the pink form share allocation pursuant to the Public Issue

(b) Being their respective entitlements under the pink form allocation

(c) The ESOS will only be implemented i.e. the Options under the ESOS will only be offered to the eligible directors and employees of the Group, on and/or after the date of the Company's listing on the MESDAQ market. The shareholdings shown here are based on the assumptions that the number of Options to be granted under the ESOS is 12% of the Company's enlarged issued and paid up capital on the date of listing. Under the terms of the By-Laws of the ESOS, the quantum of the ESOS is up to 12% of the Company's issued and paid-up capital at any during the existence of the ESOS.

(d) On or after the date of listing of CCHB on the MESDAQ Market, the Board of Directors of CCHB proposes to grant up to 18,000,000 Options to eligible executive directors and employees of the Company, based on their respective ESOS allocations as set out in Section 2.5 (iii) of this Prospectus.

Details of the Promoters, substantial shareholders, Directors, key management and technical personnel of CCHB are set out in Section 5 of this Prospectus.

## 1. INFORMATION SUMMARY (Cont'd)

### 1.3 INTELLECTUAL PROPERTY RIGHTS

As at 31 August 2005 (being the latest practicable date prior to the printing of the Prospectus), the Group has filed for three patent applications under RCI for its SATA signal cable as follows:-

Registration No./ Serial No.	Description of Patents Owned/Applied by CCHB Group	Filing Date
10/624,620	US Patent Application – Title: Electronic Connector For A Cable	22 July 2003
03817370.0	Chinese Patent Application – Title: Electronic Connector for A Cable	22 July 2003
092119820	Taiwan Patent Application – Title: Electronic Connector For A Cable	22 July 2002

The US Patent Application was allowed on 7 April 2005.

The Group has also submitted a Trademark Application (Application Serial Number 78335133) to the United States Patent and Trademark Office, Washington to register its brand name, Rapid Conn and its logo symbol. The United States Patent and Trademark Office, Washington has on 6 June 2005 received the Group's petition for reinstatement.

The Group has also registered the domain name [www.rapidconn.com](http://www.rapidconn.com), which it uses in connection with its business.

Details of the Intellectual Property Rights of CCHB are set out in Section 4.2.7 of this Prospectus.

### 1.4 SUMMARY OF TECHNOLOGY USED

The Group's R&D high technology capabilities are focused on Interconnects broadly classified into the following three product categories:

- Value-Added Products/Services;
- Customised Products; and
- ISPs

R&D for all product categories will include product conceptualization, patent research, material and process evaluation/formulation, designing, specification creation, prototyping, tool building, testing and debugging, as well as automated assembly equipment & tooling and manufacturing methodology. The R&D team will combine their expert engineering knowledge with the latest computer engineering tools such as CAD, CAM, FEA, MFA and stereo-lithography (rapid prototyping) to accomplish the development.

Further details on the technology used by the Group are set out in Section 4.2.12 of this Prospectus.

## 1. INFORMATION SUMMARY (Cont'd)

## 1.5 FINANCIAL HIGHLIGHTS

The following table sets out a summary of the income statements of the Proforma Group for the past five (5) financial years ended 31 December 2004 and for the three (3) months period ended 31 March 2005 based on their audited financial statements of the companies comprising the Proforma Group. The summarised proforma consolidated financial results are provided for illustrative purposes only, based on the assumption that the Proforma Group has been in existence throughout the years/period under review and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 10 of this Prospectus.

	Financial years ended 31 December					3 months ended 31 March
	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)	2004 (RM'000)	2005 (RM'000)
Revenue	12,019	10,051	24,310	30,771	41,133	7,662
Gross Profit	1,636	1,250	3,744	7,034	9,660	1,733
(Loss)/Profit Before Interest, Depreciation and Taxation	(27)	(2,472)	(1,218)	3,073	4,969	582
Interest expense	(26)	(189)	(545)	(493)	(639)	(113)
Depreciation	(31)	(292)	(451)	(866)	(1,097)	(325)
(Loss)/Profit Before Taxation	(84)	(2,953)	(2,214)	1,714	3,233	144
Taxation#	48	384	456	(308)	(459)	(49)
(Loss)/Profit After Taxation	(36)	(2,569)	(1,758)	1,406	2,774	95
No. of ordinary shares of RM 0.10 each to be assumed in issue and sub-divided ('000)	78,920	78,920	78,920	78,920	78,920	78,920
Gross (losses)/earnings per share (RM)	^	(0.04)	(0.03)	0.02	0.04	*0.01
Net (losses)/earnings per share (RM)	^	(0.03)	(0.02)	0.02	0.04	^*

^ Insignificant

\* Annualised

# Taxation charges had been adjusted in accordance with MASB 25 Income Taxes which was adopted by the companies within the Proforma Group in year 2003, as detailed in Section 9.2.4 and Section 10 of this Prospectus.

Notes:-

- (1) The financial results of RCI are included in the above income statements only in respect of financial period ended 31 December 2001 to 2004 and 3 months ended 31 March 2005 as RCI was only incorporated on 5 September 2000. The financial results of RCC are included in the above statements only in respect of financial period ended 31 March 2005 as it was only incorporated in 24 December 2004.
- (2) The increase in revenue in year 2000 was mainly due to the substantial increase in sales of cables to NTC, a company in which a director of CCPL formerly had interest.

**1. INFORMATION SUMMARY (Cont'd)**

- (3) Despite the increase in revenue, the Proforma Group incurred losses in 2000 due to the high initial set up cost for CCSB during its first year of operation.
- (4) Drop in revenue in 2001 arises from adverse effect on the Singapore IT industry arising from declining economic conditions in Singapore and internet bubble burst which started around mid-2000 as well as persistent slack in the global economy.
- (5) The loss incurred by the Proforma Group in 2001 mainly arises as RCI had just commenced operation and did not operate at its optimum capacity. In addition, the adverse economic conditions, as mentioned in note (4) above, had also contributed to the loss.
- (6) Improvement in revenue in 2002 and 2003 arises from strong demand from HNS and the Proforma Group's aggressive marketing strategy to penetrate its niche market.
- (7) The loss incurred by the Proforma Group in 2002 mainly arises from increase in operating expenses by CCSB and CCPL, that is primarily attributed to inventory and bad debts written off.
- (8) The high revenue and profit before taxation in year 2004 were contributed by CCPL and RCI. The increase in revenue of CCPL was due to increase in sales volume for USB cables and medical cables to the newly secured customers and RCI has managed to secure a major customer, Thomson Inc..
- (9) The higher effective tax rate for year 2000 was due to the reversal of overprovision of deferred taxation of CCPL in prior years and certain income not subject to tax.

The effective tax rates for the years 2001 to 2004 were lower than the statutory tax rate mainly because CCPL and RCI were subject to lower tax rate in the respective countries and certain expenses of the companies within the Proforma Group were disallowed for taxation purposes.

The higher effective tax rate for year 2005 was due to certain expenses of the companies within the Proforma Group were disallowed for taxation purposes.

- (10) There were no extraordinary or exceptional items in all the financial years/period under review.
- (11) There were no minority interests in all the financial years/period under review.
- (12) The gross earnings/(losses) per share has been calculated based on the profit/(loss) before taxation divided by the number of ordinary shares assumed to be in issue and sub-divided before the rights and public issue.
- (13) The net earnings/(losses) per share has been calculated based on the profit/(loss) after taxation divided by the number of ordinary shares assumed to be in issue and sub-divided before the rights and public issue.

The financial statements of the CCHB Group for all the years/period under review were not subject to any qualification or modification that would have an impact on any of the financial years/period under review.

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## 1. INFORMATION SUMMARY (Cont'd)

## 1.6 PROFORMA CONSOLIDATED BALANCE SHEETS OF THE GROUP AS AT 31 MARCH 2005

The Proforma Consolidated Balance Sheets as at 31 March 2005 set out below has been prepared for illustrative purposes only to show the effects on the audited balance sheet of CCHB, had the Listing Scheme been effected on that date.

	Audited as at 31.3.2005 RM'000	<sup>(1)</sup> Proforma I RM'000	<sup>(2)</sup> Proforma II RM'000	<sup>(3)</sup> Proforma III RM'000	<sup>(4)</sup> Proforma IV RM'000	<sup>(5)</sup> Proforma V RM'000
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	87	5,802	5,802	5,802	13,843	13,843
Development expenditures	-	3,827	3,827	3,827	3,827	3,827
Deferred tax assets	-	242	242	242	242	242
	87	9,871	9,871	9,871	17,912	17,912
<b>CURRENT ASSETS</b>						
Inventories	-	1,971	1,971	1,971	1,971	1,971
Trade receivables	-	6,497	6,497	6,497	6,497	6,497
Other receivables	437	1,337	1,337	1,337	1,337	1,337
Cash and bank balances	46	409	3,362	3,362	6,617	12,377
	483	10,214	13,167	13,167	16,422	22,182
<b>CURRENT LIABILITIES</b>						
Short term borrowings	-	2,558	2,558	2,558	2,558	2,558
Trade payables	-	7,123	7,123	7,123	7,123	7,123
Other payables	642	2,086	2,086	2,086	2,086	2,086
Taxation	-	33	33	33	33	33
	642	11,800	11,800	11,800	11,800	11,800
<b>NET CURRENT (LIABILITIES)/ ASSETS</b>						
	(159)	(1,586)	1,367	1,367	4,622	10,382
	(72)	8,285	11,238	11,238	22,534	28,294
<b>FINANCED BY:</b>						
SHARE CAPITAL	*	7,892	10,845	10,845	15,000	16,800
SHARE PREMIUM ACCOUNT	-	-	-	-	7,141	11,101
FOREIGN EXCHANGE RESERVE	(1)	(66)	(66)	(66)	(66)	(66)
(ACCUMULATED LOSSES)/RETAINED PROFITS	(71)	60	60	60	60	60
SHAREHOLDERS' EQUITY	(72)	7,886	10,839	10,839	22,135	27,895
Long-term borrowings	-	399	399	399	399	399
NON-CURRENT LIABILITIES	-	399	399	399	399	399
	(72)	8,285	11,238	11,238	22,534	28,294
Net (Liability)/ Tangible Assets per share (RM)	(36,000)	0.51	0.65	0.06	0.12	0.14

**1. INFORMATION SUMMARY (Cont'd)**

Notes: -

- \* RM2
- (1) Based on the assumptions that the Acquisitions have been effected; resulting in the issue of 7,892,235 new ordinary shares of RM1.00 each in CCHB.
- (2) Proforma II incorporates Proforma I and the effect of the Rights Issue of 2,952,763 new ordinary shares of RM1.00 in CCHB, on the basis of approximately thirty seven (37) new ordinary shares of RM1.00 each for every one hundred (100) existing ordinary shares held after the Acquisitions.
- (3) Proforma III is stated after the effects of Proforma II and the sub-division of the par value of the existing ordinary shares of RM1.00 each into 10 ordinary shares of RM0.10 each. Consequently, the number of issued and paid-up share capital of CCHB will be increased to 108,450,000 ordinary shares of RM0.10 each.
- (4) Proforma IV is stated after Proforma III and incorporating the Public Issue of 41,550,000 at an issue price of RM0.32 per ordinary share and the proposed utilisation of proceeds as mentioned in Section 1.10 of this Prospectus.
- (5) Proforma V is stated after Proforma IV and incorporating the Proposed ESOS assuming full exercise of the ESOS which will involve the issuance of 18,000,000 new ordinary shares of CCHB at the exercise price of RM0.32 per share to the eligible Directors and employees in accordance with the ESOS by-laws.

Detailed Proforma Consolidated Balance Sheets and the Reporting Accountants' letter thereon are set out in Sections 9.7 and 9.6 of this Prospectus respectively.

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**1. INFORMATION SUMMARY (Cont'd)**


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**1.7 SUMMARY OF RISK FACTORS**

An investment in the shares listed/to be listed on Bursa Securities involves a number of risks, some of which, including market, industry, liquidity, credit, operational, legal and regulatory risks could be substantial and inherent in the business of the Group.

Prospective investors should rely on their own evaluations and to carefully consider the risk factors before buying any of the Public Issue Shares, which are the subject of this Prospectus. The risk factors that should be considered includes, but not limited to, the following: -

<b>Item</b>	<b>Risk factors</b>	<b>Summary</b>
(a)	Business Risks	As in any other business, CCHB is subject to risks inherent in the cables and connectors industry.
(b)	Financial Risks	<p><u>Borrowings</u> Save as disclosed in Section 9.4 of this Prospectus, the Group does not have any other borrowings and indebtedness in the form of borrowings.</p> <p><u>Borrowings Covenants</u> The Group is bound by certain covenants which may limited the Group's operating and financial flexibility. The Board is aware of such covenants and shall take all precautions necessary to prevent any such breach.</p> <p><u>Foreign Currency Risk</u> The Group's business transactions are mainly in USD, in particular the purchases. Bank Negara has on 21 July 2005 announced that the exchange rate of the Ringgit with immediate effect be allowed to operate in a managed float. Therefore lower costs for the Group to import raw materials or components follows the strngtening of the Ringgit. Nevertheless there is no assurance that the fluctuations arising from the strengthening of the Ringgit against USD will not adversely affect the financial results of the CCHB Group.</p>
(c)	New ISP	The launching of new ISP may be subjected to unanticipated delays and other difficulties. The customers' acceptance of the Group's products is dependent on various factors, namely pricing and product performance.
(d)	Long Design-In Cycle	The Group adopts strict resource management and other measures to avoid adverse financial implications due to over dependency or over committing on one project.
(e)	Reliance on Single Dies and Moulds In The Production of Connector Terminals	The Group applies stringent handling and maintaining procedures with respect to tools, dies and machineries.

**1. INFORMATION SUMMARY (Cont'd)**

<b>Item</b>	<b>Risk factors</b>	<b>Summary</b>
(f)	Dependence on Certain Customers	The Group intends to enhance its marketing and distribution channels to increase its customer base.
(g)	Absence of Long Term Contractual Agreement with Major Customers and/or Suppliers	The Group intends to broaden its clientele base to create continuous demand for its products. The Group is not overly dependent on any single supplier.
(h)	Dependence on Protection of Intellectual Property	The Group's success will depend on its ability to protect its proprietary rights, trade secrets and operate without infringing on the property rights of others.
(i)	Dependence on Patents and New Manufacturing Processes	The success of the Group's ISP's will depend on the Group's ability to protect its proprietary rights and to continuously improve its manufacturing processes to achieve a cost efficient production in a highly competitive ISP market.
(j)	Risk Relating to Technological Obsolescence	CCHB Group focuses its resources onto interconnect products and solutions that have a variety of product applications so as to avoid vulnerability relating to technological obsolescence in a particular industry segment and also focuses its resources on products with a long life cycle.
(k)	Dependence on Key Personnel	The Group's success will depend to a significant extent upon the abilities and continued efforts of its existing Directors and key management.
(l)	Dependence on the Adopters Agreement	The Group will be able to continue manufacturing SATA cables as Original Equipment Manufacturers.
(m)	Control by Promoters / substantial shareholders	After the Public Issue, the Promoters and the persons connected with the Promoters will collectively control 59.08% of CCHB's issued and paid-up share capital. They will effectively control the outcome of certain matters requiring voting of shareholders.
(n)	Competitive Risks	The Group positions itself as a niche player in the cable and connector market and strives to improve and broaden its niche products and services.
(o)	Political and Economic Factors	Adverse political and economic developments and regulatory conditions in the USA, Malaysia and China could affect the Group's business.
(p)	Disruption in Movement of Goods Due to Terrorist Acts, Union Strikes and the Spread of Diseases	The Group will attempt to mitigate this by sourcing its supplies elsewhere and keeping sufficient buffer stocks.

**1. INFORMATION SUMMARY (Cont'd)**

<b>Item</b>	<b>Risk factors</b>	<b>Summary</b>
(q)	Risk of Implementation of Asian Free Trade Area ("AFTA") / Common Effective Preferential Tariff ("CEPT")	The Group does not expect any material effect to the Group's business from the implementation of AFTA.
(r)	Related Party Transactions/ Conflict of Interest	The Directors, substantial shareholders and key management have provided an undertaking that all business transactions between the Group and the Directors and substantial shareholders (and their connected persons) and the key management shall be based on an arms length basis.
(s)	Seasonality	The Group's products are subject to seasonal variations. The Group aims to manage this by expanding their products for other industries such as medical and telecommunications.
(t)	System Disruption	The Group minimises systems disruption by having a regular maintenance schedule for its equipment.
(u)	Disclosure Regarding Forward-Looking Statements	There can be no assurance that forward-looking statements in relation to the Group as contained in the Prospectus will prove to be correct. Any differences in the expectations of the Group may materially affect the Group's financial and business performance and plans.
(v)	No Prior Market for CCHB's Shares	There can be no assurance of an active market for CCHB shares upon its listing on the MESDAQ Market of Bursa Securities.
(w)	Insurance Coverage on Assets	The Group ensures that its assets are adequately insured.
(x)	Failure/Delay In The Listing	The success of the listing exercise is also exposed to the risk that it may fail or be delayed should certain events occur.

Further details of the risk factors are set out in Section 3 of this Prospectus.

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**1. INFORMATION SUMMARY (Cont'd)****1.8 PROFORMA GROUP NTA AS AT 31 MARCH 2005**

	Proforma Group NTA (RM'000)	NTA per ordinary Share (RM)
After adjusting for the Public Issue <sup>(Note 1)</sup>	18,308	0.12
After full exercise of ESOS Options <sup>(Note 2)</sup>	24,068	0.14

Notes: -

- (1) After deducting the estimated listing expenses. Please refer to Section 2.7 for details on the estimated listing expenses. The proforma NTA is based on the enlarged issued and paid-up share capital of 150,000,000 ordinary shares of RM0.10 each in CCHB.
- (2) The proforma NTA is based on the enlarged issued and paid-up share capital of 168,000,000 ordinary shares of RM0.10 each in CCHB.

Detailed calculations of the proforma consolidated NTA are set out in Section 9.7 of this Prospectus.

**1.9 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE****1.9.1 SHARE CAPITAL**

The following statistics relating to the Public Issue are derived from the full text of the Prospectus and should be read in conjunction with the text.

	Number of ordinary share of RM0.10 each	Share capital (RM)
<b>AUTHORISED SHARE CAPITAL</b>	250,000,000	25,000,000
<b>ISSUED AND FULLY PAID-UP SHARE CAPITAL:</b>	108,450,000	10,845,000
• <b>New ordinary shares to be issued pursuant to Public Issue</b>	41,550,000	4,155,000
<b>ENLARGED SHARE CAPITAL</b>	150,000,000	15,000,000
• <b>New ordinary shares to be issued pursuant to the full exercise of ESOS Options</b>	18,000,000	1,800,000
	168,000,000	16,800,000

The Issue Price is RM0.32 per ordinary share payable in full upon application, subject to the terms and conditions of this Prospectus.

**1. INFORMATION SUMMARY (Cont'd)****1.9.2 CLASS OF SHARES**

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

**1.10 PROPOSED UTILISATION OF PROCEEDS**

The total gross proceeds arising from the Rights Issue and the Public Issue will be utilised by the Group in the following manner: -

		<b>Timeframe for utilisation</b>	<b>Amount (RM'000)</b>
(i)	Capital expenditure on tools and equipment for research and development	Immediate and up to 31 December 2006	6,891
(ii)	Capital expenditure on manufacturing equipment and machinery	Within 12 months	600
(iii)	Capital expenditure on Enterprise Resource Planning System	Immediate and up to 31 December 2006	300
(iv)	Capital expenditure on renovation works	Within 12 months	250
(v)	Working capital	Within 12 months	6,208
(vi)	Estimated listing expenses	Immediate	2,000
<b>Total proceeds</b>			<b>16,249</b>

Further details of the utilisation are set out in Section 2.7 of this Prospectus.

**1.11 WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, MATERIAL COMMITMENT AND MATERIAL LITIGATION****(i) Working Capital**

The Directors of CCHB are of the opinion that, after taking into account the cashflow position, the banking facilities available and the net proceeds from the Public Issue, the Group will have adequate working capital for a period not less than twelve (12) months from the date of issue of this Prospectus.

**(ii) Borrowings**

As disclosed in Section 9.4(ii) of this Prospectus, based on the latest management accounts as at 31 August 2005 (being the last practicable date prior to the printing of the Prospectus), the total borrowings in the form of term loans, overdraft, factoring, letter of credit and hire purchase financing amounted to approximately RM1,683,000. The borrowings can be analysed as follows: -

**1. INFORMATION SUMMARY (Cont'd)**

Borrowings	Amount (RM '000)
Long Term borrowings	
• Interest bearing	233
Short Term borrowings	
• Interest bearing	1,450
<b>Total Borrowings</b>	<b>1,683</b>

Based on the latest management accounts as at 31 August 2005, the Group has no foreign currency borrowings, save and except for SGD190,280 and USD88,145 which represents approximately 26% and 20% of the Group's total borrowing respectively.

Based on the record of the Group, there has been no default on payment of either interest and/or the principal sums in respect of its borrowings throughout the past financial year end and subsequent financial period immediately preceding the date of this prospectus.

Further details of the borrowings are set out in Section 9.4(ii) of this Prospectus.

**(iii) Contingent Liabilities**

As disclosed in Section 9.4(iii) of this Prospectus, as at 31 August 2005, there are no material contingent liabilities incurred by the Group.

**(iv) Material Commitments**

As disclosed in Section 9.4(iv) of this Prospectus, as at 31 August 2005, there are no material commitment for capital expenditure incurred or known to be incurred by the Group, which may have a substantial impact on the financial position of the Group.

**(v) Material Litigation**

As at 31 August 2005 (being the latest practicable date prior to the printing of the Prospectus), save as disclosed below, the Company and its subsidiary companies are not engaged in any material litigation, claim and arbitration, whether as plaintiff or defendant, and the Board of Directors of CCHB have no knowledge of any proceeding pending or threatened against the Company and its subsidiary companies.

In December 2001, a suit was instituted by Michael C. Murphree (Plaintiff) on RCI (Defendant).

The Defendant is represented by the Law Offices of Alex J.Llorente, California, USA.

**1. INFORMATION SUMMARY (Cont'd)**

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The Plaintiff's claim is that he is due commission on sales transactions between NS-Tech, Inc. and Gateway Computers. The Plaintiff claims unpaid commissions of approximately USD400,000. Initially, the Defendant was based on agency principles: that it was either a "master" or "servant" of NS-Tech, Inc., a company in which a director of CCHB had interest. Defendant, answered the complaint, denying Plaintiff's allegations.

The Plaintiff later amended their complaint, directly naming RCI as Defendant and pursuing the allegation that the Defendant was the alter ego of NS-Tech, Inc. or, in the alternative that RCI had assumed Plaintiff's contracts with NS-Tech, Inc..

Subsequently, the Plaintiff filed a second amended complaint with new allegations that the Plaintiff damages are caused by the intentional wrongful interference by the Defendant.

On 12 December 2003, the Court of Alameda county granted Plaintiff permission to file a third amended complaint. This complaint simply includes allegations for intentional interference with an existing contract and related causes of action.

The Court set the case for a non-binding arbitration hearing on 28 October 2004 and 13 December 2004. The Superior Court of California, county of Alameda, Judicial Arbitration proceeding denied the Plaintiff's claim based on the findings of the Judicial Arbitrator that:

- (i) the Plaintiff has failed to demonstrate that any of the other defendants were the "alter ego" of N-S Tech, Inc.;
- (ii) the Plaintiff has failed to make the necessary links to extend the contractual responsibility of N-S Tech, Inc. to Mr Hidirlar or his company RCI; and
- (iii) the Plaintiff has failed to show a business tort that would otherwise entitle him to damages.

The arbitrator has also taken in context with the terminable nature of the contract between N-S Tech, Inc., the changes in product lines manufactured and sold, and the Plaintiff's failure to include in his contract with N-S Tech, Inc. protections for his proprietary relationships with his clients.

On 17 January 2005 the Defendant Counsel received a copy of the Plaintiff's Request for Trial De Novo. The court has set the matter for a one week trial commencing on 1 July 2005.

On 16 May 2005, the Defendant Counsel received an order from the Court denying a motion by the Plaintiff Counsel to be relieved as counsel. On 9 June 2005, the motion was subsequently re-filed and heard.

Prior to the hearing, the Plaintiff had filed for a Chapter 7 Bankruptcy in the United States Bankruptcy Court-District of Georgia.

Under the United States Bankruptcy Code, upon the filing of a bankruptcy petition, all debtor's assets are deemed to belong to the Chapter 7 trustee. This includes any pending civil claims, such as this case. Thus, the trustee is empowered to settle this case.

**1. INFORMATION SUMMARY (Cont'd)**

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The trustee has the power to:-

- (i) *refer pending litigation to outside counsel to see if it had any value to the debtor's estate;*
- (ii) *abandon the cause of action back to the debtor, if the trustee could not find an independent counsel to accept the litigation, then the litigation would be deemed to be worthless;*
- (iii) *dismiss the action.*

The Defendant Counsel is of the opinion that the trustee would have no incentive to simply dismiss the action if the Defendant did not offer some pecuniary benefit to the bankruptcy estate and thus the trustee would be likely to abandon the case back to the Plaintiff.

The Defendant Counsel had contacted the trustee and offered pecuniary benefit to the bankruptcy estate so that the trustee would not abandon the case back to the Plaintiff. If the case proceeds to trial, the cost to the Defendant, irregardless of the outcome, will exceed the pecuniary benefit offered to the bankruptcy estate.

Alternatively if the trustee has abandoned the claim to the Plaintiff, the Defendant Counsel intent to move the Bankruptcy Court to lift the automatic stay so that the case can proceed to trial. The Defendant Counsel will also bring a motion to the Court to have the Plaintiff's case dismissed for lack of prosecution.

**1.12 FUTURE FINANCIALS**

The Group's revenue and operating results are difficult to forecast and could be adversely affected by many factors such as, but not limited to, those discussed in Section 3 of this Prospectus. As such, the forecast of the Group is not disclosed in the Prospectus.

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