9.7 PROFORMA CONSOLIDATED BALANCE SHEETS OF CCHB GROUP AS AT 31 MARCH 2005

(Prepared for inclusion in the Prospectus)

CONNECTCOUNTY HOLDINGS BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2005

ERNST & YOUNG (AF 0039)
Chartered Accountants, Johor Bahru
For identification purposes only

The proforma consolidated balance sheets as at 31 March 2005 set out below are presented for illustrative purposes only assuming that the Acquisitions, Rights Issue, Sub-division, Proposed Public Issue and Proposed Employee Share Option Scheme ("ESOS") had been effected on that date. These have been prepared based on the audited balance sheets of ConnectCounty Holdings Berhad ("CCHB") and its subsidiaries ("CCHB Group") as at 31 March 2005.

			<---- Proforma CCHB Group ----								
			Proforma I		Proforma II		Proforma III		Proforma IV		Proforma V
	CCHB Audited as at 31.03.2005 RM'000	Adjustment I RM'000	After Acquisitions RM'000	Adjustment II RM'000	After Proforma I and Rights Issue RM'000	Adjustment III RM'000	After Proforma II and Sub-division RM'000	Adjustment IV RM'000	After Proforma III and Proposed Public Issue RM'000	Adjustment V RM'000	After Proforma IV and Full Exercise of Proposed ESOS RM'000
NON-CURRENT ASSETS											
Property, plant and equipment	87	5,715	5,802	-	5,802	-	5,802	8,041	13,843	-	13,843
Development expenditure	-	3,827	3,827	-	3,827	-	3,827	-	3,827	-	3,827
Deferred tax assets	-	242	242	-	242	-	242	-	242	-	242
	87	9,784	9,871	-	9,871	-	9,871	8,041	17,912	-	17,912
CURRENT ASSETS											
Inventories	-	1,971	1,971	-	1,971	-	1,971	-	1,971	-	1,971
Trade receivables	-	6,497	6,497	-	6,497	-	6,497	-	6,497	-	6,497
Other receivables	437	900	1,337	-	1,337	-	1,337	-	1,337	-	1,337
Cash and bank balances	46	363	409	2,953	3,362	-	3,362	3,255	6,617	5,760	12,377
	483	9,731	10,214	2,953	13,167	-	13,167	3,255	16,422	5,760	22,182
CURRENT LIABILITIES											
Short term borrowings	-	2,558	2,558	-	2,558	-	2,558	-	2,558	-	2,558
Trade payables	-	7,123	7,123	-	7,123	-	7,123	-	7,123	-	7,123
Other payables	642	1,444	2,086	-	2,086	-	2,086	-	2,086	-	2,086
Taxation	-	33	33	-	33	-	33	-	33	-	33
	642	11,158	11,800	-	11,800	-	11,800	-	11,800	-	11,800
NET CURRENT (LIABILITIES)/ASSETS	(159)	(1,427)	(1,586)	2,953	1,367	-	1,367	3,255	4,622	5,760	10,382
	(72)	8,357	8,285	2,953	11,238	-	11,238	11,296	22,534	5,760	28,294

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CONNECTCOUNTY HOLDINGS BERHAD

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2005 (CONT'D)

			<---- Proforma CCHB Group								
			Proforma I		Proforma II		Proforma III		Proforma IV		Proforma V
	CCHB Audited as at 31.03.2005 RM'000	Adjustment I RM'000	After Acquisitions RM'000	Adjustment II RM'000	After Proforma I and Rights Issue RM'000	Adjustment III RM'000	After Proforma II and Sub-division RM'000	Adjustment IV RM'000	After Proforma III and Proposed Public Issue RM'000	Adjustment V RM'000	After Proforma IV and Full Exercise of Proposed ESOS RM'000
FINANCED BY:											
Share capital	-*	7,892	7,892	2,953	10,845	-	10,845	4,155	15,000	1,800	16,800
Share premium	-	-	-	-	-	-	-	7,141	7,141	3,960	11,101
Foreign exchange reserve	(1)	(65)	(66)	-	(66)	-	(66)	-	(66)	-	(66)
(Accumulated losses)/Retained profits	(71)	131	60	-	60	-	60	-	60	-	60
Shareholders' equity	(72)	7,958	7,886	2,953	10,839	-	10,839	11,296	22,135	5,760	27,895
Long term borrowings	-	399	399	-	399	-	399	-	399	-	399
Non-current liabilities	-	399	399	-	399	-	399	-	399	-	399
	(72)	8,357	8,285	2,953	11,238	-	11,238	11,296	22,534	5,760	28,294
Net (liability)/tangible assets per share (RM)	(36,000)		0.51		0.65		0.06		0.12		0.14

* This represents RM2

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CONNECTCOUNTY HOLDINGS BERHAD

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS

The proforma consolidated balance sheets of CONNECTCOUNTY HOLDINGS BERHAD ("CCHB") and the following subsidiaries ("CCHB Group") as at 31 March 2005 have been prepared for illustrative purposes only to show the effects of the Proposed Listing as stated in Note 1, had the Proposed Listing been implemented and completed on that date :

(i)	ConnectCity (S) Pte Ltd	("CCPL")
(ii)	Rapid Conn Inc.	("RCI")
(iii)	ConnectCounty Sdn Bhd	("CCSB")

The proforma consolidated balance sheets have been prepared based on the accounting policies and bases consistent with those adopted in the preparation of the respective audited financial statements of CCHB and its subsidiaries for the financial period ended 31 March 2005.

1. Proposed Listing

(i) Proforma I – After Acquisitions

Proforma I incorporates the effect of the Acquisitions of the entire issued and paid-up share capital of CCPL comprising 3,661,827 ordinary shares of Singapore Dollar ("SGD") 1.00 for a total purchase consideration of RM7,892,235 based on its audited consolidated net assets as at 31 December 2004, after incorporating Development Expenditure amounting to RM3,472,764 in respect of Serial ATA products, to be satisfied by the issuance of 7,892,235 new ordinary shares of RM1.00 each in CCHB at an issue price of RM1.00 per share.

Proforma I also incorporates the following :

(a) The acquisition of the entire issued and paid-up share capital of RCI from CCPL comprising 73,158 ordinary shares without par value for a total cash consideration of SGD1,284,160. The purchase consideration was based on the cost of investment of RCI as recorded in the financial statements of CCPL as at 31 December 2004.

(b) The acquisition of the entire issued and paid-up share capital of CCSB from CCPL comprising 3,410,000 ordinary shares of RM1.00 each for a total cash consideration of SGD1,505,121. The purchase consideration was based on the cost of investment of CCSB as recorded in the financial statements of CCPL as at 31 December 2004.

(ii) Proforma II – After Rights Issue

Proforma II incorporates Proforma I and the effect of the Rights Issue of 2,952,763 new ordinary shares of RM1.00 each in CCHB at an issue price of RM1.00 per share, on the basis of approximately thirty seven (37) new ordinary shares of RM1.00 each for every one hundred (100) existing ordinary share held After Acquisitions.

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(iii) Proforma III – After Sub-division

Proforma III incorporates Proforma II and the effect of the Sub-division exercise, which will involve the sub-division of every existing one (1) ordinary share of RM1.00 each in CCHB into ten (10) ordinary shares of RM0.10 each in CCHB.

Following the completion of the Sub-division, CCHB's issued and paid-up share capital will be RM10,845,000 comprising 108,450,000 ordinary shares of RM0.10 each.

(iv) Proforma IV – After Proposed Public Issue

Proforma IV incorporates Proforma III and the effect of the Proposed Public Issue of 41,550,000 new ordinary shares of RM0.10 each in CCHB at an issue price of RM0.32 per share and the utilisation of the proceeds from the Public Issue.

(v) Proforma V – After Proposed Employee Share Option Scheme ("ESOS")

Proforma V incorporates Proforma IV and the effect of the Proposed ESOS to be established by CCHB of up to 12% of the issued and paid-up share capital of CCHB for the benefit of the eligible employees of CCHB and its subsidiaries.

Pursuant to the Proposed Listing Scheme and based on the enlarged issued and fully paid-up share capital of CCHB of RM15,000,000 comprising 150,000,000 CCHB ordinary shares of RM0.10 each, the number of new ordinary shares in CCHB to be issued pursuant to the Proposed ESOS assuming full exercise of all options is 18,000,000 at an assumed exercise price of RM0.32 per ordinary share.

The Proposed ESOS are assumed to be exercised after the completion of the Proposed Public Issue.

The premium of RM3,960,000 arising from the Proposed ESOS is credited to the share premium account.

2. The proceeds from the Rights Issue and the Proposed Public Issue will be utilised as follows:

	RM'000
Capital expenditure on tools and equipments for research and development	6,891
Capital expenditure on manufacturing equipment and machinery	600
Capital expenditure on Enterprise Resource Planning System	300
Capital expenditure on renovation works	250
Working capital	6,208
Estimated listing expenses	2,000
	16,249

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3. Share Capital

Upon completion of the Acquisitions, Rights Issue, Sub-division, Proposed Public Issue and Proposed ESOS, the issued and fully paid-up share capital of CCHB will increase from RM2 comprising two (2) ordinary shares of RM1.00 each to RM16,800,000 comprising 168,000,000 ordinary shares of RM0.10 each.

The movement of the issued and paid-up share capital of CCHB after taking into consideration of the Proposed Listing as stated in Note 1 are as follows:

	RM'000
As at date of incorporation	*
Shares issued pursuant to the acquisitions of the subsidiaries CCPL, RCI, and CCSB	7,892
Per Proforma Consolidated Balance Sheet (I)	7,892
Rights Issue	2,953
Per Proforma Consolidated Balance Sheet (II)	10,845
Sub-division and Proposed Public Issue	4,155
Per Proforma Consolidated Balance Sheet (IV)	15,000
Proposed ESOS	1,800
Per Proforma Consolidated Balance Sheet (V)	16,800

* RM2

4. Reserves

The movement of the reserves of CCHB after taking into consideration of the Proposed Listing as stated in Note 1 are as follows:

	(Accumulated Losses)/ Retained Profits RM'000	**Share Premium RM'000**	**Foreign Exchange Reserve RM'000**	**Total Reserves RM'000**
As at 31 March 2005	(71)	-	(1)	(72)
After Acquisitions	131	-	(65)	66
Share premium arising from the Proposed Public Issue	-	9,141	-	9,141
Estimated listing expenses	-	(2,000)	-	(2,000)
Per Proforma Consolidated Balance Sheet (IV)	60	7,141	(66)	7,135
Share premium arising from the Proposed ESOS	-	3,960	-	3,960
Per Proforma Consolidated Balance Sheet (V)	60	11,101	(66)	11,095

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(Prepared for Prospectus to be dated 30 September 2005)

Date : 22 SEP 2005

The Board of Directors
ConnectCounty Holdings Berhad
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80400 Johor Bahru

Dear Sirs,

1.0 INTRODUCTION

This Report has been prepared by Ernst & Young, an approved company auditor, for inclusion in the Prospectus of ConnectCounty Holdings Berhad (hereinafter referred to as "CCHB" or "the Company") to be dated 30 September 2005 issued in connection with the Public Issue of 41,550,000 new ordinary shares of RM0.10 each in CCHB at an issue price of RM0.32 per ordinary share pursuant to the listing of and quotation for the entire issued and fully paid-up share capital of CCHB comprising 150,000,000 ordinary shares of RM0.10 each on the Malaysian Exchange of Securities Dealing & Automated Quotation ("MESDAQ") Market of the Bursa Malaysia Securities Berhad ("Bursa Securities").

2.0. GENERAL INFORMATION

2.1 The Company

CCHB was incorporated in Malaysia on 18 June 2003 as a private limited company under the name of Better Span Sdn. Bhd. On 31 July 2003, the Company changed its name to ConnectCounty Holdings Sdn. Bhd. and subsequently on 19 December 2003, it was converted from a private limited company to a public limited company and assumed its present name.

On 24 December 2004, the Company incorporated a wholly-owned subsidiary, namely Rapid Conn Electronics (Shen Zhen) Co. Ltd. ("RCC"), in the People's Republic of China. As allowed by "Regulation on Implementation of the People's Republic of China Foreign Capital Enterprise Law" and other relevant Chinese Law, the Company is granted 90 days and 1 year period from the date of issuance of business license of RCC to contribute investment fund of US$45,000 and US$255,000 respectively. As at 31 March 2005, the registered capital of RCC is RMB 9,120,000 and its capital is RMB372,446.

The principal activities of the Company are that of an investment holding and provision of management services to its subsidiaries. The principal activities of RCC are that of international procurement/purchasing office for the Group and marketing of cables, connectors and related products.

2.2 Listing exercise

In conjunction with the listing of and quotation for the entire issued and paid-up share capital of the Company on the MESDAQ Market of the Bursa Securities, the Company has proposed and/or implemented the following restructuring scheme:

(i) Acquisition of Subsidiaries

CCHB acquired the entire issued and paid-up share capital of Connectcity Pte. Ltd. ("CCPL") comprising 3,661,827 ordinary shares of Singapore Dollar ("SGD") 1.00 each for a total purchase consideration of RM7,892,235 satisfied by the issuance of 7,892,235 new ordinary shares of RM1.00 each in CCHB at an issue price of RM1.00 per share. The purchase consideration was based on the audited consolidated net assets as at 31 December 2004, after incorporating Development Expenditure amounting to RM3,472,764 in respect of Serial ATA products.

CCHB acquired the entire issued and paid-up share capital of Rapid Conn Inc. ("RCI") from CCPL comprising 73,158 shares without par value for a total cash consideration of SGD1,284,160. The purchase consideration was based on the cost of investment of RCI as recorded in the financial statements of CCPL as at 31 December 2004.

CCHB also acquired the entire issued and paid-up share capital of Connectcounty Sdn. Bhd. ("CCSB") from CCPL comprising 3,410,000 ordinary shares of RM1.00 each for a total cash consideration of SGD1,505,121. The purchase consideration was based on the cost of investment of CCSB as recorded in the financial statements of CCPL as at 31 December 2004.

(ii) Rights Issue

CCHB implemented a Rights Issue of up to 2,952,763 ordinary shares of RM1.00 each in CCHB at an issue price of RM1.00 per share, on the basis of approximately thirty seven (37) new ordinary shares of RM1.00 each for every one hundred (100) existing ordinary share held after Acquisition of Subsidiaries.

(iii) Sub-division

CCHB undertook a sub-division of every one (1) ordinary share of RM1 each into ten (10) new ordinary shares of RM0.10 each. The issued and paid-up share capital of CCHB after the Sub-division amounts to RM10,845,000 comprising 108,450,000 ordinary shares of RM0.10 each.

(iv) Public Issue

The Company will undertake a Public Issue for cash of 41,550,000 new ordinary shares of RM0.10 each at an issue price of RM0.32 per share for total cash proceeds of RM13,296,000.

The approval for the abovesaid listing of and quotation of CCHB was obtained from Securities Commission on 12 May 2005.

The approval-in-principle for admission of CCHB to the official list of the MESDAQ Market of the Bursa Securities and the listing and quotation of the entire enlarged issued and paid-up share capital of CCHB has been obtained from Bursa Securities on 9 May 2005.

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2.3 Share capital

As at the date of this Report, the authorised share capital of the Company is RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each.

The present issued and paid-up share capital of the Company is RM10,845,000 comprising 108,450,000 ordinary shares of RM0.10 each.

Details of changes in the issued and paid-up share capital of CCHB since the date of its incorporation are as follows:

Date of subdivision/ allotment	Ordinary shares of RM0.10 each		Consideration	Cumulative total paid-up share capital	
	No.	RM		No.	RM
18 June 2003	*2	2	Subscribers' share	2	2
20 September 2005	*7,892,235	7,892,235	Issued as consideration for the acquisition of CCPL, RCI and CCSB	7,892,237	7,892,237
22 September 2005	*2,952,763	2,952,763	Rights Issue	10,845,000	10,845,000
22 September 2005	108,450,000	10,845,000	Sub-division	108,450,000	10,845,000

* Represents ordinary shares of RM1.00 each before sub-division of shares

2.4 The companies acquired as Subsidiaries of CCHB pursuant to the listing exercise

Information on the companies acquired as subsidiaries by CCHB (collectively referred to as the "Proforma Group") pursuant to the listing exercise is as follows :

2.4.1 CCPL

CCPL was incorporated in the Republic of Singapore as a private limited company on 22 February 1994 under the name of NS Tech Electronics (S) Pte. Ltd.. On 28 June 2000, it changed its name and assumed its present name. At the date of this Report, the authorised share capital of CCPL is SGD5,000,000 comprising 5,000,000 ordinary shares of SGD1 each and its issued and fully paid-up share capital is SGD3,661,827 comprising 3,661,827 ordinary shares of SGD1 each.

The principal activities of CCPL are that of trading and marketing of cables, connectors and related products.

2.4.2 RCI

RCI was incorporated in the United States of America as a private limited company on 5 September 2000. At the date of this Report, the authorised share capital of RCI is USD100,000,000 comprising 10,000,000 shares without par value and its issued and fully paid-up share capital is USD731,580 comprising 73,158 shares without par value. RCI is a wholly-owned subsidiary of CCPL prior to acquisition by CCHB.

The principal activities of RCI are that of research and development, design, manufacture, sales, marketing and services of cables, connectors and related products.

2.4.3 CCSB

CCSB was incorporated in Malaysia as a private limited company on 17 May 2000 under the name of Eagle Bay Sdn. Bhd.. On 6 June 2000, it changed its name and assumed its present name. At the date of this Report, the authorised share capital of CCSB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1 each and its issued and fully paid-up share capital is RM3,410,000 comprising 3,410,000 ordinary shares of RM1 each. CCSB is a wholly-owned subsidiary of CCPL prior to acquisition by CCHB.

The principal activities of CCSB are that of design, development, manufacture, sales, marketing and services of cables, connectors and related products and system assembly/sub-assembly services.

3.0 BASIS OF ACCOUNTING AND ACCOUNTING POLICIES

This Report is based on audited financial statements of the Company, RCC, CCPL, RCI and CCSB which have been prepared in accordance with applicable MASB Approved Accounting Standards in Malaysia.

This Report also includes the audited financial statements of CCPL which have been prepared in accordance with Singapore Financial Reporting Standards.

This Report is presented on a basis consistent with the accounting policies normally adopted by the companies within the CCHB group.

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4.0 FINANCIAL STATEMENTS AND AUDITORS

We were appointed as auditors of CCHB since the date of incorporation. The financial statements of CCHB for the financial period/year ended 31 December 2003, 31 December 2004 and the three months period ended 31 March 2005 were reported on by us and the said reports for the financial periods/year under review were not subject to any qualification or modification that would have an impact on any of the financial periods/year under review.

The financial statements of CCPL for all the years under review were audited by an affiliate of Ernst & Young, except for the years ended 31 December 2000 to 2002 which were audited by another firm of chartered accountants. The financial statements of CCPL for the three months period ended 31 March 2005 was audited by us solely for the purpose of inclusion in documents related to this listing exercise including the preparation of this Report. The said reports for the financial years/periods under review were not subject to any qualification or modification that would have an impact on any of the financial years under review.

The financial statements of CCSB for all the periods/years under review were audited by us, except for the period/years ended 31 December 2000 to 2002 which were audited by another firm of chartered accountants and the reports for the financial years/period under review were not subject to any qualification or modification that would have an impact on any of the financial period/years under review.

There is no statutory requirement for the financial statements of RCI, which is incorporated in the United States of America, to be audited. However, Ernst & Young has carried out audit on the financial statements of RCI for the financial period ended 31 December 2001, financial years ended 31 December 2002 to 2004 and the three months period ended 31 March 2005 solely for the purpose of inclusion in documents related to this listing exercise including the preparation of this Report. The said financial statements were reported on by us and the said reports for the financial periods/years under review were not subject to any qualification or modification that would have an impact on any of the financial periods/years under review.

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5.0 SUMMARISED INCOME STATEMENTS

5.1 PROFORMA GROUP

We set out below the summarised 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 as if the Proforma Group had been in existence throughout the years/period under review.

	<---------- Financial year ended 31 December				------->	3 months ended 31 March
	2000	2001	2002	2003	2004	2005
	RM'000	RM'000	RM'000	RM'000	RM'000	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
Number of ordinary shares of RM0.10 each assumed to be in issue and subdivided ('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. The changes in accounting policy had been applied retrospectively and comparative taxation had been restated and the restated taxation for the respective years/period are as follows :

	Financial year ended 31 December 2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000	3 months ended 31 March 2005 RM'000
As per audited financial statements	(16)	(258)	91	308	459	49
Adjustment	(32)	(126)	(547)	-	-	-
As restated	(48)	(384)	(456)	308	459	49

Notes :

(1) The audited financial statements of RCC are stated in Yuan Renminbi and its results have been translated to Ringgit Malaysia based on the rate of RMB1.00 to RM0.4591 for the financial period ended 31 March 2005.

(2) The audited financial statements of CCPL are stated in Singapore Dollar and its results have been translated to Ringgit Malaysia based on the average exchange rates prevailing during each of the respective years/period as set out below :

Year ended 31 December	Average exchange rate SGD1.00 to RM
2000	2.2416
2001	2.1216
2002	2.1217
2003	2.2091
2004	2.2681
3 months ended 31 March 2005	2.3161

(3) The audited financial statements of RCI are stated in United States Dollar and its results have been translated to Ringgit Malaysia based on the rate of US$1.00 to RM3.80 throughout the financial periods/years under review.

(4) 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.

(5) The increase in revenue in year 2000 was mainly due to the substantial increase in sales of cables to NS Tech Co. ("NTC"), a company in which a director of CCPL formerly had interest.

(6) 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.

(7) 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.

(8) 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 (7) above, had also contributed to the loss.

(9) Improvement in revenue in 2002 and 2003 arises from strong demand from Hughes Network Systems Inc. ("HNS") and the Proforma Group's aggressive marketing strategy to penetrate its niche market.

(10) 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.

(11) 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..

(12) 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.

(13) There were no extraordinary or exceptional items in all the financial years/period under review.

(14) There were no minority interests in all the financial years/period under review.

(15) 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.

(16) 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.

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5.2 CCHB - Company Level

The income statement of CCHB based on the audited financial statements for the 7 months period ended 31 December 2003, for the financial year ended 31 December 2004 and for the 3 months period ended 31 March 2005 and are as follows :

	7 months ended 31 December 2003 RM'000	Financial year ended 31 December 2004 RM'000	3 months ended 31 March 2005 RM'000
Revenue	-	-	-
Gross loss	-	-	-
Loss before interest, depreciation and taxation	(6)	(29)	(10)
Interest expenses	-	-	-
Depreciation	-	-	-
Loss before taxation	(6)	(29)	(10)
Taxation	-	-	-
Loss after taxation	(6)	(29)	(10)

Notes :

(1) The Company was incorporated on 18 June 2003. No revenue were generated for the periods/year under review and loss before taxation represents the pre-operating and administrative expenses incurred.

(2) No tax charge were provided for the periods/year under review as there was no income.

(3) There were no extraordinary or exceptional items in the periods/year under review.

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5.3 RCC

5.3.1 RCC- in Yuan Renminbi

On 24 December 2004, the Company incorporated a wholly-owned subsidiary, namely Rapid Conn Electronics (Shen Zhen) Co. Ltd. ("RCC"), in the People's Republic of China. As allowed by "Regulation on Implementation of the People's Republic of China Foreign Capital Enterprise Law" and other relevant Chinese Law, the Company is granted 90 days and 1 year period from the date of issuance of business license of RCC to contribute investment fund of US$45,000 and US$255,000 respectively. As at 31 March 2005, the registered capital of RCC is RMB 9,120,000 and its capital is RMB372,446.

The income statement of RCC based on the audited financial statements for the 3 months period ended 31 March 2005 and is as follows :

	3 months ended 31 March 2005 RMB'000
Revenue	-
Gross loss	-
Loss before interest, depreciation and taxation	(36)
Interest expenses	-
Depreciation	(22)
Loss before taxation	(58)
Taxation	-
Loss after taxation	(58)
Weighted average number of shares in issue ('000)	#
Gross loss per share (RMB)	#
Net loss per share (RMB)	#

#Not calculated as there is no share capital for company incorporated in the People's Republic of China.

Notes :

(1) RCC was incorporated on 24 December 2004 and has not commenced commercial operations as at the date of this report.

(2) No tax charge were provided for the period as RCC, a foreign investment enterprise in China, has been granted tax incentive during its start-up period. With the approval from the tax authorities, RCC is granted a two-year tax exemption and a three-year 50% tax rate reduction beginning from the venture's first year profit-making year.

(3) There were no extraordinary or exceptional items in the period under review.

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5.3.2 RCC – translated at average rates

The following financial information of RCC has been translated for illustrative purposes only and has not been audited. These translations are made with reference to exchange rates as published by Bank Negara Malaysia and should not be construed as representations that the Yuan Renminbi dollar ("RMB") amounts actually represent such Ringgit Malaysia amounts or could be converted into Ringgit Malaysia at the rate indicated or at any other rate.

	3 months ended 31 March 2005 RM'000
Revenue	-
Gross loss	-
Loss before interest, depreciation and taxation	(17)
Interest expenses	-
Depreciation	(10)
Loss before taxation	(27)
Taxation	-
Loss after taxation	(27)
RM equivalent of RMB1.00	0.4591

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5.4.1 CCPL – in Singapore Dollars

The summarised income statements of CCPL have been prepared based on the audited income statements for the past five (5) financial years ended 31 December 2004 and for the three (3) months period ended 31 March 2005 and are as follows:

	<------ Financial year ended 31 December				------>	3 months ended 31 March
	2000	**2001**	**2002**	**2003**	**2004**	**2005**
	SGD'000	**SGD'000**	**SGD'000**	**SGD'000**	**SGD'000**	**SGD'000**
Revenue	5,403	3,969	3,894	791	1,461	732
Gross profit	735	375	539	218	392	160
Profit/(Loss) before interest, depreciation and taxation	47	(124)	(231)	(3)	369	104
Interest expense	(10)	(53)	(9)	(3)	(6)	(9)
Depreciation	(8)	(8)	(10)	(9)	(13)	(3)
Profit/(Loss) before taxation	29	(185)	(250)	(15)	350	92
Taxation	7	-	-	-	-	(14)
Profit/(Loss) after taxation	36	(185)	(250)	(15)	350	78
Weighted average number of ordinary shares in issue ('000)	445	1,402	1,927	2,837	3,662	3,662
Gross earnings /(losses) per share (SGD)	0.07	(0.13)	(0.13)	(0.01)	0.10	*0.10
Net earnings/(losses) per share (SGD)	0.08	(0.13)	(0.13)	(0.01)	0.10	*0.09

* Annualised

Notes :

(1) The revenue for the year 2000 grew by 67.6% compared to the year 1999 mainly due to the substantial increase in sales of cables to its newly incorporated subsidiary, namely CCSB, and NTC, a company in which a director formerly had interests.

(2) In general, the Singapore IT industry was adversely affected by declining economic conditions in Singapore and the internet bubble burst which started around mid-2000. The persistent slack in the global electronic sector and the terrorist attack on the United States of America on 11 September 2001 affected the global economic outlook, which further aggravated the economic situation in Singapore. As a result, revenue for the year 2001 decreased by 26.5%.

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(3) The marginal decrease in revenue for year 2002 was primarily due to the lower revenue derived from the sales of connectors which was substantially compensated by higher revenue generated from the sales of cables. Revenue derived from sales of cables increased by 10.7% mainly due to increase in demand from one of its subsidiaries, namely CCSB. On the other hand, revenue from sales of connectors decreased by 25.0% due to the decrease in demand from a company in which certain directors of CCPL have interest.

(4) The decrease in revenue of 79.7% in year 2003 was due to minimal sales made to CCSB and RCI as they were no longer dependant on CCPL for the procurement of raw materials and had started to import the raw materials directly from China.

(5) Revenue increased by 84.7% in year 2004 mainly due to increase in sales volume for Universal Serial Bus ("USB") cables and medical cables to the newly secured customers, namely Creative Technology Ltd ("CTL") and Senzpak Pte Ltd ("SPL"). Approximately 64.8% of the revenue was derived from these two customers in year 2004.

(6) The annualized sales for the period ended 31 March 2005 showed an increase of 100.4% from year 2004 due to the continued strong sales demand from CTL and SPL.

(7) There was no tax charge for year 2000 as there was a gain arising from waiver of advances from a former director which was not subject to statutory income tax. The tax recovery for the year was due to overprovision of deferred taxation in prior years.

There was no tax charge for year 2001 to 2003 as CCPL was in a tax loss position.

There was no tax charge for year 2004 primarily due to the availability of the tax losses and capital allowances to set off against CCPL's chargeable income.

The effective tax rate for the period ended 31 March 2005 was lower than the statutory tax rate due to utilisation of unabsorbed tax losses not previously recognised and capital allowances.

(8) There were no extraordinary or exceptional items in all the financial years/period under review.

(9) The gross earnings/(losses) per share has been calculated based on the profit/(loss) before taxation divided by the weighted average number of ordinary shares in issue for the respective years/period.

(10) The net earnings/(losses) per share has been calculated based on the profit/(loss) after taxation divided by the weighted average number of ordinary shares in issue for the respective years/period.

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5.4.2 CCPL – translated at average rates

The following financial information of CCPL have been translated for illustrative purposes only and have not been audited. These translations are made with reference to exchange rates as published by Bank Negara Malaysia and should not be construed as representations that the Singapore dollar amounts actually represent such Ringgit Malaysia amounts or could be converted into Ringgit Malaysia at the rate indicated or at any other rate.

	<------ Financial year 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	12,111	8,421	8,262	1,747	3,313	1,695
Gross profit	1,647	796	1,144	482	889	370
Profit/(Loss) before interest, depreciation and taxation	105	(263)	(489)	(4)	836	241
Interest expense	(22)	(112)	(19)	(8)	(14)	(21)
Depreciation	(18)	(17)	(21)	(20)	(28)	(7)
Profit/(Loss) before taxation	65	(392)	(529)	(32)	794	213
Taxation	16	-	-	-	-	(32)
Profit/(Loss) after taxation	81	(392)	(529)	(32)	794	181
RM equivalent of SGD1.00	2.2416	2.1216	2.1217	2.2091	2.2681	2.3161

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5.5.1 RCI

The summarised income statements of RCI have been prepared based on the audited income statements for the past four (4) financial period/years ended 31 December 2004 and for the three (3) months period ended 31 March 2005 and are as follows:

	16 months ended 31 December 2001 USD'000	Financial year ended <-------- 31 December -------> 2002 USD'000	2003 USD'000	2004 USD'000	3 months ended 31 March 2005 USD'000
Revenue	1,336	5,133	6,217	8,924	1,402
Gross profit	43	921	1,354	2,040	361
(Loss)/Profit before interest, depreciation and taxation	(502)	241	635	970	87
Interest expense	-	(118)	(116)	(151)	(20)
Depreciation	(28)	(48)	(72)	(84)	(23)
(Loss)/Profit before taxation	(530)	75	447	735	44
Taxation	68	(24)	(74)	(150)	(11)
(Loss)/Profit after taxation	(462)	51	373	585	33
Weighted average number of shares in issue ('000)	10	10	27	73	73
Gross (loss)/earnings per share (USD)	(53.00)	7.50	16.56	10.07	*2.41
Net (loss)/earnings per share (USD)	(46.20)	5.10	13.81	8.01	*1.81

* Annualised

Notes :

(1) RCI was incorporated on 5 September 2000 and commenced operations on April 2001.

(2) The revenue for year 2002 reflected the first year of the full impact of its operations. RCI recorded a revenue of USD5.13 million for the year 2002 as RCI was able to secure a new customer, namely HNS, a leading provider for broadband satellite communication solutions. The increase in revenue for the year was also partly contributed by the ability of RCI to penetrate its niche market aggressively through its marketing strategy, such as representative channel and design in partner and solution provider strategy.

(3) The revenue for year 2003 showed an increase of 21.1% from year 2002 due to the continued strong sales demand from HNS.

(4) The remarkable growth in revenue of 43.5% in year 2004 was mainly due to RCI secured a new customer, namely Thomson, Inc ("Thomson") which had contributed to 38.0% of the revenue for year 2004. The continued strong sales demand from HNS also contributed to approximately 22.8% of the revenue for year 2004.

(5) The decrease in annualised sales for the 3 months period ended 31 March 2005 was due to the decrease in sales orders from HNS and Thomson. The decrease in sales orders was due to the phase out of the Direct TV set-up box-Apollo and the phase in of the new Direct TV set-up box-Jupiter towards the end of financial year 2004. The sales demand from RCI has dropped during the transitional period.

(6) The effective tax rate for financial period 2001 after transfer from deferred taxation was lower than the applicable statutory tax rate of 15% due to certain income not subject to tax. The effective tax rate for the years/period 2002 to 2005 after transfer to deferred taxation was higher than the standard rate of taxation applicable to RCI's profits due principally to certain expenses being disallowed for taxation purposes.

(7) There were no exceptional or extraordinary items in all the financial periods/years under review.

(8) The gross (loss)/earnings per share has been calculated based on the (loss)/profit before taxation divided by the weighted average number of shares in issue for the respective periods/years.

(9) The net (loss)/earnings per share has been calculated based on the (loss)/profit after taxation divided by the weighted average number of shares in issue for the respective periods/years.

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5.5.2 RCI – translated at average rates

The following financial information of RCI is translated for illustrative purposes only and has not been audited. These translations are made with reference to exchange rates as published by Bank Negara Malaysia and should not be construed as representations that the United States ("USD") dollar amounts actually represent such Ringgit Malaysia amounts or could be converted into Ringgit Malaysia at the rate indicated or at any other rate.

	16 months ended 31 December 2001 RM'000	Financial year ended <-------- 31 December -------> 2002 RM'000	2003 RM'000	2004 RM'000	3 months ended 31 March 2005 RM'000
Revenue	5,077	19,505	23,626	33,910	5,328
Gross profit	164	3,499	5,145	7,752	1,372
(Loss)/Profit before interest, depreciation and taxation	(1,907)	915	2,412	3,686	330
Interest expense	-	(448)	(441)	(572)	(76)
Depreciation	(106)	(182)	(273)	(321)	(87)
(Loss)/Profit before taxation	(2,013)	285	1,698	2,793	167
Taxation	258	(91)	(281)	(568)	(42)
(Loss)/Profit after taxation	(1,755)	194	1,417	2,225	125
RM equivalent of USD1.00	3.80	3.80	3.80	3.80	3.80

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5.6 CCSB

The summarised income statements of CCSB have been prepared based on the audited income statements for the past five (5) financial period/years ended 31 December 2004 and for the 3 months period ended 31 March 2005 and are as follows:

	8 months ended 31 December 2000 RM'000	Financial year ended <--- 31 December ---> 2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000	3 months ended 31 March 2005 RM'000
Revenue	1,089	1,791	3,847	5,423	3,933	639
Gross (loss)/profit	(11)	290	(899)	1,407	1,019	(9)
(Loss)/Profit before interest, depreciation and taxation	(132)	(302)	(1,644)	671	476	38
Interest expense	(4)	(77)	(78)	(44)	(53)	(16)
Depreciation	(13)	(169)	(248)	(573)	(748)	(221)
(Loss)/Profit before taxation	(149)	(548)	(1,970)	54	(325)	(199)
Taxation #	32	126	491	(27)	109	25
(Loss)/Profit after taxation	(117)	(422)	(1,479)	27	(216)	(174)
Weighted average number of ordinary shares in issue ('000)	700	700	700	1,421	3,410	3,410
Gross (losses)/earnings per share (RM)	(0.21)	(0.78)	(2.81)	0.04	(0.10)	*(0.23)
Net (losses)/earnings per share (RM)	(0.17)	(0.60)	(2.11)	0.02	(0.06)	*(0.20)

* Annualised

\# Taxation charges has been adjusted in accordance with MASB 25 Income Taxes which was adopted by CCSB in financial year 2003. The amounts adjusted to taxation expense and the restated taxation for the respective periods/years are as follows:

	8 months ended 31 December 2000 RM'000	Financial year ended <--- 31 December ---> 2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000	3 months ended 31 March 2005 RM'000
As per audited financial statements	-	-	-	(27)	109	25
Reversal of deferred tax benefits	32	126	491	-	-	-
As restated	32	126	491	(27)	109	25

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Notes :

(1) CCSB was incorporated on 17 May 2000 and commenced operations in July 2000.

(2) The revenue for year 2001 reflected the first year of the full impact of its operations. The continued growth in revenue of 114.8% for the year 2002 was predominantly due to the increase in the production capacity as well as a result of the fully automated cable and connector lines implemented last year and the set up of Printed Circuit Board ("PCB") assembly line during the year.

(3) The revenue for year 2003 increased 41.0% from year 2002 due to increase in sales orders received from its existing anchor customer, namely TEAC Electronics (M) Sdn Bhd ("TEM"), as a result of the set up of additional PCB assembly line and increase of demand for USB cable during the year.

(4) Revenue declined by 27.5% in year 2004 primarily due to decrease in sales order received from the existing anchor customer, TEM. Approximately 95.7% of the revenue of CCSB was derived from this customer.

(5) The annualised sales for the period ended 31 March 2005 has shown a decrease of 35.0% from year 2004 due to the decrease in sales order received from TEM.

(6) There was no tax charge for period/years 2000 to 2002 as CCSB was in a tax loss position. The effective tax rate after transfer from deferred taxation is lower than the applicable statutory tax rate due to certain expenses were disallowed for taxation purposes.

The effective tax rate after transfer from deferred taxation for year 2003 is higher than the applicable statutory tax rate due to certain expenses were disallowed for taxation purposes.

There was no tax charge for year/period 2004 to 2005 as CCSB was in a tax loss position. The effective tax rate after transfer from deferred taxation for year 2004 is higher than the applicable statutory tax rate due to certain income not subject to tax.

The effective tax rate after transfer from deferred taxation for the period ended 31 March 2005 is lower than the applicable statutory tax rate due to certain expenses were disallowed for taxation purposes.

(7) There were no exceptional or extraordinary items in all the financial periods/years under review.

(8) The gross (losses)/earnings per share has been calculated based on the (loss)/profit before taxation divided by the weighted average number of ordinary shares in issue for the respective periods/years.

(9) The net (losses)/earnings per share has been calculated based on the (loss)/profit after taxation divided by the weighted average number of ordinary shares in issue for the respective periods/years.

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6.0 SUMMARISED BALANCE SHEETS

As the purchase consideration for the acquisition as stated in Section 2.2 (i) is calculated based on the consolidated net assets of CCPL, RCI and CCSB as at 31 December 2004 as shown by the audited financial statements, it is therefore impractical to present the consolidated balance sheets of the Proforma Group throughout the financial years/period under review. Accordingly, the consolidated balance sheet of the Proforma Group has been presented by way of proforma statement of assets and liabilities as at 31 March 2005 based on the latest audited financial statements as at 31 March 2005 of CCHB, RCC, CCPL, RCI and CCSB as shown in Section 8 of this Report.

The audited balance sheets of CCHB, RCC, CCPL, RCI and CCSB based on their respective financial years/periods end are set out below :

6.1 Balance Sheet of the Company

	As at 31 December		As at 31 March
	2003	2004	2005
	RM'000	RM'000	RM'000
NON-CURRENT ASSET			
Investment in subsidiary	-	-	171
CURRENT ASSETS			
Sundry receivables	12	344	354
Cash in hand	*-	*-	7
	12	344	361
CURRENT LIABILITY			
Sundry payables	18	378	576
Net current liability	(6)	(34)	(215)
	(6)	(34)	(44)
FINANCED BY:			
Share capital	*-	*-	*-
Accumulated losses	(6)	(34)	(44)
	(6)	(34)	(44)
Net liability per share (RM)	(3,000)	(17,000)	(22,000)

* This represents RM2

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6.2.1 Balance Sheet of RCC – in Yuan Renminbi

	As at 31 March 2005 RMB'000
NON-CURRENT ASSET	
Property, plant and equipment	190
CURRENT ASSETS	
Sundry receivables	482
Cash in hand	85
	567
CURRENT LIABILITY	
Sundry payables	443
Net current assets	124
	314
FINANCED BY:	
Share capital	372
Accumulated loss	(58)
	314
Net tangible assets per share (RMB)	#

#Not calculated as there is no share capital for company incorporated in the People's Republic of China

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6.2.2 Balance Sheet of RCC – translated at rates as at end of each year

The following financial information of RCC have been translated for illustrative purposes only and have not been audited. These translations are made with reference to exchange rates as published by Bank Negara Malaysia and should not be construed as representations that the Yuan Renminbi dollar ("RMB") amounts actually represent such Ringgit Malaysia amounts or could be converted into Ringgit Malaysia at the rate indicated or at any other rate.

	As at 31 March 2005 RM'000
NON-CURRENT ASSET	
Property, plant and equipment	87
CURRENT ASSETS	
Sundry receivables	221
Cash in hand	39
	260
CURRENT LIABILITY	
Sundry payables	203
Net current assets	57
	144
FINANCED BY:	
Share capital	171
Accumulated loss	(27)
	144
RMB equivalent of RM1.00	0.4591
Net tangible assets per share (RM)	#

#Not calculated as there is no share capital for company incorporated in the People's Republic of China

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6.3.1 Balance Sheets of CCPL – in Singapore Dollars

	As at 31 December					As at 31 March
	2000	2001	2002	2003	2004	2005
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
NON-CURRENT ASSETS						
Property, plant and equipment	25	17	10	1	111	130
Investment in subsidiaries	156	274	274	2,789	2,789	2,789
Due from subsidiaries	-	1,714	1,915	794	698	726
	181	2,005	2,199	3,584	3,598	3,645
CURRENT ASSETS						
Inventories	731	100	18	20	22	21
Trade receivables	2,169	1,177	847	263	779	727
Other receivables	153	601	130	117	677	889
Cash and cash equivalents	288	26	5	20	65	80
	3,341	1,904	1,000	420	1,543	1,717
CURRENT LIABILITIES						
Short term borrowings	921	106	103	-	488	389
Trade payables	1,122	1,296	965	637	857	1,064
Other payables	393	912	80	115	101	125
Taxation	-	-	-	-	-	14
	2,436	2,314	1,148	752	1,446	1,592
NET CURRENT (LIABILITIES)/ ASSETS	905	(410)	(148)	(332)	97	125
	1,086	1,595	2,051	3,252	3,695	3,770
FINANCED BY :						
Share capital	1,046	1,646	2,446	3,662	3,662	3,662
Retained profits/ (Accumulated losses)	40	(145)	(395)	(410)	(59)	19
Shareholders' equity	1,086	1,501	2,051	3,252	3,603	3,681
Long term borrowing	-	94	-	-	92	89
Non-current liabilities	-	94	-	-	92	89
	1,086	1,595	2,051	3,252	3,695	3,770
Net tangible assets per share (SGD)	1.04	0.91	0.84	0.89	0.98	1.01

The above balance sheets have been adjusted to reflect the classifications as adopted in the latest audited financial statements.

Included in the above balance sheets are related companies balances classified in the following accounts :

	As at 31 December					As at 31 March
	2000	2001	2002	2003	2004	2005
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Trade receivables	338	830	684	-	69	109
Other receivables	-	455	-	86	631	859

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6.3.2 Balance Sheets of CCPL – translated at rates as at end of each year

The following financial information of CCPL have been translated for illustrative purposes only and have not been audited. These translations are made with reference to exchange rates as published by Bank Negara Malaysia and should not be construed as representations that the Singapore dollar amounts actually represent such Ringgit Malaysia amounts or could be converted into Ringgit Malaysia at the rate indicated or at any other rate.

	<---------- As at 31 December				---------->	As at 31 March
	2000	2001	2002	2003	2004	2005
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS						
Property, plant and equipment	55	35	22	2	256	302
Investment in subsidiaries	342	562	600	6,218	6,434	6,486
Due from subsidiaries	-	3,519	4,191	1,770	1,609	1,688
	397	4,116	4,813	7,990	8,299	8,476
CURRENT ASSETS						
Inventories	1,604	205	39	45	50	49
Trade receivables	4,760	2,416	1,854	586	1,797	1,691
Other receivables	336	1,234	285	261	1,562	2,068
Cash and cash equivalents	632	54	11	45	150	186
	7,332	3,909	2,189	937	3,559	3,994
CURRENT LIABILITIES						
Short term borrowings	2,021	218	226	-	1,126	905
Trade payables	2,462	2,661	2,112	1,420	1,976	2,474
Other payables	863	1,872	175	256	233	291
Taxation	-	-	-	-	-	32
	5,346	4,751	2,513	1,676	3,335	3,702
NET CURRENT (LIABILITIES)/ ASSETS	1,986	(842)	(324)	(739)	224	292
	2,383	3,274	4,489	7,251	8,523	8,768
FINANCED BY :						
Share capital	2,302	3,561	5,291	7,948	7,948	7,948
Foreign exchange reserve	(8)	(177)	30	167	431	502
Retained profits/ (Accumulated losses)	89	(303)	(832)	(864)	(70)	111
Shareholders' equity	2,383	3,081	4,489	7,251	8,309	8,561
Long term borrowing	-	193	-	-	214	207
Non-current liabilities	-	193	-	-	214	207
	2,383	3,274	4,489	7,251	8,523	8,768
RM equivalent of SGD1.00	2.1946	2.0529	2.1887	2.2295	2.3066	2.3256
Net tangible assets per share (RM)	2.28	1.87	1.84	1.98	2.27	2.34

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Included in the above balance sheets are related companies balances classified in the following accounts :

	As at 31 December					As at 31 March
	2000	2001	2002	2003	2004	2005
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables	742	1,704	1,497	-	159	253
Other receivables	-	934	-	192	1,455	1,998

6.4.1 Balance Sheets of RCI – in US Dollars

	As at 31 December				As at 31 March
	2001	2002	2003	2004	2005
	USD'000	USD'000	USD'000	USD'000	USD'000
NON-CURRENT ASSETS					
Property, plant and equipment	244	241	485	491	470
Development expenditure	184	520	752	918	1,003
Deferred tax assets	68	44	-	-	-
	496	805	1,237	1,409	1,473
CURRENT ASSETS					
Inventories	424	286	555	458	396
Trade receivables	246	371	916	1,442	1,383
Other receivables	70	255	193	210	199
Cash and cash equivalents	2	14	9	46	18
	742	926	1,673	2,156	1,996
CURRENT LIABILITIES					
Short term borrowings	-	-	-	177	239
Trade payables	474	1,019	1,950	1,270	1,030
Other payables	192	252	238	683	726
	666	1,271	2,188	2,130	1,995
NET CURRENT ASSETS/ (LIABILITIES)	76	(345)	(515)	26	1
	572	460	722	1,435	1,474
FINANCED BY :					
Share capital	100	100	732	732	732
(Accumulated losses)/ Retained profits	(462)	(411)	(38)	547	580
	(362)	(311)	694	1,279	1,312
Due to holding company	934	771	-	-	-
Long term borrowings	-	-	-	13	13
Deferred tax liabilities	-	-	28	143	149
	934	771	28	156	162
	572	460	722	1,435	1,474
Net (liabilities)/tangible assets per share (USD)	(54.60)	(83.10)	(0.79)	4.95	4.23

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The above balance sheets have been adjusted to reflect the classifications as adopted in the latest audited financial statements.

Included in the above balance sheets are related companies balances classified in the following accounts :

	<------------- As at 31 December --------------->				As at 31 March
	2001	2002	2003	2004	2005
	USD'000	USD'000	USD'000	USD'000	USD'000
Trade receivables	-	53	36	108	131
Other receivables	-	-	-	74	76
Trade payables	338	15	121	-	-
Other payables	-	-	-	366	472

6.4.2 Balance sheets of RCI – translated at rates as at end of each year

The following financial information of RCI have been translated for illustrative purposes only and have not been audited. These translations are made with reference to exchange rates as published by Bank Negara Malaysia and should not be construed as representations that the US dollar amounts actually represent such Ringgit Malaysia amounts or could be converted into Ringgit Malaysia at the rate indicated or at any other rate.

	<------------- As at 31 December			------------->	As at 31 March
	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000	2005 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	927	916	1,843	1,866	1,786
Development expenditure	700	1,977	2,858	3,488	3,811
Deferred tax assets	258	167	-	-	-
	1,885	3,060	4,701	5,354	5,597
CURRENT ASSETS					
Inventories	1,611	1,087	2,109	1,738	1,505
Trade receivables	935	1,410	3,481	5,480	5,255
Other receivables	266	969	733	799	756
Cash and cash equivalents	8	53	34	176	68
	2,820	3,519	6,357	8,193	7,584
CURRENT LIABILITIES					
Short term borrowings	-	-	-	672	908
Trade payables	1,801	3,872	7,410	4,826	3,914
Other payables	730	958	904	2,596	2,758
	2,531	4,830	8,314	8,094	7,580
NET CURRENT ASSETS/(LIABILITIES)	289	(1,311)	(1,957)	99	4
	2,174	1,749	2,744	5,453	5,601
FINANCED BY :					
Share capital	380	380	2,782	2,782	2,782
(Accumulated losses)/ Retained profits	(1,755)	(1,561)	(144)	2,079	2,204
	(1,375)	(1,181)	2,638	4,861	4,986
Due to holding company	3,549	2,930	-	-	-
Long term borrowings	-	-	-	49	49
Deferred tax liabilities	-	-	106	543	566
	3,549	2,930	106	592	615
	2,174	1,749	2,744	5,453	5,601
RM equivalent of USD1.00	3.80	3.80	3.80	3.80	3.80
Net (liabilities)/tangible assets per share (RM)	(207.48)	(315.78)	(3.00)	18.81	16.07

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Included in the above balance sheets are related companies balances classified in the following accounts :

	<---- As at 31 December			---->	As at 31 March
	2001	2002	2003	2004	2005
	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables	-	201	137	410	498
Other receivables	-	-	-	281	289
Trade payables	1,284	57	460	-	-
Other payables	-	-	-	1,391	1,794

6.5 Balance Sheets of CCSB

	<---- As at 31 December				---->	As at 31 March
	2000	2001	2002	2003	2004	2005
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS						
Property, plant and equipment	275	2,090	2,626	3,386	3,827	3,619
Deferred tax assets#	32	158	705	678	787	812
	307	2,248	3,331	4,064	4,614	4,431
CURRENT ASSETS						
Inventories	277	815	296	596	319	413
Trade receivables	1,012	460	418	770	261	285
Other receivables	34	25	60	318	640	640
Cash and bank balances	251	247	21	283	19	108
	1,574	1,547	795	1,967	1,239	1,446
CURRENT LIABILITIES						
Short term borrowings	233	480	348	271	709	741
Trade payables	915	1,022	2,044	1,778	1,126	1,293
Other payables	86	1,117	1,020	420	792	805
	1,234	2,619	3,412	2,469	2,627	2,839
NET CURRENT ASSETS/ (LIABILITIES)	340	(1,072)	(2,617)	(502)	(1,388)	(1,393)
	647	1,176	714	3,562	3,226	3,038
FINANCED BY :						
Share capital	700	700	700	3,410	3,410	3,410
Accumulated losses	(117)	(539)	(1,962)	(1,935)	(2,151)	(2,326)
Shareholders' equity	583	161	(1,262)	1,475	1,259	1,084
Long term borrowings	64	1,015	1,976	2,087	1,967	1,954
	647	1,176	714	3,562	3,226	3,038
Net tangible assets/(liabilities) per share (RM)	0.83	0.23	(1.80)	0.43	0.37	0.32

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\# In compliance with Malaysian Accounting Standards Board ("MASB") No. 25, Income Taxes which was adopted by CCSB in year 2003, the deferred taxation for the financial periods/years under review has been restated as follows:

	<----------	As at 31 December			---------->	As at 31 March
	2000	**2001**	**2002**	**2003**	**2004**	**2005**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
As per audited financial statements	-	-	-	678	787	812
Reversal of deferred tax benefits	32	158	705	-	-	-
As restated	32	158	705	678	787	812

The above balance sheets have been adjusted to reflect the classifications in compliance with MASB 25.

Included in the above balance sheets are related companies balances classified in the following accounts:

	<----------	As at 31 December			---------->	As at 31 March
	2000	**2001**	**2002**	**2003**	**2004**	**2005**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Trade receivables	-	247	57	-	-	-
Trade payables	744	817	1,465	219	410	497
Other payables	-	944	-	-	-	-
Long term borrowings	-	-	1,306	1,730	1,686	1,810

7.0 DIVIDEND

CCHB, RCC, CCPL, RCI and CCSB have not paid or declared any dividend since their respective date of incorporation.

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8.0 STATEMENT OF ASSETS AND LIABILITIES

The following statement of assets and liabilities of the Proforma Group has been prepared based on the audited financial statements of the Company and its subsidiary, namely RCC ("the Group"), CCPL, RCI and CCSB as at 31 March 2005 and on the assumption that the acquisitions of subsidiaries and subdivision of shares had been effected as at 31 March 2005:

	Note	Proforma Group RM'000	The Group RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	9.2	5,802	87
Development expenditure	9.3	3,827	-
Deferred tax assets	9.4	242	-
		9,871	87
CURRENT ASSETS			
Inventories	9.5	1,971	-
Trade receivables	9.6	6,497	-
Other receivables	9.7	1,337	437
Cash and cash equivalents	9.8	409	46
		10,214	483
CURRENT LIABILITIES			
Short term borrowings	9.9	2,558	-
Trade payables	9.11	7,123	-
Other payables	9.12	2,086	642
Taxation		33	-
		11,800	642
NET CURRENT LIABILITIES		(1,586)	(159)
		8,285	(72)
FINANCED BY :			
Share capital	9.13	7,892	*-
Foreign exchange reserve		(66)	(1)
Retained profits/(Accumulated losses)		60	(71)
Shareholders' equity		7,886	(72)
Long term borrowings	9.9	399	-
Non-current liabilities		399	-
		8,285	(72)
Net tangible assets/(liabilities)		4,059	(72)
Net tangible assets/(liabilities) per share (RM)		0.05	(36,000)

* This represents RM2

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9.0 NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES

9.1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Proforma Group and of the Group have been prepared under the historical cost convention. The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Proforma Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Proforma Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Proforma Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

(c) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 9.1 (m).

Depreciation of property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates :

Plant and machinery	10%-25%
Office equipment, furniture and fittings	10%-100%
Motor vehicles	10%
Renovation	10%-33%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

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(d) Development Expenditure

Product development expenditure incurred in respect of specific products and for the design of prototypes for new products are charged to the income statement in the period in which it is incurred, except in so far as it relates to a clearly defined project where the benefits therefrom can reasonably be regarded as assured. Development expenditure so deferred are limited to the value of the future benefits and are stated at cost incurred. The development expenditure will be amortised over a period of not exceeding five years upon commencement of commercial production of the related products.

(e) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Cost of finished goods includes direct materials, direct labour, other direct costs and appropriate production overheads. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash at bank and deposits at call which have an insignificant risk of changes in value.

(g) Leases

A lease is recognised as a finance lease if it transfers substantially to the Proforma Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

(i) Finance leases

Assets acquired by way of hire purchase or finance lease are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Proforma Group's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy of leased assets is consistent with that for depreciable property, plant and equipment as described in Note 9.1(c).

(ii) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the terms of the relevant lease.

(h) Provision for liabilities

Provisions for liabilities are recognised when the Proforma Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(i) Income Tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(j) Employees Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Proforma Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Some of the Profoma Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

(k) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sales of goods
Revenue relating to sale of goods is recognised net of discounts upon the transfer of risks and rewards.

(ii) Revenue from services
Revenue from services rendered is recognised net of discounts and when the services are performed.

(iii) Rental income
Rental income is recognised on a receivable basis.

(iv) Interest income
Interest is recognised on receivable basis.

(l) Foreign Currencies

(i) Foreign currency transactions

Transactions in foreign currencies are initially recorded into Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined. All exchange rate differences are taken to the income statement.

(ii) Foreign entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are included in the foreign exchange reserve in shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

The principal exchange rates used for every unit of foreign currency ruling at the balance sheet date are as follows:

	RM
United States Dollar	3.80
Singapore Dollar	2.33
Yuan Reminbi	0.46

(m) Impairment of Assets

At each balance sheet date, the Proforma Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately.

(n) Financial Instruments

Financial instruments are recognised in the balance sheet when the Proforma Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Proforma Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Trade Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at the balance sheet date.

(ii) Trade payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iii) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(iv) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which the obligation to pay is established.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction cost comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

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9.2 PROPERTY, PLANT AND EQUIPMENT

Proforma Group

	Plant and Machinery	Office Equipment, Furniture and Fittings	Motor vehicle	Renovation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Cost	7,248	1,004	279	363	8,894
Accumulated Depreciation	(2,349)	(614)	(26)	(103)	(3,092)
Net Book Value	4,899	390	253	260	5,802

The Group

	Office Equipment, Furniture and Fittings	Renovation	Total
	RM'000	RM'000	RM'000
Cost	43	54	97
Accumulated Depreciation	(7)	(3)	(10)
Net Book Value	36	51	87

(a) Included in property, plant and equipment of the Proforma Group are plant and machinery and motor vehicle with net book value of approximately RM1,055,000 held under hire purchase arrangements.

(b) The net book values of property, plant and equipment of CCSB which are pledged to financial institutions for bank borrowings as referred to in Note 9.9 are as follows:

	Proforma Group RM'000	The Group RM'000
Plant and machinery	3,647	-
Office equipment, furniture and fittings	59	-
Renovation	119	-
	3,825	-

(c) Included in the property, plant and equipment of the Proforma Group are fully depreciated assets which are still in use costing approximately RM227,000.

9.3 DEVELOPMENT EXPENDITURE

	Proforma Group RM'000	The Group RM'000
At cost	3,827	-

9.4 DEFERRED TAX ASSETS

	Proforma Group RM'000	The Group RM'000
Accelerated capital allowances	(543)	-
Deferred development expenditure	(529)	-
Unabsorbed capital allowances	662	-
Unabsorbed tax losses	652	-
	242	-
Presented after appropriate offsetting as follows:		
Deferred tax assets	1,314	-
Deferred tax liabilities	(1,072)	-
	242	-

9.5 INVENTORIES

	Proforma Group RM'000	The Group RM'000
At cost:		
Raw materials	271	-
Components	741	-
Finished goods	911	-
Trading inventories	48	-
	1,971	-

9.6 TRADE RECEIVABLES

	Proforma Group RM'000	The Group RM'000
Trade receivables	6,558	-
Less : Provision for doubtful debts	(61)	-
	6,497	-

Included in trade receivables of the Proforma Group are amounts of RM4,674 due from companies in which certain shareholders of the Proforma Group have interests.

The Proforma Group's normal trade credit term ranges from 10 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

9.7 OTHER RECEIVABLES

	Proforma Group RM'000	The Group RM'000
Deposits	280	-
Prepayments	159	-
Sundry receivables	898	437
	1,337	437

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The Proforma Group has no significant concentration of credit risk that may arise from exposures to a single debtor or groups of debtors. Included in sundry receivables of the Proforma Group and the Group are amount of RM811,661 and RM135,557 respectively which are expenses incurred in connection with the listing exercise of the Proforma Group. Included herein is auditors' remuneration of RM173,433 and RM9,220 respectively paid for services rendered as reporting accountants in connection with the listing exercise of the Proforma Group.

9.8 CASH AND CASH EQUIVALENTS

	Proforma Group RM'000	The Group RM'000
Cash on hand and at banks	409	46
Less: Bank overdrafts (Note 9.9)	(162)	-
Cash and cash equivalents (Note 10)	247	46

9.9 BORROWINGS

	Proforma Group RM'000	The Group RM'000
Short term borrowings		
Secured:		
Bank overdraft(Note 9.8)	162	-
Bankers acceptance	37	-
Factoring facility	1,774	-
Term loans	252	-
Hire purchase payables (Note 9.10)	333	-
	2,558	-
Long term borrowings		
Secured:		
Term loans	42	-
Hire purchase payables (Note 9.10)	357	-
	399	-
Total Borrowings		
Bank overdraft (Note 9.8)	162	-
Bankers acceptance	37	-
Factoring facility	1,774	-
Term loans	294	-
Hire purchase payables (Note 9.10)	690	-
	2,957	-
Maturity of borrowings (excluding hire purchase)		
Within 1 year	2,225	-
More than 1 year and less than 5 years	42	-
	2,267	-

The effective interest rates at 31 March 2005 for borrowings, excluding hire purchase, were as follows:

	Proforma Group %	The Group %
Bank overdraft	7.75	-
Factoring facility	1.25 to 1.50	-
Term loans	5.00	-

Factoring payables of the Proforma Group are with recourse.

The borrowings of the Proforma Group are secured by the following:

(a) First and floating charge over all the property, plant and equipment of CCSB as disclosed in Note 9.2(b);

(b) Corporate guarantees by CCPL; and

(c) Jointly and severally guaranteed by certain directors of certain subsidiaries.

9.10 HIRE PURCHASE PAYABLES

	Proforma Group RM'000	The Group RM'000
Minimum lease payments		
Not later than 1 year	376	-
Later than 1 year and not later than 5 years	354	-
More than 5 years	43	-
	773	-
Less : Future finance charges	(83)	-
Present value of finance lease liabilities	690	-
Present value of finance lease liabilities		
Not later than 1 year	333	-
Later than 1 year and not later than 5 years	315	-
More than 5 years	42	-
	690	-
Analysed as		
Due within 12 months (Note 9.9)	333	-
Due after 12 months (Note 9.9)	357	-
	690	-

The hire purchase liabilities of the Proforma Group at 31 March 2005 bore interest of 4.30% to 9.93% per annum.

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9.11 TRADE PAYABLES

Included in trade payable of the Proforma Group are amounts of RM260,588 due to companies in which certain directors of certain subsidiaries have interests.

The normal trade credit term granted to the Proforma Group ranges from 30 to 90 days.

9.12 OTHER PAYABLES

	Proforma Group RM'000	The Group RM'000
Due to companies in Proforma Group	-	539
Due to companies in which a shareholder of the Proforma Group has interest*	257	-
Due to a shareholder of the Proforma Group*	14	-
Due to a director of CCPL*	27	-
Accruals	1,122	78
Sundry payables	666	25
	2,086	642

* These balances are unsecured, interest-free and are repayable on demand.

9.13 SHARE CAPITAL

	Ordinary Shares of RM0.10 each		Ordinary Shares of RM1.00 each	
	Number Proforma Group '000	Amount Proforma Group RM'000	Number The Company '000	Amount The Company RM'000
Authorised	250,000	25,000	25,000	25,000
Issued and fully paid	78,920	7,892	*-	#-

* This represents 2 ordinary shares of RM1.00
# This represents RM2

9.14 COMMITMENTS

	Proforma Group RM'000	The Group RM'000
Capital expenditure approved and contracted for:		
Operating lease		
Due within one year	845	138
Due within two to five years	882	235
	1,727	373

9.15 MATERIAL LITIGATION

On December 2001, RCI was served with a summons and complaint identifying RCI as a "Doe" defendant in a lawsuit by a former sales representative of NS-Tech, Inc ("NSTI"), a company in which a director of CCPL formerly had interest. The claim of approximately USD400,000 represented unpaid sales commission due to the said sales representative by NSTI. RCI was subsequently named as defendant on the ground that RCI was the alter ego of NSTI.

Based on legal opinions obtained, the directors of RCI are of the view that the likelihood of the above claim crystallising is remote and accordingly no provision has been made in the financial statements.

9.16 SUBSEQUENT EVENTS

(a) On 7 July 2005, a subsidiary of the Company, RCC increased its capital from RMB372,466 to RMB1,199,464.

(b) Acquisitions of Subsidiaries

(i) On 24 December 2003 and 20 May 2005, CCHB entered into Conditional Share Sale Agreements and Supplemental Agreements respectively with the shareholders of CCPL for the acquisition of the entire issued and paid-up share capital of CCPL comprising 3,661,827 ordinary shares of SGD1.00 each for a total purchase consideration of RM7,892,235 satisfied by the issuance of 7,892,235 new ordinary shares of RM1.00 each in CCHB at an issue price of RM1.00 per share. The purchase consideration was based on the audited consolidated net assets as at 31 December 2004, after incorporating Development Expenditure amounting to RM3,472,764 in respect of Serial ATA products.

(ii) On 24 December 2003 and 20 May 2005, CCHB entered into Conditional Share Sale Agreement and Supplemental Agreement respectively with CCPL for the acquisition of the entire issued and paid-up share capital of RCI comprising 73,158 shares without par value for a total cash consideration of SGD1,284,160. The purchase consideration was based on the cost of investment of RCI as recorded in the financial statements of CCPL as at 31 December 2004.

(iii) On 24 December 2003 and 20 May 2005, CCHB entered into Conditional Share Sale Agreement and Supplemental Agreement respectively with CCPL for the acquisition of the entire issued and paid-up share capital of CCSB comprising 3,410,000 ordinary shares of RM1.00 each for a total cash consideration of SGD1,505,121. The purchase consideration was based on the cost of investment of CCSB as recorded in the financial statements of CCPL as at 31 December 2004.

The Acquisitions of Subsidiaries were completed on 20 September 2005.

(c) Rights Issue

CCHB implemented a Rights Issue of up to 2,952,763 ordinary shares of RM1.00 each in CCHB at an issue price of RM1.00 per share, on the basis of approximately thirty seven (37) new ordinary shares of RM1.00 each for every one hundred (100) existing ordinary share held after Acquisition of Subsidiaries. The Rights Issue was completed on 22 September 2005.

(d) Sub-division

CCHB undertook a sub-division of every one (1) ordinary share of RM1 each into ten (10) new ordinary shares of RM0.10 each. The issued and paid-up share capital of CCHB after the Sub-division amounts to RM10,845,000 comprising 108,450,000 ordinary shares of RM0.10 each. The Sub-division was completed on 22 September 2005.

(e) Underwriting

CCHB has entered into Underwriting Agreement with AmMerchant Bank Berhad on 21 September 2005 which will manage the underwriting of 3,000,000 new ordinary shares of RM0.10 each for public offer and 15,000,000 new ordinary shares of RM0.10 each for eligible directors, employees and/or business associates of the Proforma Group.

9.17 FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Proforma Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Proforma Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Proforma Group's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Proforma Group's primary interest rate risk relates to interest-bearing debt; the Proforma Group had no substantial long term interest-bearing assets as at 31 March 2005.

The Proforma Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Proforma Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial liabilities are disclosed in their respective notes.

(c) Foreign Exchange Risk

The Proforma Group operates internationally and is exposed to United States Dollar, Singapore Dollar and Yuan Renminbi. Foreign currency denominated assets and liabilities together with expected cash flows from purchases and sales give rise to foreign exchange exposures.

No hedging instrument was entered into to hedge financial assets and financial liabilities of the Proforma Group. The Proforma Group closely monitors and ensure the net foreign exposure are kept to an acceptable level.

(d) Liquidity Risk

The Proforma Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Proforma Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Proforma Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

(e) Credit Risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Proforma Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Proforma Group management reporting procedures.

The Proforma Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(f) Fair Values

The carrying value of current financial assets and current financial liabilities of the Proforma Group approximate their value due to their short term nature whilst the carrying value of long term borrowings is estimated to be approximate the fair value estimated based on the current rates available for borrowing with the same maturity profile.

10.0 PROFORMA CONSOLIDATED CASH FLOW STATEMENTS

The proforma consolidated cash flow statements of the Proforma Group and the Group for the period ended 31 March 2005 are prepared based on the latest audited financial statements of the Company, RCC, CCPL, RCI and CCSB as at 31 March 2005.

	Proforma Group RM'000	The Group RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	144	(37)
Adjustment for:		
Depreciation	326	10
Unrealised foreign exchange loss	3	3
Interest expense	110	-
Operating profit/(loss) before working capital changes	583	(24)
Inventories	142	-
Receivables	1,132	(93)
Payables	(1,133)	261
Cash generated from operations	724	144
Interest paid	(110)	-
Taxes paid	(18)	-
Net cash generated from operating activities	596	144
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in subsidiary	-	(97)
Purchase of property, plant and equipment	(171)	-
Payment for development expenditure	(324)	-
Net cash used in investing activities	(495)	(97)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of short term borrowings	(50)	-
Repayment of term loans	(63)	-
Repayment of hire purchase financing	(79)	-
Net cash used in financing activities	(192)	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(91)	47
EFFECTS OF EXCHANGE RATE CHANGES	72	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	266	*-
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 9.8)	247	47

* This represents RM2.

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11.0 PROFORMA NET TANGIBLE ASSETS COVER

Based on the statement of assets and liabilities of the Proforma Group as at 31 March 2005, the proforma consolidated net tangible assets per ordinary share is calculated as follows :

	RM'000
Net tangible assets of the Proforma Group after the acquisition of the subsidiaries but before rights issue and public issue	4,059
Proceeds from rights issue	2,952
	7,011
Proceeds from public issue	13,296
Less: Estimated listing expenses	(2,000)
Proforma net tangible assets	18,307
Number of ordinary shares ('000)	
As at 31 March 2005	*-
Add:	
Issue as consideration for acquisition of the subsidiaries	7,892
Rights issue	2,953
	10,845
After sub-division of shares	108,450
Public issue	41,550
Enlarged issued and paid-up share capital	150,000
Proforma net tangible assets per ordinary share of RM0.10 par value after sub-division of shares but before public issue (RM)	0.06
Proforma net tangible assets per ordinary share of RM0.10 par value after public issue (RM)	0.12

* Represents 2 ordinary shares

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12.0 AUDITED FINANCIAL STATEMENTS

No audited financial statements have been prepared in respect of any period subsequent to 31 March 2005.

Yours faithfully

ERNST & YOUNG
AF 0039
Chartered Accountants

ABRAHAM VERGHESE A/L T.V. ABRAHAM
1664/10/06 (J)
Partner