
4. INFORMATION ON THE GROUP

4.1 BACKGROUND**4.1.1 History and Business****History**

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. On 31 July 2003, it changed its name to ConnectCounty Holdings Sdn. Bhd. Subsequently, on 19 December 2003, it was converted to a public company and assumed its present name.

CCHB is principally an investment holding company with four (4) wholly owned subsidiaries, namely CCSB, CCPL, RCI and RCC.

The Group's founding history began in 1996 with the investment by Ang Chuang Juay, the director and founder of the CCHB Group, in NTC, a company incorporated in Taiwan, involved in manufacturing and assembly of cables and connectors for electronic components. NTC had been in operation in Taiwan since 1984. The company had a subsidiary located in Singapore under the name NS Tech (S) Pte Ltd. The NTC Group had vast experience in the interconnect industry as well as in interconnect designing and automation technology. 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.

CCHB had on 24 December 2004 incorporated a wholly owned subsidiary – RCC (its business activity is elaborated in the next section).

Business

The CCHB Group is involved in 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

CCHB's subsidiaries comprising CCSB, CCPL, RCI and RCC operate from Malaysia, Singapore, USA and China respectively. These subsidiaries have complementary business activities, which can be divided into two core businesses, namely cables and connectors, and system-assembly/sub-assembly services. CCSB is the cable and connector manufacturing arm of the group. CCPL is the Group's sales office for the Asian market. The Group's R&D activities and sales and marketing for the US market are undertaken by RCI. RCI also conducts manufacturing for high-end cables and connectors. Additionally, as part of the Group's value-added service to its customers, CCSB provides system-assembly/sub-assembly services for printed circuit boards, disk drives, and CD/DVD-ROM drive components. 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 are seconded to key manufacturers to ensure that products fully meet our Group stringent quality standard before shipment.

4. INFORMATION ON THE GROUP (Cont'd)

Subsequent to the takeover of NTC's subsidiary and the formation of CCHB Group, the Group focussed 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. To sum, the CCHB Group is able to provide a total in-house solution, from conceptualisation down to manufacturing of cable and connectors.

The Group also manufactures ISPs. As the industry standard product market is highly competitive, the Group draws from its knowledge and expertise in value-adding and customisation to offer high quality, user-friendly industry standard products.

Based on the audited accounts as at 31 December 2004, the US market constitutes approximately 82% of the Group's overall sales. CCHB Group has appointed sales and marketing representatives covering multiple states in the USA as well as Canada. The establishment of R&D and sales and marketing facilities in the USA via 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 located in the USA. The Directors believe that the Group's competitive advantage lies in its focus on R&D, coupled with manufacturing in Malaysia, where operating costs are relatively lower with strong infrastructure facilities and low language barriers.

CCHB Group's products include, among others, cable sets (power cords and audio/video cables) 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 industry-standard products such as Ultra ATA/60-100, SCSI (Small Computer Systems Interface) and SATA cables and connectors.

Among its major customers include HNS, USA and Thomson/RCA Inc. USA, two of the world's largest providers of broadband satellite network solutions for businesses and consumers, Mackie, USA, 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.

In the US, CCHB Group bundle its products and services with additional services offerings such as warehousing, auto-replenishment program, customer logistics support, product kitting and EDI. These additional services are the base for strong alliance with the customers, while forming barriers to competitor's entry.

CCHB Group's R&D capabilities extend from product to automation designing. 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. SATA is a storage interface specification for the next generation computing platform and is a replacement for today's parallel ATA.

4. INFORMATION ON THE GROUP (Cont'd)

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. This imparts a significant edge compared to semi-automated and hand assembly techniques that exist in the industry. According to the Overview of the World Connector Industry and SATA report dated 31 August 2005, by Bishop and Associates, Inc. prepared for inclusion in this Prospectus, a leading market research firm specialising in the global electronic connector industry, the connector industry has become highly automated in the areas of moulding, stamping and assembly. Conversely, there are also labour intensive areas such as application of connectors on equipment and assembly (*termination*) of connectors to cable. These functions are generally conducted in low labour cost areas such as Mexico, Eastern Europe or China.

Overview of the World Connector Industry and SATA report dated 31 August 2005, by Bishop and Associates, Inc. prepared for inclusion in this Prospectus, also indicated that the Group is the only identified manufacturer (*capable*) of high volume SATA signal cable assemblies in the US. The cable assembly is automated so as to compete with off-shore companies (*i.e. companies with manufacturing facilities in overseas countries where operating costs are relatively lower*).

As at 31 August 2005 (being the last practicable date prior to the printing of the Prospectus), the CCHB Group has a total of 141 employees.

4.1.2 Share Capital And Changes In Share Capital

The present authorised share capital of CCHB is RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each. The issued and paid up share capital of CCHB is RM10,845,000 comprising 108,450,000 ordinary shares of RM0.10 each.

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

Date of Allotment/ Subdivision	No. Of Ordinary Shares Allotted/ Subdivided	Par Value (RM)	Consideration	Total Issued And Paid-up Share Capital (RM)
18.6.2003	2	1.00	Cash	2
20.9.2005	7,892,235	1.00	Acquisitions	7,892,237
21.9.2005	2,952,763	1.00	Rights Issue	10,845,000
21.9.2005	108,450,000	0.10	Sub-division of shares	10,845,000

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4. INFORMATION ON THE GROUP (Cont'd)

4.1.3 Listing Scheme

In conjunction with, and as an integral part of the listing and quotation for the entire issued and paid-up share capital of CCHB on the MESDAQ Market of the Bursa Securities, the Company undertook a listing scheme which involved the following: -

(i) Acquisitions

Acquisition of CCPL

CCHB acquired 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 Acquisition of CCPL was made pursuant to a conditional Acquisition Agreement entered into between CCHB and Chng Seng Chye, Ang Chuang Juay, Lee Siew Kee, Ng Poh Seng, Loh Tong Yew, Chin Hock Seng, Turker Hidirfar, Chin Yin Por and Goh Mee Chin (collectively referred to as "the Vendor") on 24 December 2003 and a Supplemental Agreement dated 20 May 2005 entered into between CCHB, the Vendor and Noraini binti Ahmad.

The liabilities of CCPL which will be assumed by CCHB pursuant to the Acquisitions are approximately SGD5.5 million based on the audited accounts of financial period ended 31 December 2004, which mainly consists of trade creditors of the companies. The purchase consideration was based on the consolidated net assets of CCPL as at 31 December 2004, after incorporating Development Expenditure amounting to RM3,472,764 in respect of specific products and for the design of prototypes for new products.

The Vendors' shareholdings in CCHB after the Acquisitions are as follows: -

Shareholders	No. of shares in CCPL	% interest	Purchase consideration	No. of CCHB shares issued
		%		
Ang Chuang Juay	1,218,905	33.29	Other than cash	2,627,072
Chng Seng Chye	1,129,088	30.84	Other than cash	2,433,492
Noraini Binti Ahmad	506,477	13.83	Other than cash	1,091,596
Lee Siew Kee	336,787	9.20	Other than cash	725,868
Ng Poh Seng	280,656	7.66	Other than cash	604,890
Loh Tong Yew	71,848	1.96	Other than cash	154,852
Chin Hock Seng	56,131	1.53	Other than cash	120,978
Turker Hidirfar	36,485	1.00	Other than cash	78,635
Chin Yin Por	25,448	0.69	Other than cash	54,847
Goh Mee Chin	2	0.00	Other than cash	5
Total	3,661,827	100.00		7,892,235

4. INFORMATION ON THE GROUP (Cont'd)**Acquisition of RCI**

CCHB acquired the entire issued and paid-up share capital of RCI from CCPL comprising 73,158 shares without par value for a total cash consideration of SGD1,284,160. The Acquisition of RCI will be made pursuant to a conditional Acquisition Agreement entered into between CCHB and the vendors of RCI, i.e. CCPL on 24 December 2003. The purchase consideration was based on the cost of investment of RCI by CCPL.

Acquisition of CCSB

CCHB acquired 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 Acquisition of CCSB is made pursuant to a conditional Acquisition Agreement entered into between CCHB and the vendors of CCSB, i.e. CCPL on 24 December 2003. The purchase consideration was based on the cost of investment of CCSB by CCPL.

The Acquisitions were completed on 20 September 2005.

(ii) Rights Issue

After the completion of the Acquisitions, CCHB implemented a rights issue of up to 2,952,763 ordinary shares of RM1.00 each 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. The Rights Issue was completed on 21 September 2005.

(iii) Sub-division

Upon the implementation of the Rights Issue, the par value of the existing ordinary shares of RM1.00 each in CCHB were subdivided into ten (10) ordinary shares of RM0.10 each. Consequently, the number of issued and paid-up share capital of CCHB are increased to 108,450,000 ordinary shares of RM0.10 each. The Sub-division was completed on 21 September 2005.

(iv) Public Issue

Upon implementation of the Sub-division, CCHB will undertake the Public Issue of 41,550,000 new ordinary shares at an issue price of RM0.32 payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner: -

(a) Malaysian Public

3,000,000 Public Issue Shares will be made available for application by individuals, companies, societies, co-operatives and institutions via balloting.

(b) Private Placement

23,550,000 Public Issue Shares will be made available for application by Selected Investors.

4. INFORMATION ON THE GROUP (Cont'd)**(c) Eligible Directors, Employees and/or Business Associates of the Group**

15,000,000 Public Issue Shares will be reserved for the eligible Directors, employees and/or business associates (which include the suppliers, sales agents and customers) of the Group.

The shares have been allocated to 6 eligible Directors and 27 eligible employees of the Group based on the following criteria as approved by the Company's Board of Directors: -

- (a) At least eighteen (18) years old;
- (b) Job position; and
- (c) Length of service.

Details of the Directors' pink form allocation are as follows: -

Name of Directors	Designation	Pink Form Allocation
Noraini Binti Ahmad	Chairperson / Non-Independent Non-Executive Director	100,000
Ang Chuang Juay	Group Managing Director	800,000
Turker Hidirlar	Executive Director	600,000
Robert Jean Tondreault	Executive Director	600,000
Huang Yan Teo	Independent Non- Executive Director	100,000
Toh Wing Yew	Independent Non- Executive Director	100,000
Total		2,300,000

In summary, the Public Issue Shares will be allocated and allotted in the following manner:-

	Public Issue Shares	% of Enlarged Share Capital
Malaysian Public	3,000,000	2.0
Private Placement	23,550,000	15.7
Eligible Directors, employees and/or Business Associates of the Group	15,000,000	10.0
Total	41,550,000	27.7

4. INFORMATION ON THE GROUP (Cont'd)

All the Public Issue Shares available for application by the Malaysian public and the eligible Directors, employees and/or business associates of the Group have been fully underwritten. The Public Issue Shares available for application by Selected Investors will not be underwritten.

The Placement Agent has received irrevocable undertakings from the Selected Investors to take up the Public Issue Shares available for application under the private placement.

Any Public Issue Shares which are not taken up by eligible Directors, employees and/or the business associates of the Group will be made available for application by the Malaysian public via balloting and/or Selected Investors via private placement.

Any Public Issue Shares which are not taken up by the Malaysian public will be made available for application to the Selected Investors via private placement if the private placement is oversubscribed and vice versa. Any further Public Issue Shares not subscribed for will be made available for subscription by the Underwriters in the proportions specified in the Underwriting Agreement.

There is no minimum subscription to be raised from the Public Issue as the Public Issue Shares are fully underwritten or placed out.

(v) ESOS

In conjunction with the listing, the Company proposes to implement an ESOS involving up to 12% of the Company's issued and paid-up share capital at any time during the existence of the ESOS, to be issued pursuant to the Options to be granted under the ESOS to the executive directors and eligible employees of the Group.

On the date of the listing of the Company on the MESDAQ Market, the Directors of the Company may grant up to 18,000,000 Options to the executive directors and eligible employees of the Group ("Initial Grant"). The subscription price payable of each Share comprised in the Initial Grant which is made in conjunction with the Company's listing on the MESDAQ market of the Bursa Securities shall be the Issue Price.

The Board of Directors of the Company shall, within the duration of the ESOS, make offers to grant the remaining Options to the executive directors and eligible employees of the Group in accordance with the ESOS By-Laws adopted by the shareholders of the Company. Each such Option which is not part of the Initial Grant shall be exercisable at a price which is the weighted average market price of the Company's Shares for the five (5) Market Days immediately preceding the date on which the Option is granted less, if the Directors of the Company shall decide at their discretion from time to time, a discount of not more than 10% or the par value of Shares, whichever is the higher amount.

4. INFORMATION ON THE GROUP (Cont'd)

The ESOS shall be in force for a duration of five (5) years. However, the ESOS may be extended for up to another five (5) years at the discretion of the Board upon the recommendation of the Option Committee.

The new Shares to be issued upon the exercise of the Options will, upon allotment and issue, rank *pari passu* in all respects with the existing issued and paid-up Shares of the Company, except that the new Shares will not be entitled to any dividends, rights, allotments or other distributions, the entitlement date of which is prior to the date of allotment of the said Shares. The new Shares will be subject to all the provisions of the Articles of Association of the Company.

Details of the Directors, Key Management and Technical Personnel's indicative ESOS allocation are set out in Section 2.5 of this Prospectus.

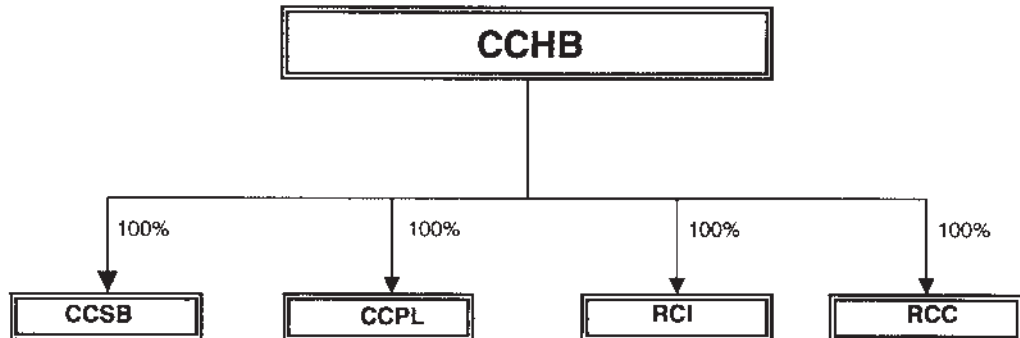
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4. INFORMATION ON THE GROUP (Cont'd)

4.2 BUSINESS

4.2.1 Group Structure

An overview of the Group's structure is set out below: -



Details of the subsidiaries of CCHB are summarised below: -

Subsidiaries of CCHB	Date/Place of Incorporation	Issued and Paid-up Share Capital	Effective Equity Interest (%)	Principal Activities
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.

4. INFORMATION ON THE GROUP (Cont'd)

4.2.2 Principal Products and Services**4.2.2.1 Interconnect Products and Services**

CCHB is principally an investment holding company with four (4) wholly owned subsidiaries. The Group's principal activities comprise design, development, manufacture, sales, marketing 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 Group's Interconnects can be broadly classified into the following three product categories:

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

The Group is able to design, develop, and manufacture interconnect components in all three product categories. The Group's main focus is on its role as the provider of niche engineering services such as value-added products and services and customised products. However, the Group also manufactures ISP as it allows the Group to obtain immediate market access and create brand awareness.

Value-Added Products/Services

Value-added products/services refers to performance enhancements of off-the-shelf or ISPs in consultation with its customers. The Group's range of value-added products for its customers contain one or all of the following:-

- (a) enhanced or additional features
- (b) a different form factor
- (c) increased performance
- (d) improvement in quality

Demand for value-added products and services stems from the problem faced by OEMs these days in that many of their end-product designs rarely utilise off-the-shelf ISP cables, sockets or connectors because they no longer fit or perform to the end-product design needs. Some industry leaders with vast resources have solved this problem by contracting cable and connector manufacturers to specifically custom-design an interconnect product for their application. Since this is cost prohibitive for the majority of businesses, companies obtain a specialist interconnect supplier to modify an off-the-shelf ISP to suit their specific needs. The CCHB Group offers a specialist service that provides a total engineering solution from problem identification to redesigning and manufacturing. The R&D team will work closely with the customers to understand and specify their requirements. The team will then draw a solution for the customers interconnection needs, which will then be transferred to the production floor. The Group has developed and added over 20 different cable and connector value-added ISPs to its range.

4. INFORMATION ON THE GROUP (Cont'd)

Examples of value-added products are shown as follows:-

- *power cords for broadband satellite products*

The value-added power cords are used in set top boxes (i.e. satellite TV receivers) and GPS units. The CCHB Group's R&D team has redesigned an entire product family for HNS to include several unique and innovative features such as non-standard cable lengths with specific ferrite cores, unique over moulded strain reliefs that enhance durability, together with customer defined markings and logos. Due to the high-technology environment in which the power cords are required to perform, stringent quality standards are imposed by HNS on the products, which the Group is able to deliver. The composite value-added features and quality service added to a simple, commonly used ISP power cord results in a unique product that becomes a new ISP for future generations of products that are exclusively designed by the CCHB Group.

- *signal and data transmission cables for audio/video, telecom and networking products*

The R&D team has enhanced a number of these types of cables such as:

- (i) cable stiffeners that form the cable to a specific mechanical profile to aid in installation;
- (ii) custom colour and connector combinations;
- (iii) alternative pin-out (signal path) configurations;
- (iv) alternative pin engagement sequencing for enhanced electrical applications; and
- (v) improved securing mechanisms for harsh environments.

- *high performance audio jacks for professional digital audio equipment*

CCHB Group currently supplies audio jacks to Loud Technology Inc. (Mackie), USA, a global supplier of professional audio equipment. The Group redesigned an industry standard audio jack and modified the normal manufacturing processes in order to comply with Mackie's high durability and quality requirements. The redesigned audio jack was also modified to accept a broader range of consumer audio plugs while retaining the Mackie trademark audible/tactile "click" during plug engagement and disengagement.

Other value-added products that were redesigned by the CCHB Group for its customers include I/O flat ribbon cables, industrial and hospital grade power cords (e.g. UL certification, specialty overmoulding and jacketing material and special surge protection), and specialty cables with active components such as LEDs.

Custom Products

Customisation involves a complete product design which includes conceptualisation, designing, prototyping, tool building, testing and debugging, 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 and stereo-lithography to accomplish the development. The customer fully funds the tooling and engineering expenses of the program.

4. INFORMATION ON THE GROUP (Cont'd)

The CCHB Group developed two (2) custom products for Seagate Technologies, LLC. USA ("Seagate") as described below. Both products are now in the second generation of development and the customer plans to continue into further generations for application improvement. The Group has also designed, developed and is producing a custom medical cable for Senzpak, a division of Memstech Corp., also described below.

The custom products such as:-

- *Ultra-Miniature Card Edge Connector*

The CCHB Group's R&D team designed an ultra miniature card edge connector with eight pins to receive a miniature circuit board. The connector is only 5.8mm (W) x 3.7mm (H) x 7.4mm (L) in size. The challenge of the design was to overcome the thin, 0.25mm plastic walls between the pins and the need to align the pins perfectly to mate with the printed circuit board. This customised design enables Seagate to use the connector in its hard disk drive testing program thereby increasing yield and virtually eliminating field failures. The design also allows the pins to be retained into the plastic body during handling, assembly, and usage, which enhances the durability and reduces rejection rate.

- *Static Discharge Shunt Connector*

A static discharge shunt connector dissipates any static charges that were accumulated during the manufacturing process that can destroy the hard drive. The design requires a custom compounded, high-performance thermoplastic that is exactly formulated to meet the needed electrical requirements. The shunt is actually a disposable, miniature switch and the design of its slider required an intricate insert-moulding process of tiny pins into a plastic shuttle. CCHB Group designed the static discharge shunt connector that not only conforms to this requirement, but also is easy to use, low cost and of high quality.

- *Medical Fluid Flow Sensor Cable*

This cable assembly requires two custom 4-pin connectors with unique termination contacts and intricately designed housings as well as a custom extruded cable with a proprietary ventilation channel. The CCHB Group's R&D team designed all of the components, assembly methods and extrusion methods to fabricate this complex cable assembly.

ISP

An ISP is defined and specified by standards approved by recognised industry or technology leaders. The majority of these industry or technology leaders are located in the US and form an industry standardisation committee for respective product. Qualified OEMs, ODMs and vendors of the respective product will be invited to be panel members of the Standardisation Committee. Details of the roles of the Standardisation Committee are set out in Section 4.2.13(iv).

The main benefit of manufacturing ISPs is that it allows the Group to achieve brand awareness and ensure market demand. The Group has an R&D team located in the US, which allows the Group immediate access to the Standardisation Committees and their respective members.

4. INFORMATION ON THE GROUP (Cont'd)

Currently, CCHB Group manufactures several ISP products such as PATA, Ultra ATA, USB, RF cables, BNC connectors, Centronic connectors, and is ready for the commercial production of the SATA cable product. The ATA and SATA products utilise the Group's automation technology as described in Section 4.2.4 that ensures low cost and consistent high quality. CCHB's PATA and Ultra ATA cables have received wide market acceptance from major hard disk drive manufacturers such as Western Digital and Gateway. Demand for the Ultra ATA cables, however, will gradually phase out as the interface is now transitioning into SATA while the PATA product will continue to be utilised in digital I/O products.

4.2.2.2 System-Assembly/Sub-Assembly Services

System assembly involves an assembly of a complete product, whilst sub-assembly refers to assembly of semi-finished products. System-assembly/sub-assembly is a process that involves utilising components fabricated in-house and/or obtaining components from strategic vendors and combining them together resulting in a value-added system-assembly or sub-assembly. In some cases, the components are designed to snap together so that additional components and processes are not required to complete the assembly. In other words, more complex assemblies and numerous components are combined utilising threading, screwing, heat-staking, soldering, gluing and pressing processes.

Presently, the system-assembly/sub-assembly services are provided by CCSB for the assembly of storage device and sub-assembly of components such as metal and plastic parts for broadband satellite products. The services are provided to the Group's customers as part of its value-added service offerings.

CCSB currently has a Business Agreement with TEM commencing on 1 June 2002 to assemble and supply PCBA to TEM. The service includes complete testing of product and also utilises Surface Mounting Technology. The PCBA operations are carried out at an allocated area in TEM using CCSB's own machineries. The machines located at TEM consists of two (2) Juki SMT lines that provide high-speed and flexible chip and integrated circuit placement and lead-free reflow.

RCI is currently in design development of a photo kiosk system for Infopoint, Ireland. This entire kiosk build stems from the integration of sixteen (16) custom cables and wire harnesses terminations within the kiosk. The Group's expertise in sheet metal design, molded component design, system integration, and manufacturing will provide a total solution to Infopoint.

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4. INFORMATION ON THE GROUP (Cont'd)

4.2.3 Principal Markets

The CCHB Group's customer base comprises of MNCs with manufacturing facilities in Malaysia, Singapore, Mexico, Thailand, USA and China. The CCHB Group's sales are deemed to be export sales as these MNCs which predominantly operate from free trade zone areas or are licensed manufacturing warehouses in Malaysia will ultimately export their products. Export sales contributed approximately 99.9% of the Group's total revenue for the financial year ended 31 December 2004 and the remaining 0.1% was contributed by local sales.

The principal markets and customers for the Group's products are as follows:-

Value-Added Products and Services

Customer	Interconnect Products Supplied by the CCHB Group	Application	Industry	End-Users
Hughes Network Systems, Inc.. USA, Thomson/RCA inc. USA and Jabil Circuit, Inc. USA	F-Cable, RCA Cable, S-Video Cable, Telco Cable, Power cords	DirectTV and Tivo ~ Digital Satellite Receivers and Recorders (i.e. set-top box)	Entertainment	Homes, hotels
	USB Cable, CAT5 Cable, Mini Din Cable, Power Cords	DirecWay ~ Broadband/Next Generation Broadband (3G) Network Products	Broadband satellite tele-communication	Homes, small businesses, enterprises and governments
	Power cables, USB Cable, CAT5 Cable, Mini Din Cable	VSAT (Very Small Aperture Terminal) ~ Data-Telephone Trunking Systems	Broadband satellite tele-communication	Homes, small businesses, enterprises and governments
	Power and High Flex Cable, CAT5 Cable, USB Cable	SpaceWay/Ka-Band Multimedia Satellite ~ New Generation Two-Way Communication Satellite	Broadband satellite tele-communication /Entertainment	Businesses, homes and governments
	Signal cables	Inmarsat ~ Broadband Global Area Network (BGAN)	Broadband satellite tele-communication	Mobile telephone users
Loud Technology Inc. (Mackie), USA, Wearnes, Precision (Singapore) Pte Ltd and Amiosonic, Inc. USA	Connectors: High performance audio jacks and profile headers. Cables: 145 Different IDC cable assemblies (Positions covering 8, 10,14,16,20,24,34,40) as well as IDC 2mm 24P and 40P); Custom Wire Harness products, D-Sub Cables	Professional audio equipment mixers	Professional audio equipment	Music professionals
Teac Electronics (Malaysia) Sdn. Bhd.	USB Cables	Media drives i.e. CD-ROM drives, DVD-ROM drives and floppy disk drives	Computer	Consumers

4. INFORMATION ON THE GROUP (Cont'd)**Customised Products**

Customer	Interconnect Products Supplied by the CCHB Group	Application	Industry	End-Users
Seagate Technologies, LLC. USA	Ultra miniature card edge connectors	Hard drive testing station in hard disk	Computer	Hard disk manufacturer
	Static discharge shunt II and static discharge shunt III connectors	Static shorting shunts in hard disk (used to dissipate static electricity during the manufacturing of hard drives)	Computer	Hard disk manufacturer
Hughes Network Systems, Inc. USA	RTX cable, Y-Mini Din Power Cable	Data transmission for Broadband Network Products 'SpaceWay'	Broadband satellite tele-communication	Homes, small businesses, enterprises

ISPs

Customer	Interconnect Products Supplied by the CCHB Group	Application	Industry	End-Users
Key Tronic Corporation, USA	Centronic connectors, custom wire harness products, Mini Din Cables, USB cables, D-Sub cables	Industrial equipment (e.g. printers, industrial keyboards, cash registers)	Electronics	Industrial customers
XN-Technologies, Inc. USA	BNC connectors, BNC cables, Mini BNC cables and connectors	Networking of security base stations	Tele-communications	Airports, banks, high profile individuals with certain security needs
On-Shore Technology, Inc. USA	Connectors and Wire Harness Products	Multiple application	Electronics	Homes, Small Businesses, Enterprises, Government

CCHB Group believes that there are numerous other industries in which the Group can apply and offer its engineering knowledge to such as automotive, and other digital equipment products. The Group endeavours to expand their customer base through on-going and future R&D projects.

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4. INFORMATION ON THE GROUP (Cont'd)

4.2.4 Indigenous Automation Technology

Through its automation and engineering expertise, CCHB Group has enhanced the Insulation Displacement Connector ("IDC") connector termination and cable assembly machine, named AutoTerm, and the Rotary connector assembly machine. The original version of AutoTerm was acquired from NTC by CCSB. The Group has also designed, developed and built a range of SATA cable machines comprising a cable stripping machine, a cable connector assembly machine, and a cable termination machine.

IDC Connector Termination and Cable Assembly Machine – AutoTerm

The machine has undergone several enhancements to expand its capability to terminate (assemble) alternative connector types. The AutoTerm machine is used in the assembly of flat ribbon PATA and Ultra ATA cable.



AutoTerm Machine

The main features and benefits of the AutoTerm machine is as follows:-

- The AutoTerm machine is capable of high-speed assemblies where a cable can be assembled in less than 5 seconds. This translates into over 2,200 connectors (three connectors per Ultra ATA cable assembly) terminated to cable per hour compared to 150 pieces if done manually;
- In addition to the Ultra-ATA product, the programmable AutoTerm is capable of assembling a multitude of flat ribbon I/O PATA cable assemblies at the same rate. The AutoTerm can terminate a family of connector and cable conductor positions ranging from small pin counts of only 10 to as high as 80 pins;
- The machine requires only one machine operator as compared to 15 workers for hand assemblies;
- The tooling sets are adjustable for connector size and are interchangeable for all stations. This makes set-up change-over fast and easy and allows for short, custom production runs;
- The machine is capable of highly accurate and consistent termination of connectors to 0.65mm pitch cable conductor spacing.

To date, the Group has four AutoTerm machines. Under the Inter-Company Technology Transfer Program, the Group trained its Malaysian staff onsite at RCI in the US. The Group has transferred two (2) AutoTerm machines from the US to Malaysia.

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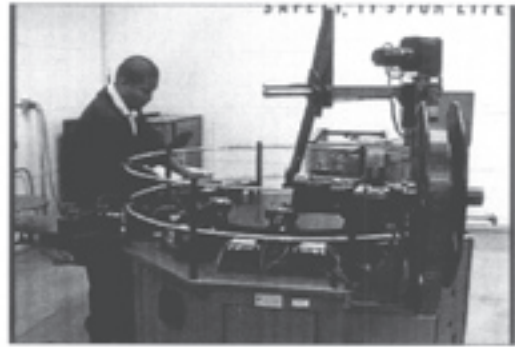
4. INFORMATION ON THE GROUP (Cont'd)

Rotary Connector Assembly Machine

This machine works alongside the AutoTerm machine to assemble connectors that feed into the AutoTerm machine.

The Rotary connector assembly machine enhanced by the Group's R&D team has the following features:-

- The machine requires only one operator and completely assembles, tests, and packages the connectors in preparation for the AutoTerm machine; and
- Like the AutoTerm, the connector assembly machine is programmable and adjustable to fabricate a range of connector sizes from 10 pin up to 80 pin in even multiple increments.



Rotary machine

To date, the Group has two (2) rotary connector assembly machine.

Both the AutoTerm and Rotary connector assembly machines are designed for the production of ISP products such as Ultra ATA and SCSI. An ISP vendor can only compete in the interconnect market if it has the capability to produce the product at a low cost and/or provide some form of product improvement over other vendors. Both machines combined enable a fully automated high-speed termination and assembly of ribbon cables, which enhances manufacturability and significantly lowers production cost. It also results in high quality controlled product that consistently conforms to the strict electrical specifications, which is difficult to achieve through hand assembly techniques. This imparts a significant edge compared to semi-automated and hand assembly techniques that exist in the industry.

According to the Overview of the World Connector Industry and SATA report dated 31 August 2005, by Bishop and Associates, Inc. prepared for inclusion in this Prospectus, the connector industry has become highly automated in the areas of moulding, stamping and assembly. Conversely, there are also labour intensive areas such as application of connectors on equipment and assembly (*termination*) of connectors to cable. These functions are generally conducted in low labour cost areas such as Mexico, Eastern Europe or China.

SATA Cable Machines

(i) *SATA Cable Stripping Machine*

The SATA cable stripping machine was designed, co-developed and built by CCHB Group's R&D team. Automated wire stripping machines are common in the industry but the SATA cable configuration does not lend itself to the typical stripping methods. To the best



SATA Cable Stripping Machine

of the Directors' knowledge, as the SATA standard is still in its introductory stages, SATA cable stripping machines are not yet available in the market. For this reason, many of the competitors use hand stripping or semi-automated stripping to prepare the cable for termination.

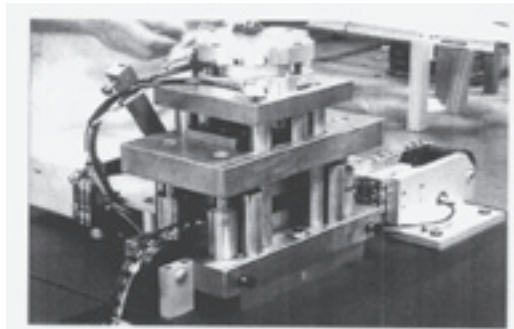
4. INFORMATION ON THE GROUP (Cont'd)

The SATA cable stripping machine designed by the Group has the following features:-

- the capability to strip over 3,000 meters of cable per hour compared to 240 meters per hour by hand or semi-automatic stripping methods;
- the machine is able to tightly control the wire strip length and wire straightness consistently, which is difficult to achieved through hand and semi-automatic stripping. Controlled strip length and wire straightness is essential in order for the SATA cable to perform in accordance with the SATA electrical specification; and
- the machine can be programmed to strip any cable length required.

(ii) SATA Cable Connector Assembly Machine

This machine was designed, co-developed and built by CCHB Group's R&D team. The SATA cable connector assembly machine automatically assembles stamped, precious metal pins into plastic bodies that will constitute the termination ends of the cable assembly and automatically packages the finished connectors in preparation for the SATA cable termination machine. In its current stage of development the SATA cable connector assembly machine requires three operators. The next level of development will reduce the number of operators to just one.



SATA cable connector assembly machine

(iii) SATA Cable Termination Machine

This machine was designed, co-developed and built by CCHB Group's R&D team. This machine takes the pre-packaged connectors from the SATA cable connector assembly machine and terminates them to the SATA cable that was prepared by the cable stripping machine.



SATA cable termination machine

The SATA cable termination machine designed by the Group has the following features:-

- the termination machine can modify the connectors to form an angled connector end or a straight connector end which results in up to six (6) different end product configurations;
- only one cable operator is required to operate the machine;
- the machine produces a minimum of 400 cable assemblies per hour compared to 40 hand or semi-automatic cable assemblies per hour per assembler; and

4. INFORMATION ON THE GROUP (Cont'd)

- the termination method was developed from the AutoTerm technology utilising an IDC-type interface. This type of termination results in an efficient, effective process with high yield rates as compared to the common industry method of solder termination.

(iv) SATA Ultrasonic Welding

The use of ultrasonics in the industry is not new however, the adaptation of ultrasonics to the SATA Cable assembly is. The cable ends are typically over-molded with PVC plastic, a common form of cable end encapsulation. SATA is a high-speed medium that requires stringent electrical performance. Over-molding surrounds the internal contacts with plastic and reduces the electrical performance. CCHB R&D team designed plastic covers that are ultrasonically welded together (eliminating the over-molding process) surrounding the contacts with air instead of plastic. This yields a superior electrical termination ensuring adherence to the serial ATA 2.0 specification.

4.2.5 New Product - SATA Cables and Connectors

4.2.5.1 Introduction

CCHB Group is currently embarking to produce a range of ISP cable and connectors for SATA. SATA is a storage interface specification for the next generation computing platform and is a replacement for the current parallel ATA physical storage interface. The SATA specification established a transfer medium that could handle data rates of 1.5 Gbps (which is significantly faster than the existing parallel ATA interface), with a capability to twice double that (as the need arose) up to an eventual 6 Gbps. It also solved some problems that existed with parallel ATA, such as high volt signalling and pin count, cable length limitation and data robustness issue. The higher speeds allowed by using SATA means connectors have to change to meet the new requirements.

The SATA standard specification was developed by the SATA Working Group, which consists of major players in the IT industry such as APT Technologies Inc., Dell Computer Corporation, International Business Machines, Intel Corporation, Maxtor Corporation, Quantum Corporation, and Seagate Technology. The SATA standard developed by the SATA Working Group defines the interface requirements such as the connector mating interface. However, the SATA standard does not specify the termination methodology as this is left to the individual manufacturers to design.

The CCHB Group, under RCI's name, has been listed on the SATA official website, www.sata-io.org, as a member of Serial ATA-IO. Presently, there are 12 members for cable and connector companies (the full SATA members list can be found on www.sata-io.org).

According to the Overview of the World Connector Industry and SATA report dated 31 August 2005, by Bishop and Associates, Inc. prepared for inclusion in this Prospectus, although RCI is not a tier one company, it is the only identified manufacturer (*capable*) of high volume signal cable assembly with operations in the US. The cable assembly is automated so as to compete with off-shore companies (*i.e. companies with manufacturing facilities in overseas countries where operating costs are relatively lower*).

SATA is an industry shift that is expected to have a life of at least 10 years. For more information on the SATA technology, please refer to Section 4.4.10.

4. INFORMATION ON THE GROUP (Cont'd)

4.2.5.2 CCHB SATA Signal Cable

The SATA cables and connectors product family consists of two (2) cable types and six (6) connector types. CCHB Group is now introducing one of the cable types into the market, identified as the signal cable. The CCHB Group's SATA signal cable has been tested to and complies with the Serial ATA 1.0 and Serial ATA 2.0 electrical specifications.

Being an industry standard product, the SATA market is projected to be highly competitive. However, the Directors believe the Group is able to offer a competitive product to the market with several value-added features. With the immense experience in product and machine designing, value adding and customisation, the Group utilises this expertise as leverage in designing its SATA signal cable. The United States Patent and Trademark Office in Washington, USA has allowed the Group's application for its SATA signal cable.

Among the value-added features are as follows:-

- *Built-In Strain Relief*

The built-in strain relief transmits cable stress during pulling and unplugging of cable to its plastic housing. The plastic housing is reinforced by ultrasonic welded covers that are bonded to the housing. This significantly improves the durability of the cable compared to many other SATA signal cables available in the market, where the typical overmould offers weak strength so that cable pulling and bending stresses are transmitted directly to solder joints (i.e. where the cable wires are attached by solder to the connector pins resulting in electrical failure).

- *Displacement Termination*

The manufacturing process used by CCHB enables all the signal wire to be consistently terminated simultaneously. Many of the SATA signal cable already available in the market use the soldering method. Soldering is a labour intensive method that is very difficult to control. Electrical performance is degraded and will vary from cable to cable whilst displacement termination will result in clean and consistent electrical performance.

- *Automated Assembly*

The SATA signal cable is assembled using a fully automated process consisting of a SATA cable connector assembly machine, a SATA cable termination machine and a SATA cable stripping machine. The automation of all the cable assembly processes results in cost efficient, quality-controlled product which consistently conforms to strict electrical specifications. Furthermore, the automation of the SATA signal cable assembly process offers a large degree of protection for the Group from succumbing to the pressures from the larger competitors with manufacturing facilities in China where labour costs are much lower.

4. INFORMATION ON THE GROUP (Cont'd)**Other SATA Products**

The Group's engineering involvement in the SATA-IO Standardisation Committee has exposed itself to the industry's roadmap and is thereby aware of the entire product family that the industry will require. Therefore, apart from the SATA signal cable, the Group has already designed or in the process of designing and intends to manufacture six (6) other products in the SATA family:-

- Motherboard & daughtercard connector;
- Device connector (hard drives);
- Backplane connector right angle (laptops);
- Backplane connector vertical (servers);
- Power cables (power supply and adaptor); and
- External Signal Cable

The Group also expects possible custom design-in SATA Interconnects. The Group has already received requests for quotation on custom SATA cables and PCB connectors. The R&D team has proposed designs and submitted concepts and proposals to a number of customers.

4.2.6 Approvals, Major Licenses and Permits Obtained

Details of the approvals obtained by the Company for the Listing from the SC, MITI and FIC together with the conditions imposed by these authorities and status of compliance are set out in Section 7.1 of this Prospectus.

Other approvals, major licenses and permits obtained by the Group are as follows: -

i) CCSB

Authority	Description	Date of commencement	Date of expiry	Major Conditions Imposed
Majlis Bandaraya Melaka Bersejarah	Business License No. L4.08257	31.12.2004	31.12.2005	None
Ministry of International Trade and Industry of Malaysia	Manufacturing License No. A 051068 (Industrial Co-Ordination Act, 1975) for cables/wires and connectors with/without wires/cables	23.4.2005	Not applicable	None
Kastam Diraja Malaysia	Warehouse Licence No. 046104 (for warehousing wire harness assembly and Infopoint Photokiosk)	1.8.2005	31.7.2006	None
Kastam Diraja Malaysia	Manufacturing Warehouse Licence No. 041143 (for manufacturing of wire harness assembly and Infopoint Photokiosk)	1.8.2005	31.7.2006	None
Lloyd's Register of Shipping (M) Bhd for and on behalf of Lloyd's Register Quality Assurance Limited	ISO 9001/2000 Approval Certificate No KLR0404131	1.9.2004	31.8.2007	None

4. INFORMATION ON THE GROUP (Cont'd)

CCSB has applied for Pioneer Status tax incentive under Section 7, Promotion of Investment Act, 1986 from the Malaysian Industrial Development Authority (MIDA) and received approval from MIDA on 11 July 2001, subject to the following terms:-

- (i) value added for the products achieved by the Company should be at least 30%;
- (ii) the percentage of management, technical and supervisory employment over the total workforce should be at least 15%; and
- (iii) the Company is required to undertake in-house "moulding" and/or "metal stamping" for its products.

The Company is required to submit an application for Production Day certificate under Section 7, Promotion of Investment Act, 1986 within six (6) months upon meeting the aforesaid conditions. The Company has received approval from MITI on 13 April 2004.

(ii) CCPL

Authority	Description	Date of commencement	Date of expiry	Major Conditions Imposed
Inland Revenue Authority of Singapore	Government Goods and Services Tax - GST License No. M2-8910026-1	1.4.1994	Not applicable	None
Singapore Trade Development Board	Certificate Registration No. 11223940000M (Registration of Traders, Common Carriers and Others under Regulation 37(1) of the Regulation of Imports and Exports Regulations (RIER))	18.2.2002	Not applicable	None

(iii) RCI

Authority	Description	Date of commencement	Date of expiry	Major Conditions Imposed
State Board of Equalization, State of California, United States of America	Seller's Permit (SR EAA 97-860508)	11.4.2001	Not applicable	None

(iii) RCC

Authority	Description	Date of commencement	Date of expiry	Major Conditions Imposed
ShenZhen Industrial And Commercial Administration Department	Business Permit, serial no: 0939344 (for manufacturing computer cable, parallel cable and products related to computer system and design of components)	24.12.2004	24.12.2019	None

4. INFORMATION ON THE GROUP (Cont'd)

4.2.7 Intellectual Property Rights

At present, the Group has made the following patent applications for its SATA signal cable:-

U.S. Patent Application (Serial No. 10/624,620)

Title: Electronic Connector for Cable (filed on 22 July 2003 with the United States Patent and Trademark Office, Washington)

The invention relates to an electronic connector having advanced cable termination and grounding features to provide a high-speed I/O interface for coupling the cable to an electronic device. A standard (Serial ATA – www.sata-io.org) has been developed that defines a new, high-speed I/O interface for the computer industry. The SATA specification, among other things, defines the connector mating interface(s) but does not specify the termination methodology. The invention relates to an improved methodology for terminating a connector to a specified cable, or other similar cable.

The US Patent Application was allowed on 7 April 2005.

In respect of the same invention, the Group has also filed two additional patent applications which are summarised as follows:-

- (i) Chinese Patent Application – Title: Electronic Connector for A Cable (Serial No. 03817370.0 filed on 22 July 2003).
- (ii) Taiwan Patent Application filed on 22 July 2002 (Serial No. 092119820).

All the aforesaid patent applications are pending for examination by the Patent Officer.

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, which it uses in connection with its business, with Network Inc Solutions, USA.

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4. INFORMATION ON THE GROUP (Cont'd)

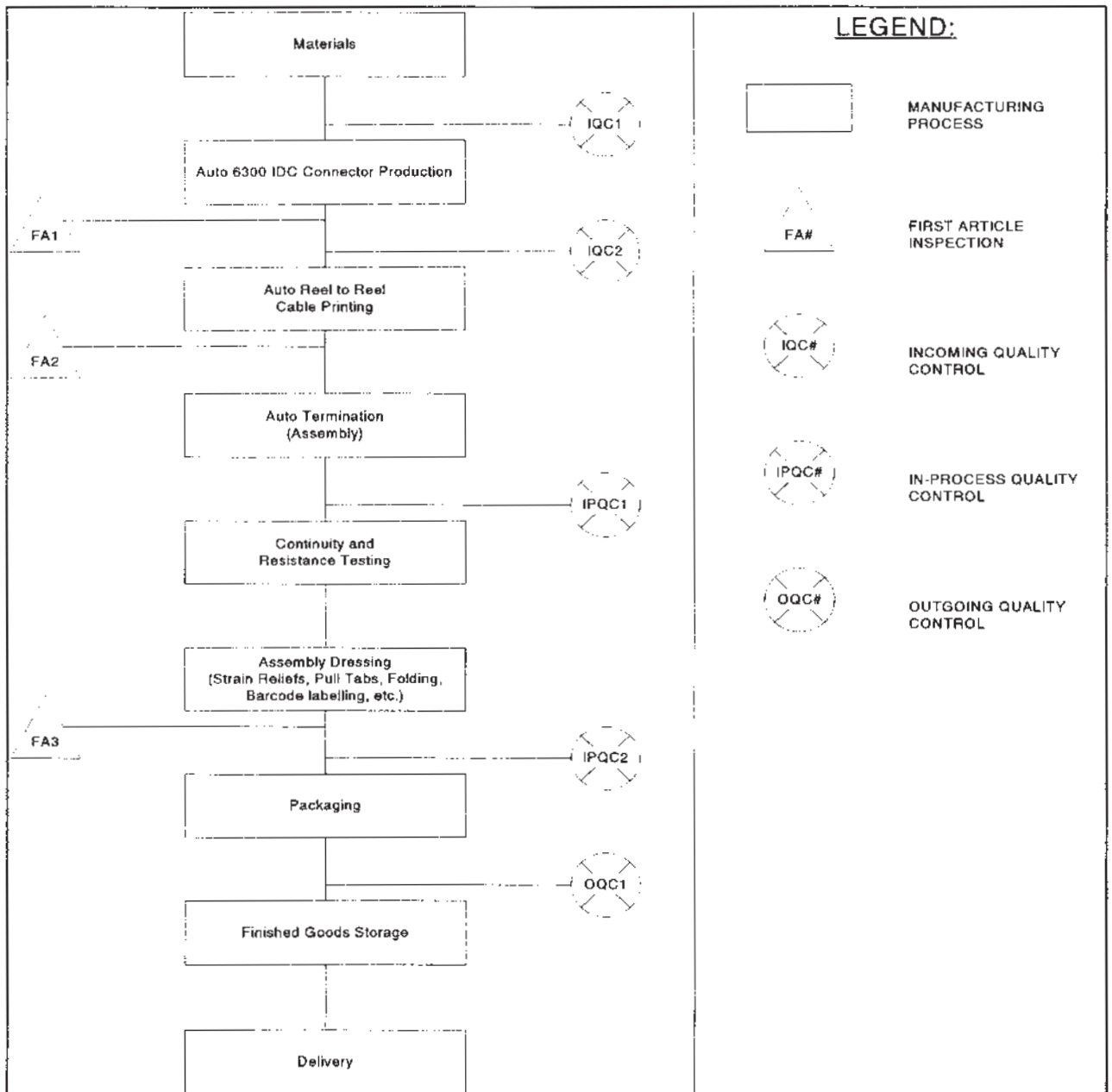
4.2.8 Manufacturing Processes

CCHB production processes consist of the following:-

- (i) Flat Ribbon Cable Assembly (for the production of IDC cables, such as Ultra ATA, Parallel ATA, SCSI and floppy disks; and value-added signal and power cables);
- (ii) Static Discharge Shunt Connector;
- (iii) USB 2.0 Cable Assembly; and
- (iv) SATA Cable Assembly.

Flat Ribbon Cable Assembly

The manufacturing processes, with their quality control points are as follows:-



4. INFORMATION ON THE GROUP (Cont'd)

Materials

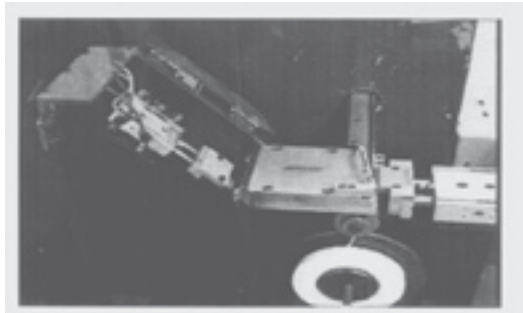
- Raw materials such as connector terminals, connector housings and covers and flat ribbon raw cables are inspected.

Auto IDC Connector Production

- IDC connectors are assembled in-house using a high-speed rotary connector assembly machine. Initially, reels of terminals are set up and connector housings are poured into a vibratory bowl. The IDC machine will then automatically insert two rows of terminals into each housing and test for any bend or missing pins with an in-line test station. Accepted finished connectors will be automatically taped and reeled into a mounted spool.
- IDC connector covers are required to be taped in strips for ease of feeding to the AutoTerm machine during cable assembly process. This taping and cutting to strips is performed by an in-house custom-designed machine. The cutter will slice the tape and leave the connector covers in a pre-defined strip length based on the cut interval setting.



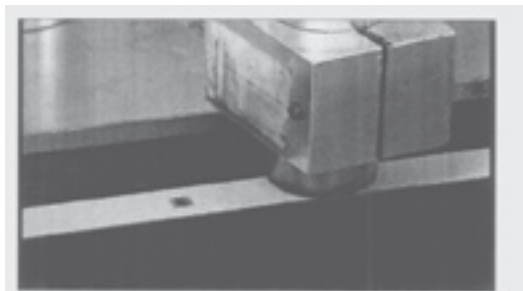
Connector covers fed into a vibratory bowl



Taping and cutting of connectors to strips performed by an in-house custom-designed machine

Auto Reel-to-Reel Cable Printing

- The raw flat ribbon cable is printed with the customer part number, logo and other requirements per the customer's specifications by using a reel to reel in-line automated ink-jet printer. In addition, the in-line automated ink-jet printer will print interval dots on the cable that will enable the sensor on the AutoTerm machine to detect and automatically perform the cut to obtain the required cable length. The printed cable is reeled onto a spool, ready for the AutoTerm machine.



Printing of interval dots on the cable to enable the sensor on the AutoTerm to automatically detect and cut the cable

4. INFORMATION ON THE GROUP (Cont'd)

Auto Termination (Assembly)

- During the auto termination process, the printed cable reel is mounted on the AutoTerm machine, together with the taped IDC connector and cover reels. The AutoTerm will automatically assemble the connectors and covers and terminate them onto the cable. Subsequently, by using its internal sensor, the AutoTerm will detect the printed interval dots on the cable and automatically cut the cable into the required cable length. Prior to the termination process, the machine parameters and settings will be input into the computer system using the touch screen controller.



The printed cable reel is mounted on the AutoTerm machine, together with the taped IDC connector and cover reels.

Continuity and Resistance Testing and Assembly Dressing

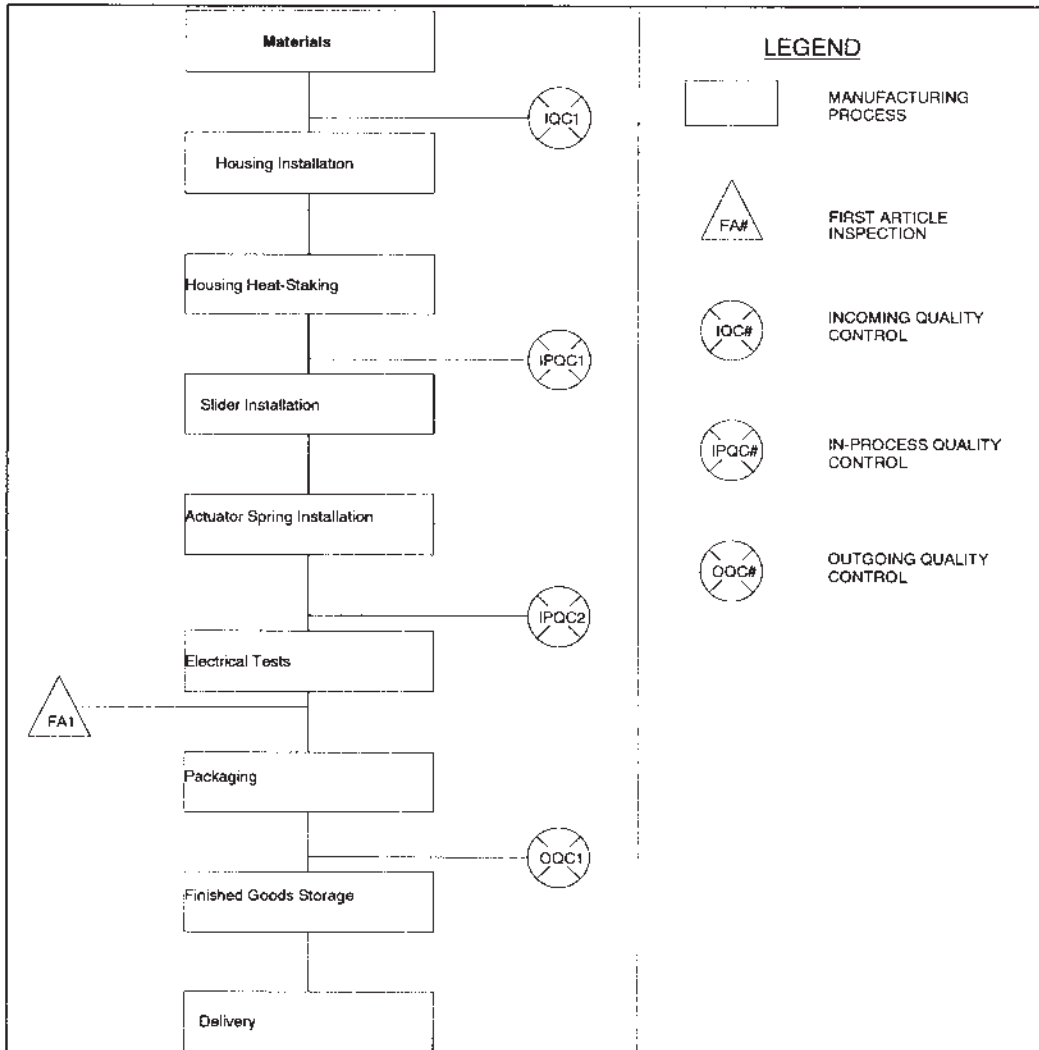
- All finished cables are 100% sampled for testing. Cable assemblies that pass testing are transported via a conveyor belt to the assembly dressing area for further assembly dressing operations depending on the customers' specifications.

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4. INFORMATION ON THE GROUP (Cont'd)

Static Discharge Shunt Connector Assembly

The manufacturing processes, with their quality control points are as follows:-



Materials

- Raw materials such as printed circuit boards (consigned by customer), plastic housings, slider arrays and actuator springs are inspected for production of static discharge shunt connector.

Housing Installation and Heat-Staking

- The static discharge shunt housing is placed into the slots of the PCBs. Due to sensitive nature and miniature size of the static discharge shunt connector, the operators and inspectors need to handle the components carefully so as not to apply excessive force and to wear finger cots throughout the assembly process in order to prevent contamination. Subsequently, the housing leads are heat-staked on the underside of the PCB to permanently secure the housing.

4. INFORMATION ON THE GROUP (Cont'd)

Actuator Spring Installation

- The slider array is manually placed into the housing. Next, the actuator spring is manually placed into the slot on the housing. The spring must be properly seated in accordance to specifications.

Continuity and Resistance Testing

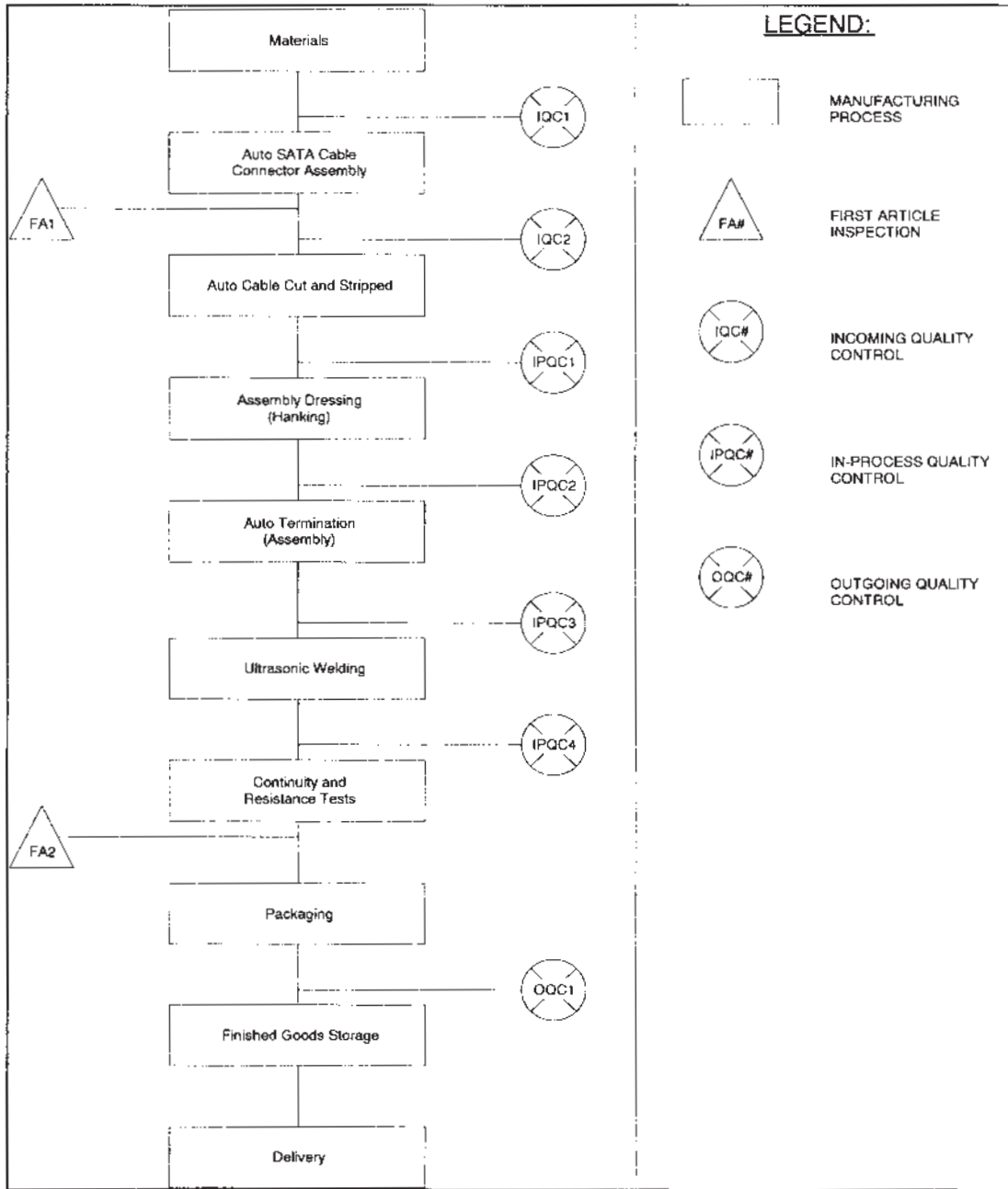
- In-process audit will be conducted to ensure that the slider and actuator spring are placed in accordance to specified visual and functional specification. Subsequently, all finished static discharge shunt connectors are 100% sampled for electrical continuity and resistance testing. Failure rates will be monitored and reported for immediate investigation.

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4. INFORMATION ON THE GROUP (Cont'd)

SATA Cable Assembly

The manufacturing processes, with their quality control points are as follows:-



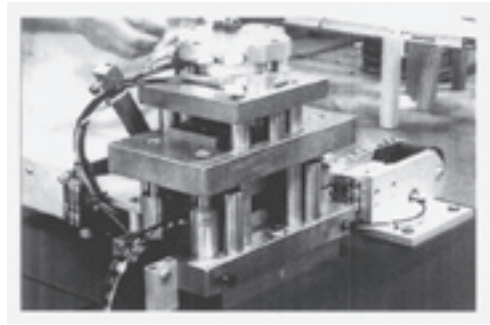
Materials

- Raw materials such as connector terminals, housings, SATA raw cable and ultrasonic covers are inspected for the production of the SATA cable assembly.

4. INFORMATION ON THE GROUP (Cont'd)

Auto SATA Cable Connector Assembly

- SATA connectors are assembled in-house using the cable connector assembly machine which can run at high speed. Initially, terminal reels are set up and connector housings are presented to the machine by means of a vibratory bowl. The SATA cable connector assembly machine will then automatically insert the rows of terminals into each housing. Finished connectors will be automatically reeled into a mounted spool.



Automated SATA cable connector assembly

Automated Cable Cut and Stripped

- The SATA raw cable is cut to the specified length and stripped by an automated cable stripping machine.

Assembly Dressing (Hanking)

- The cable is then hanked in preparation for the SATA cable termination assembly.

Auto Termination (Assembly)

- The stripped cable is loaded into the SATA cable connector assembly machine. SATA connectors are automatically picked, placed and terminated to the inserted cable. The terminated cable will undergo another round of similar termination on the opposite end of the cable to complete the termination process. During the process, quality control inspectors will conduct in-process audits to ensure that cable connector termination, termination quality and cable assembly length consistently complies to specifications.



Loading cable on Station 1 of SATA Cable Connector Assembly Machine

Ultrasonic Welding

- Prior to commencing the sonic welding process, the required frequency, dwell, and cycle time parameters will be set up for the welding machine. Subsequently, the cable is seated in the weld nests where the sonic welder is then operated to complete the SATA cable assembly.

Electrical Testing

- All finished cables are 100% sampled for testing. Cable assemblies that pass testing are transported via a conveyor belt to the packaging station.

4. INFORMATION ON THE GROUP (Cont'd)

4.2.9 Estimated Market Coverage and Position

CCHB Group recognises that being a niche company, the company has a relatively small market share of the world cable and connector industry. However, the Directors believe that Group has strong position within certain segments of their target market. For instance, CCHB Group has been supplying F-Plug cable assemblies and power cords to HNS since March 2003. According to the Acacia Research Group (www.acaciarg.com) press release dated 30 April 2004, HNS ranked fourth in the worldwide digital set top box vendor rankings for the year ended 2003, with market share amounting to 12.40%.

The Group believes that customer relationship and services play a vital role in maintaining businesses. Apart from being a niche cable and connector solutions provider, substantial focus is placed on value-add services such as EDI, customer logistic support and auto-replenishment program. These attributes contribute towards differentiating CCHB Group from other small and medium sized cable and connector companies, which attracted several major world players in the high-technology industries such as HNS, Seagate Technologies LLC and Loud Technology Inc. (Mackie). The Group intends to build on its niche strengths in order to expand their market share within its targeted market segments.

4.2.10 Types, Sources and Availability of Raw Materials

- (i) The raw materials used in the manufacture of cables and connectors are as follows:-

	% of Total Group's Purchases as at 31 December 2004
	%
Cables	68
Connector	16
Plastic components	12
Sheet metal	3
Others	1
Total	100

The Group purchases its higher-end raw cables from USA while other standard or lower-end raw cables are purchased from suppliers in China. The Group purchases high precision and precision plastic components for use in the production of interconnect products. A substantial proportion of the Group's plastic components are supplied by a local supplier. As the Group services mainly high technology markets such as broadband satellite communication solutions and disk drive industries, where specifications are more complex and sophisticated, the Group only sources quality raw materials, such as plastic components made from high performance engineering plastics, that is able to withstand the demands of a high-tech environment.

- (ii) System-Assembly/Sub-Assembly Segment

All raw materials used for the system-assembly/sub-assembly services, such as ICs (integrated circuit), transistors, capacitors, PCBs and consumables etc. are consigned by the customers.

The Directors of CCHB is of the opinion that they will not face any difficulties in obtaining the major raw materials and components.

4. INFORMATION ON THE GROUP (Cont'd)

4.2.11 Quality Control Procedures

The Group adopts a stringent internal quality assurance policy to ensure that raw materials purchased and products manufactured and supplied to customers are of high quality and meet the specifications and requirements of its customers. CCHB Group's goal is to deliver products that will achieve customer satisfaction in quality, delivery and responsiveness. As several of the key management have had numerous experiences in implementing ISO standards, the Group is able to tap on their knowledge to establish documents and quality procedurals implemented by the CCHB Group and its subsidiaries that are based on ISO standards. The Group conducts internal quality system audit bi-annually to ensure quality procedures are documented and effectively implemented.

There are 6 quality sections in the Group's quality organisation:-

- Incoming Quality Control ("IQC")

First article inspection of in-coming material is carried out by trained inspectors to ensure materials are in accordance to specifications. Physical and chemical reports or certificates are required from manufacturers and processors of plastic and other materials. These reports will be available to the inspector for comparison to specification requirements. Any non-conforming material will be identified and segregated to designated area awaiting for material review team's decisions.

- In-Process Quality Control ("IPQC")

Trained in-process inspectors will conduct line audits to confirm that production personnel are performing required inspections and tests, are applying acceptance criteria properly, and recording data and completing records properly. The data collected during in-process inspections and tests will be processed and used to identify quality levels and trends. If an adverse trend is found, IPQC will determine the cause and actions to be taken. Non-conforming materials will be segregated in a designated area awaiting material review team's decisions. All reworked or repaired materials are required to be re-inspected and retested as appropriate.

- Outgoing Quality Control ("OQC")

Final product inspection is performed by out-going inspectors to ensure that finished products conform to customer's specification. Visual inspection is conducted to verify that the requirements on workmanship, dimension accuracy, configuration, functional data acceptance test data, special cosmetic details and acceptance criteria and labelling have been met. All product functional performance will be tested in accordance to specific testing procedures. Statistical data collected during the production processes will be analysed and used to improve product performance, reliability and the production processes and/or to confirm attainment of established goals.

- Procurement Quality Control ("PQC")

The procurement quality inspector performs inspection on-site or in close proximity to the supplier factory. This is to ensure that any non-conforming products found are effectively recovered with minimal impact to customer's delivery lead-time, especially for supplies transported by sea shipment mode. The on-site inspection also reduces rejection exposure at supplier, in cases of a large, continuous production order with multiple delivery schedules.

4. INFORMATION ON THE GROUP (Cont'd)

- Manufacturing Quality Engineering ("MQE")

The MQE carries out periodic internal quality audits to ensure effectiveness of quality system documentation and implementation. More importantly, the MQE will consult with, and offer advice to customer service on evaluation of field returns and customer complaints. The MQE will determine the cause of complaints and counsel appropriate organisational responsibilities for corrective actions, and follow-up response to customer.

- Supplier Quality Engineering ("SQE")

The supplier performance will be monitored and rated through the Supplier Performance Rating System. The SQE performs on-site quality surveillance of suppliers before qualifying as a material supply source. The SQE will also manage supplier corrective actions response to non-conforming material quality problems arising from field returns, manufacturing, in-coming inspection or procurement inspection.

To further upgrade and strengthen its commitment to quality, the Group has taken proactive steps to elevate its professionalism in all areas of the organisation. The Group is continuously harmonising its quality systems throughout the subsidiaries. CCSB has achieved its ISO9001:2000 certification on 1st September 2004 and RCI is working towards achieving its ISO certification by November 2005.

4.2.12 Technology Used

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

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

The technical assets of the Group are used to formulate designs, prototype and then manufacture product solutions for its customers. (See Section 4.2.2 of this Prospectus). The typical process of the Group's Research & Development is summarised in the flow diagram below.

The CCHB Group offers a specialist service that provides a total engineering solution from problem identification to redesigning and manufacturing. The R&D team will work closely with the customers to understand and specify their requirements. The team will then draw a solution for the customer's interconnection needs, which will ultimately be transferred to the production floor.

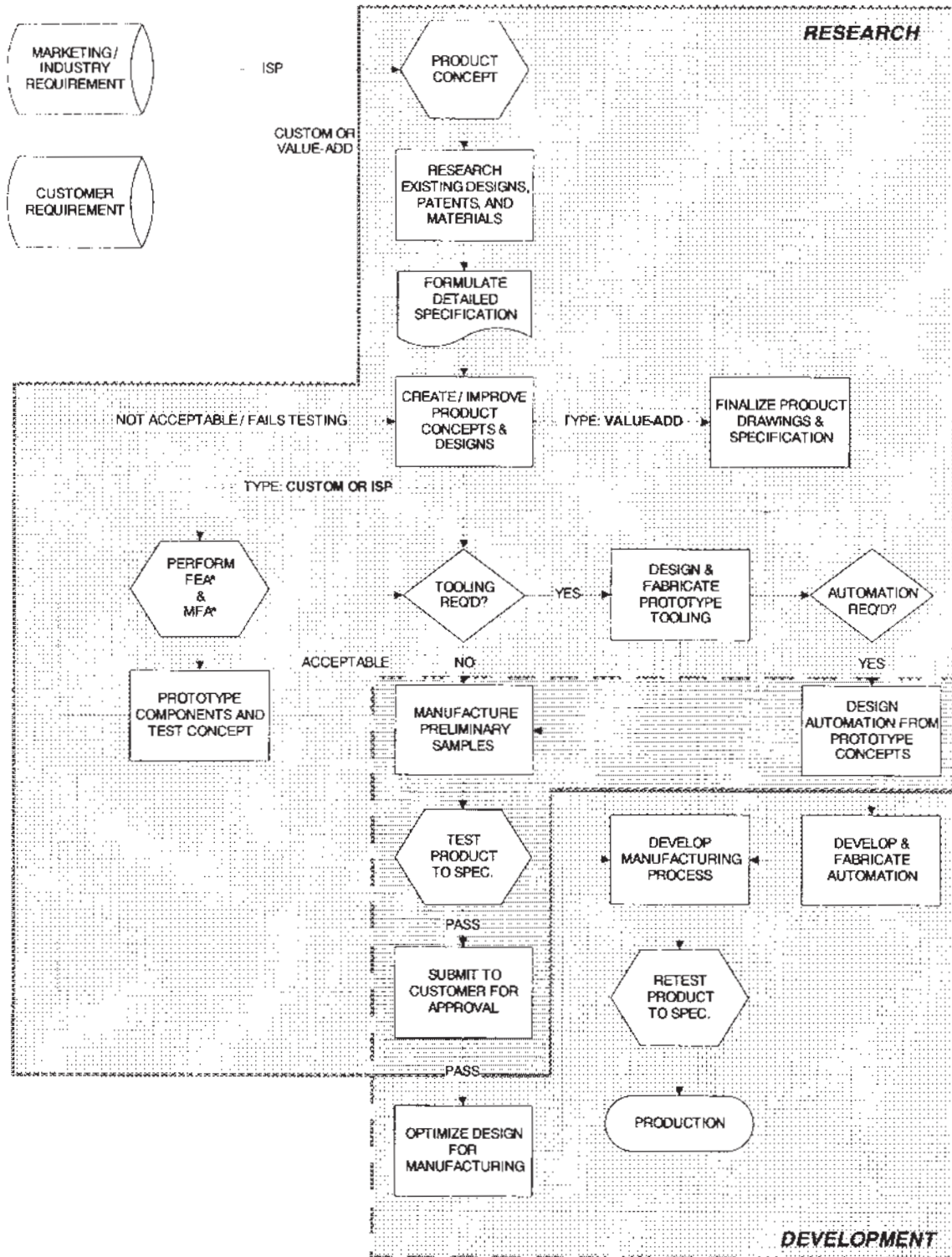
R&D for all product categories will include product conceptualization, patent research, material and process evaluation/formulation, designing, specification creation, prototyping, tool building, testing and debugging, as well as automated assembly equipment & tooling and manufacturing methodology. The 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.

Research and Development extends far beyond the simple flow diagram shown and can be further broken down into two discrete functions. The R&D flow diagram shows that although each function is discrete both disciplines also overlap and therefore require synergy. (See Section 4.2.13 of this Prospectus)

Research for the Group, also involves, among others, obtaining technical data, testing and evaluating test data, investigating alternative designs and applications, visiting customers and determining trends and needs, learning about advanced methods, materials, processes, and applications, receiving training to use technical tools, and reverse engineering of current technology.

4. INFORMATION ON THE GROUP (Cont'd)

Development for the CCHB Group, also involves, among others, applying their Research to improve a design, augment or retrofit a current product, refine methods of manufacturing or automation techniques, cost reduce a product or process, offer alternative designs or product variations that a customer was not expecting, and advance a product concept closer to completion.



4. INFORMATION ON THE GROUP (Cont'd)

4.2.13 R&D**(i) Policy on R&D**

R&D is pivotal to the ongoing operations for the CCHB Group. The very nature of the business of value-adding and niche productivity requires continued research and development. The Group views research as a necessary, on-going process required before any development can be done on product or automation. Research for the Group, involves, among others, obtaining technical data, testing and evaluating test data, investigating alternative designs and applications, visiting customers and determining trends and needs, learning about advanced methods, materials, processes, and applications, receiving training to use technical tools, and reverse engineering of current technology.

Development for the CCHB Group, involves, among others, applying their research to improve a design, augment or retrofit a current product, refine methods of manufacturing or automation techniques, create a design from a concept and then prototype it, cost reduce a product or process, offer alternative designs or product variations that a customer was not expecting, and advance a product concept closer to completion. CCHB budgets at least 30% of its annual expenditure towards R&D.

In brief, the R&D policy could be summarized as follows:

- to create niche products in accordance with customer's specification;
- to achieve cost efficiency in products through automation;
- to ensure built in quality; and
- to ensure product safety.

(ii) Research and Development Facilities and Personnel

At present the R&D facilities are based at RCI, located in Foothill Ranch, California, USA. The Group recognises that by positioning its Research team in the US, the Group is in a highly advantageous position as this allows the Group to work closely with the industry standardisation committees and to have immediate access to resources, new developments and market intelligence that mainly originate from the US. The CCHB Group has plans to establish a Development Team based in Malaysia to ensure an even spread of its engineering team and also to capitalise on the Asian niche market demand. The Malaysian Development Team will be required to become intimately acquainted with the corporate manufacturing locations in Malaysia as well as other locations. They will be provided with the resources to speed ISP designs into production, oversee and manage value-added designs to production, perform tests and measurement and assist in the development of niche products.

The Group has invested in the necessary infrastructure and facilities set-up to support its R&D initiatives with the latest designing software and tools, such as CAE and CAD tools that are used for product and process development. It is also equipped with test and measurement tools used in product and process research. Among the types of development and development tools that the R&D team is involved in include:-

- rapid prototyping that includes stereo-lithography, wire EDM, chemical etching, powdered metal sintering, CNC machining;
- mechanical and structural analysis of small component parts using CosmosWorks software;
- mould flow analysis of injection moulded parts using MoldFlow Software; and
- solid modelling and part geometry definition using SolidWorks software.

4. INFORMATION ON THE GROUP (Cont'd)

The in-house R&D team is headed by Robert Jean Tondreault, the Director of R&D, whom along with two (2) Product & Machination Engineers, together have over 42 years of experience in the interconnect industry. The Group also have seven (7) contract engineers in China.

(iii) Achievements in Research and Development

Over the past four years, the R&D team has successfully researched, designed and developed over 22 industry standard or custom products. The team has also developed numerous value-added product variations that are now in production.

The large accumulation of engineering knowledge, expertise and experience are being used by the Group as leverage for designing quality products and state-of-the-art automation techniques.

A summary of the Group's major R&D achievements are shown in the following table:-

Year	Product	Application	Customer
2001	Seashunt, SSII	Hard Disk Drive	Seagate Technologies, LLC. USA
2001	Audio Jack Rev 1	Musical Instrument	Loud Technology, Inc. (Mackie), USA
2001	Ultra Flex RTX cable 1	Broadband Product	Hughes Network System, Inc., USA
2002	Seashunt, SSIII	Hard Disk Drive	Seagate Technologies, LLC. USA
2002	Ultra Flex RTX cable 2	Broadband Product	Hughes Network System, Inc., USA
2002	Coiled Nema Power cord	Broadband Product	Hughes Network System, Inc., USA
2003	Audio Jack Rev 2	Musical Instrument	Loud Technology, Inc. (Mackie), USA
2003	Card Edge Connector	Hard Disk Drive	Seagate Technologies, LLC. USA
2003	SATA Signal Cable	Computers	IT industry ¹
2004	Medical Sensor Cable	Medical, Fluid Flow Measurement	Senzpak Pte Ltd
2004	USB Cable	MP3 Player Accessory	Creative Technology Ltd
2004	Power Docking Cable Connector	Mobile Phone Accessory	Flextronics, Hong Kong
2005	Micro-coaxial Antenna Cable	Broadband Product	Hughes Network Systems
2005	High-Speed Coaxial Connector	Broadband Product	Hughes Network Systems
2005	Isolated Panel Mount USB Cable	Broadband Product	Thomson/RCA
2005	Integrated Silicon Microphone Interface Cable	Audio Sensing Applications	Senzpak Pte Ltd , a division of Memstech
2005	SATA Power/Signal Combination Cable	Computers and Digital Equipment	IT industry ¹
2005	SATA Signal Cable with Integral Latching System	Computers and Digital Equipment	IT industry ¹

Note:-

¹ *SATA signal cable is a newly launched product using SATA technology that is still in the introductory stages in the IT industry. The customers for this product will be announced in the future.*

The most significant achievement in R&D is the SATA signal cable (refer to Section 4.2.5.2.) and the SATA cable machines (refer to Section 4.2.4). The Group's SATA signal cable has innovative value-added features, for which the United States Patent and Trademark Office in Washington, USA has allowed the Group's application for its SATA signal cable. (refer to Section 4.2.7). The SATA cable machines designed by the R&D team enable a cost-efficient production of the SATA signal cables, that produce quality-controlled products which consistently conform to strict electrical specifications.