1. INFORMATION SUMMARY

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

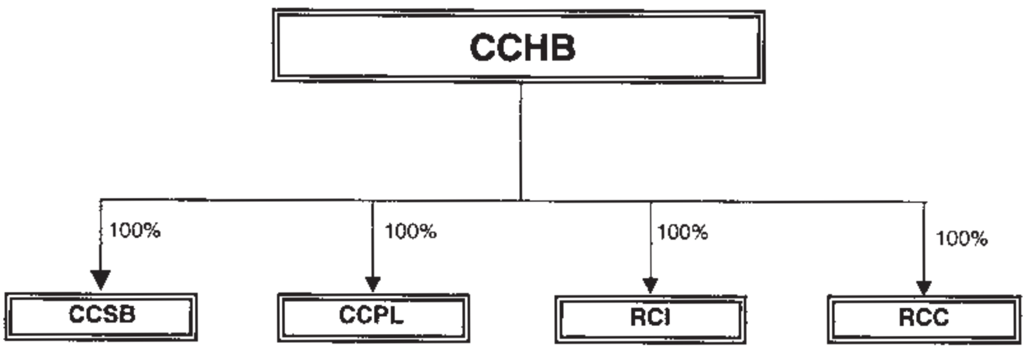
1.1 HISTORY AND BUSINESS

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

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

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

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



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

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

1. INFORMATION SUMMARY *(Cont'd)*

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

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

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

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

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

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

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

1. INFORMATION SUMMARY *(Cont'd)*

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

Subsidiaries of CCHB	Date/Place of Incorporation	Issued and Paid-up Share Capital / Capital invested	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.

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

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1. INFORMATION SUMMARY *(Cont'd)*

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

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

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

1. INFORMATION SUMMARY *(Cont'd)*

		No. of Ordinary Shares Held in CCHB After the Public Issue				No. of Ordinary Shares Held in CCHB After Full Exercise of ESOS[d]			
Name	**Designation**	**Direct**	**(%)**	**Indirect**	**(%)**	**Direct**	**(%)**	**Indirect**	**(%)**
Directors									
Noraini Binti Ahmad	Chairperson / Non-executive Non-independent Director	15,100,000	10.07	-	-	15,100,000	8.99	-	-
Ang Chuang Juay	Group Managing Director	[b]36,899,530	24.60	[a]400,070	0.27	38,899,530	23.15	[a]1,400,070	0.83
Turker Hidirlar	Executive Director	[b]1,680,550	1.12	-	-	3,080,550	1.83	-	-
Robert Jean Tondreault	Executive Director	[c]600,000	0.40	-	-	2,000,000	1.19	-	-
Huang Yan Teo	Independent Non-Executive Director	100,000	0.07	-	-	100,000	0.06	-	-
Toh Wing Yew	Independent Non-Executive Director	100,000	0.07	-	-	100,000	0.06	-	-

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1. INFORMATION SUMMARY *(Cont'd)*

		No. of Ordinary Shares Held in CCHB After the Public Issue				No. of Ordinary Shares Held in CCHB After Full Exercise of ESOS[d]			
Name	**Designation**	**Direct**	**(%)**	**Indirect**	**(%)**	**Direct**	**(%)**	**Indirect**	**(%)**
Key Management and Technical Personnel									
Ang Chuang Juay	Group Managing Director	[b]36,899,530	24.60	[a]400,070	0.27	38,899,530	23.15	[a]1,400,070	0.83
Turker Hidirlar	CEO and Sales & Marketing Director – RCI	[b]1,680,550	1.12	-	-	3,080,550	1.83	-	-
Robert Jean Tondreault	Director of R&D – RCI	[c]600,000	0.40	-	-	2,000,000	1.19	-	-
Loh Tong Yew	Regional Sales Director - CCPL	[b]2,427,880	1.62	-	-	3,427,880	2.04	-	-
Henry Low Kim Teck	Operations Director – RCI	[c]300,000	0.20	-	-	1,300,000	0.77	-	-
Yen Heng Yiap	Chief Financial Officer -CCHB	-	-	-	-	-	-	-	-
Chin Hock Seng	General Manager – CCSB	[b]2,012,400	1.34	-	-	3,012,400	1.79	-	-
Juana Lopez	Customer Service Manager - RCI	[c]300,000	0.20	-	-	600,000	0.36	-	-

Notes:-

(a) Deemed interested by virtue of the shares held by his spouse, Goh Mee Chin, who is an employee of the Group

(b) Including their respective entitlements for the pink form share allocation pursuant to the Public Issue

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

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

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

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

1.3 INTELLECTUAL PROPERTY RIGHTS

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

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

The US Patent Application was allowed on 7 April 2005.

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

The Group has also registered the domain name www.rapidconn.com, which it uses in connection with its business.

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

1.4 SUMMARY OF TECHNOLOGY USED

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

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

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

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

1.5 FINANCIAL HIGHLIGHTS

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

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

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

Notes:-

(1) The financial results of RCI are included in the above income statements only in respect of financial period ended 31 December 2001 to 2004 and 3 months ended 31 March 2005 as RCI was only incorporated on 5 September 2000. The financial results of RCC are included in the above statements only in respect of financial period ended 31 March 2005 as it was only incorporated in 24 December 2004.

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

1. INFORMATION SUMMARY *(Cont'd)*

(3) Despite the increase in revenue, the Proforma Group incurred losses in 2000 due to the high initial set up cost for CCSB during its first year of operation.

(4) Drop in revenue in 2001 arises from adverse effect on the Singapore IT industry arising from declining economic conditions in Singapore and internet bubble burst which started around mid-2000 as well as persistent slack in the global economy.

(5) The loss incurred by the Proforma Group in 2001 mainly arises as RCI had just commenced operation and did not operate at its optimum capacity. In addition, the adverse economic conditions, as mentioned in note (4) above, had also contributed to the loss.

(6) Improvement in revenue in 2002 and 2003 arises from strong demand from HNS and the Proforma Group's aggressive marketing strategy to penetrate its niche market.

(7) The loss incurred by the Proforma Group in 2002 mainly arises from increase in operating expenses by CCSB and CCPL, that is primarily attributed to inventory and bad debts written off.

(8) The high revenue and profit before taxation in year 2004 were contributed by CCPL and RCI. The increase in revenue of CCPL was due to increase in sales volume for USB cables and medical cables to the newly secured customers and RCI has managed to secure a major customer, Thomson Inc..

(9) The higher effective tax rate for year 2000 was due to the reversal of overprovision of deferred taxation of CCPL in prior years and certain income not subject to tax.

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

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

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

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

(12) The gross earnings/(losses) per share has been calculated based on the profit/(loss) before taxation divided by the number of ordinary shares assumed to be in issue and sub-divided before the rights and public issue.

(13) The net earnings/(losses) per share has been calculated based on the profit/(loss) after taxation divided by the number of ordinary shares assumed to be in issue and sub-divided before the rights and public issue.

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

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1. INFORMATION SUMMARY *(Cont'd)*

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

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

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

1. INFORMATION SUMMARY *(Cont'd)*

Notes: -

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

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

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1.7 SUMMARY OF RISK FACTORS

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

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

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

1. INFORMATION SUMMARY *(Cont'd)*

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

1. INFORMATION SUMMARY *(Cont'd)*

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

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

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1.8 PROFORMA GROUP NTA AS AT 31 MARCH 2005

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

Notes: -

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

(2) The proforma NTA is based on the enlarged issued and paid-up share capital of 168,000,000 ordinary shares of RM0.10 each in CCHB.

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

1.9 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE

1.9.1 SHARE CAPITAL

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

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

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

1.9.2 CLASS OF SHARES

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

1.10 PROPOSED UTILISATION OF PROCEEDS

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

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

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

1.11 WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, MATERIAL COMMITMENT AND MATERIAL LITIGATION

(i) Working Capital

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

(ii) Borrowings

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

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

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

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

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

(iii) Contingent Liabilities

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

(iv) Material Commitments

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

(v) Material Litigation

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

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

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

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

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

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

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

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

(i) the Plaintiff has failed to demonstrate that any of the other defendants were the "alter ego" of N-S Tech, Inc.;

(ii) the Plaintiff has failed to make the necessary links to extend the contractual responsibility of N-S Tech, Inc. to Mr Hidirlar or his company RCI; and

(iii) the Plaintiff has failed to show a business tort that would otherwise entitle him to damages.

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

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

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

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

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

The trustee has the power to:-

(i) *refer pending litigation to outside counsel to see if it had any value to the debtor's estate;*

(ii) *abandon the cause of action back to the debtor, if the trustee could not find an independent counsel to accept the litigation, then the litigation would be deemed to be worthless;*

(iii) *dismiss the action.*

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

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

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

1.12 FUTURE FINANCIALS

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

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2. PARTICULARS OF THE PUBLIC ISSUE

This Prospectus is dated 30 September 2005.

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

The approval of Bursa Securities and the SC obtained vide their letters dated 9 May 2005 and 30 June 2005 and 12 May 2005 and 2 August 2005 respectively shall not be taken to indicate that Bursa Securities and SC recommends the Public Issue and that investors should rely on their own evaluation to assess the merits and risks of the Public Issue.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the Shares of the Company as a prescribed security. In consequence thereof, the Issue Shares offered through this Prospectus will be deposited directly with the Bursa Depository and any dealings in these Shares will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository.

Application will be made to Bursa Securities within three (3) market days of the issuance of this Prospectus for admission to the Official List and for the listing of and quotation for the issued and fully paid-up share capital of CCHB on the MESDAQ Market of Bursa Securities. These Shares will be admitted to the Official List on the MESDAQ Market of Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of applications for the Public Issue Shares will be conditional upon permission being granted by Bursa Securities to deal in and for the quotation of the entire enlarged issued and fully paid-up Shares on the MESDAQ Market of Bursa Securities. Accordingly, monies paid in respect of any Application accepted from the Public Issue will be returned in full if the said permission for listing is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC).

Pursuant to the listing requirements of Bursa Securities, at least 25% of the issued and paid-up share capital of the Company must be held by a minimum number of 200 public shareholders holding not less than 100 shares each. In the event that the above requirements is not met pursuant to the Public Issue, the Company may not be allowed to proceed with its listing on the MESDAQ Market of Bursa Securities. In the event thereof, monies paid in respect of all applications will be returned in full if the said permission is not granted.

Bursa Securities assumes no responsibility for the correctness of any statements made or opinions or report expressed in this Prospectus. Admission to the Official List of the MESDAQ Market of Bursa Securities is not to be taken as an indication of the merits of the Company or of its shares.

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue and if given or made, such information or representation must not be relied upon as having been authorised by CCHB. Neither the delivery of this Prospectus nor any Public Issue made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of CCHB since the date hereof.

The distribution of this Prospectus and the making of the Public Issue in certain other jurisdiction outside Malaysia may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the Issue in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

If you are unsure of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional advisers.

2. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

2.1 SHARE CAPITAL

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

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

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

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of ordinary shares in the Company shall, in proportion to the amount paid-up on the ordinary shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions and the whole of any surplus in the event of the liquidation of the Company, in accordance with its Articles of Association.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorized representative shall have one vote for each ordinary share held.

2.2 OPENING AND CLOSING OF APPLICATION

The Application will open at 10.00 a.m on 30 September 2005 and will remain open until 5.00 p.m. on 7 October 2005 or for such further period or periods as the Directors and/or Promoters of CCHB together with the Managing Underwriter in their absolute discretion may decide, subject to the approval of Bursa Malaysia Securities Berhad. Late applications will not be accepted.

2. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

2.3 CRITICAL DATES OF THE PUBLIC ISSUE

Events	Tentative Date
Opening Date of the Public Issue	30 September 2005
Closing Date of the Public Issue *	7 October 2005
Balloting Date	12 October 2005
Allotment Date	19 October 2005
Listing Date	20 October 2005

* The closing date of the Public Issue, the dates for the balloting of the applications, allotment and the listing and quotation for the entire enlarged issued and paid-up share capital of CCHB on the Mesdaq Market of Bursa Securities may be extended for further period or periods as the Directors and/or Promoters of CCHB together with the Managing Underwriter in their absolute discretion may decide, subject to the approval of Bursa Securities.

2.4 BASIS OF ARRIVING AT THE PUBLIC ISSUE PRICE

The Issue Price of RM0.32 per ordinary share was determined and agreed upon by the Company, and AmMerchant Bank as Adviser and Managing Underwriter based on various factors including the following:-

(i) The Group's financial operating history and conditions and financial position as outlined in Sections 4 and 9 of this Prospectus;

(ii) The prospects of the industry in which the Group operates as outlined Sections 4.4 and 12 of this Prospectus; and

(iii) The Proforma Consolidated NTA of CCHB as at 31 March 2005 of RM0.12 per share based on the enlarged issued and paid-up share capital of 150,000,000 ordinary shares of RM0.10 each in CCHB.

2.5 DETAILS OF THE PUBLIC ISSUE AND ESOS

PUBLIC ISSUE

The Public Issue of 41,550,000 new ordinary shares of RM0.10 each at an Issue Price of RM0.32 are 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: -

(i) Malaysian Public

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

(ii) Private Placement

23,550,000 Public Issue Shares will be made available for application by selected investors via private placement.

(iii) Eligible Directors, Employees and Business Associates of the Group

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

2. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

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**

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.

2. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

ESOS

In conjunction with its 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 Offer which is made in conjunction with the Company's listing on the MESDAQ market of Bursa Securities which are the subject matter of the Initial Grant, 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 the Shares, whichever is the higher amount.

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 and Key Management's indicative ESOS allocation are as follows:-

	Designation	ESOS Allocation
Directors		
Noraini Binti Ahmad	Chairperson / Non-Executive Director	-
Ang Chuang Juay	Group Managing Director	2,000,000
Turker Hidirlar	Executive Director	1,400,000
Robert Jean Tondreault	Executive Director	1,400,000
Huang Yan Teo	Independent Non-Executive Director	-
Toh Wing Yew	Independent Non-Executive Director	-

2. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

	Designation	ESOS Allocation
Key Management / Technical Personnel		
Ang Chuang Juay	Group Managing Director	As above
Turker Hidirlar	CEO and Sales & Marketing Director - RCI	As above
Robert Jean Tondreault	Director of R&D - RCI	As above
Loh Tong Yew	Regional Sales Director - CCPL	1,000,000
Henry Low Kim Teck	Operations Director – RCI	1,000,000
Yen Heng Yiap	Chief Financial Officer - CCHB	-
Chin Hock Seng	General Manager – CCSB	1,000,000
Juana Lopez	Customer Service Manager – RCI	300,000

Details of the ESOS are set out in Section 13 of this Prospectus.

2.6 PURPOSES OF THE PUBLIC ISSUE

The purposes of the Public Issue are as follows: -

(i) To provide the opportunity for the eligible Directors, employees and/or the business associates of the Group and the Malaysian public to participate in the equity and continuing growth of the Group;

(ii) To enable the Group to gain access to the capital market to raise funds for on-going and future operation and expansion, and continued growth of the Group;

(iii) To obtain the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the MESDAQ Market of Bursa Securities, which is expected to enhance the Group's corporate reputation, profile and future prospects of the Group, and assists in expanding its customer base; and

(iv) To provide additional funds to meet the present and future working capital requirement of the Group.

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2. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

2.7 UTILISATION OF PROCEEDS

The Rights Issue and the Public Issue are expected to raise gross proceeds of approximately RM2.9 million and RM13.3 million respectively which shall accrue to the Company.

The Company intends to utilise the proceeds raised in the following manner: -

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

Notes: -

(i) <u>Capital Expenditure</u>

Of the total proceeds, RM6.89 million and RM0.6 million has been allocated for capital expenditure on tools and equipment for R&D and manufacturing machinery and equipment respectively as detailed below. Another RM0.3 million will go towards laying the foundation for implementing an Enterprise Resource Planning system and another RM0.25 million for renovation works.

Tools and Equipment for R&D

(a) Laboratory Equipment

The Group currently employs external laboratory services for conducting product specification testing. The Group intends to invest in RM1.22 million in testing equipment. This will allow the Group to provide better and faster test results to their customers. The investment is expected to be incurred in FYE 2005 and FYE 2006.

(b) Moulds and Dies For New Products

The Group plans to develop three ISP product families during year 2005 and 2006, namely SATA device connectors and Serial Attached SCSI cables and device connectors, and mobile phone connectors. A total of RM3.205 million will be invested to design and develop the moulds and dies for these new products.

(c) New automation

The Group will invest RM2.466 million in developing and building additional fully-automated SATA cable machines for CCSB and in designing and developing the full range of automated assembly machines for its future products, SATA device connectors and device connectors from the year 2005 to 2006.

(ii) **Manufacturing Equipment and Machinery**

The Group will invest approximately RM600,000 to purchase one cable over-moulding line in 2005. The investment will allow the Group to reduce its dependency on contract manufacturers in China for its products.

(iii) **Enterprise Resource Planning**

The Group will invest approximately RM300,000 to lay the foundation for setting up an Enterprise Resource Planning System. This system will serve to integrate and streamline the manufacturing, management, inventory and financial systems.

(iv) **Renovation works**

The Group will invest approximately RM250,000 to outfit premises for the newly incorporated subsidiary, RCC and for purchase and installation of computers, software licensing, fixtures and fittings.

(v) **Working Capital**

Of the total proceeds, RM6.208 million will be used as general working capital for the Group including the payment of creditors, advance payments to creditors to obtain cash discounts, salaries, purchase of raw materials/stock and operating expenses.

(vi) **Estimated Listing Expenses**

The estimated listing expenses for the listing of and quotation for the enlarged share capital of 150,000,000 ordinary shares of RM0.10 each in CCHB on the MESDAQ Market of Bursa Securities are as follows: -

Estimated listing expenses	Amount (RM)
Fees to authorities	40,000
Professional fees [(a)]	1,005,000
Underwriting and brokerage fees, etc	320,000
Printing, advertising and other miscellaneous expenses [(b)]	635,000
Total	**2,000,000**

Notes: -

(a) Include fees for the Adviser, Reporting Accountants, Solicitors and other professional advisors.

(b) Any unutilised amount shall be used for working capital purposes of the Group.

2.8 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS

The utilisation of the Rights Issue and Public Issue proceeds by the Group is expected to have a financial impact on the Group as follows: -

(i) Increase in revenue

Part of the proceeds will be used to produce new moulds and dies for the Group's new products, namely SATA device connectors and Serial Attached SCSI as mentioned in Section 2.7(i)(b), which are expected to generate income in the future.

(ii) Increase in production capacity

With the new overmoulding cable line, this will substantially reduce the Group's dependency on the contract manufacturers from China.

(iii) Increase in efficiency in operations

The investment on laboratory equipment will improve the Group's efficiency through, among others, faster prototyping and shorter manufacturing and product development cycle, which ultimately result in faster response time to customers.

The Group also intends to use part of the proceeds to design and develop a full range of in-house automated assembly machines for their future products SATA device connectors. This will allow a high-speed assembly of the connectors, whilst ensuring consistency in quality. Higher efficiency will enable the Group to lower its cost of production.

2.9 UNDERWRITING COMMISSION AND BROKERAGE

The Underwriters as mentioned in the Corporate Directory of this Prospectus, have agreed to underwrite the 18,000,000 Public Issue Shares to be issued to the Malaysian public, the eligible Directors, employees and/or business associates of the Group. Underwriting commission is payable by the Company at the rate of 2.0% of the total underwritten shares of 18,000,000 at the Public Issue Price of RM0.32 per share to the respective Underwriters.

Brokerage is payable by the Company made available for application by the Malaysian public at the rate of 1.0% of the Public Issue Price of RM0.32 per share in respect of successful applications which bear the stamp of AmMerchant Bank, member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

2.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

Note: Unless stated, all capitalised terms shall bear the same meanings as prescribed in the Underwriting Agreement.

The following are some of the Clauses of the Underwriting Agreement dated 21 September 2005 ("Agreement"), including escape clauses, which may allow the underwriters to withdraw from obligations under the agreement after the opening of the offer: -

Clause 6.1 Conditions Precedent

6.1.1 The parties hereto confirm and agree that the performance by the parties of the terms and conditions of this Agreement shall be conditional on:

(a) funds for placement are deposited into the joint account that is opened under the name of the Company and the Managing Underwriter before the Registration of the Prospectus or such other extended date as agreed by the Managing Underwriter, but in no event later than the Closing Date; and

(b) the implementation of the Rights Issue and Sub-division within seven (7) days from date hereof or such other extended date as mutually agreed by the parties hereto,

failing which this Agreement shall be deemed null and void and of no effect and no party shall have any claims against the other except for any antecedent breach.

6.1.2 For the purpose of Clause 6.1 and fulfilment of clause 6.1.1(a), the Managing Underwriter shall issue a written confirmation to all parties that the said funds for placement have been deposited into the said joint account.

6.1.3 For the purpose of Clause 6.1 and fulfilment of Clause 6.1.1(b), the Company Secretary shall issue a written confirmation to all parties that the Rights Issue and Sub-division have been duly implemented.

Clause 6.4 Conditions – Non-satisfaction

In the event any of the Conditions is not fulfilled or complied to the satisfaction of the Managing Underwriter or the Underwriters by the Closing Date provided that any of the Underwriters may at its discretion with respect only to its own obligation waive compliance with any of the provisions of Clause 6.1 (Condition Precedent) and Clause 6.2(Details), the Managing Underwriter (as agent of the Underwriters), after consultation with the Underwriters and the Company , shall be entitled to terminate this Agreement and in such event the provisions of Clause 14 (Termination) shall apply but without prejudice to the rights of the Managing Underwriter and the Underwriters under Clause 10 (Fees and Commission).

Clause 9.1 Underwriting Obligations

In consideration of the payment by the Company of each of the Underwriters' respective entitlements to the Underwriting Commission, subject to the terms and conditions set out in this Agreement, and relying upon each of the representations, warranties and undertakings by the Company set out in Clause 11 (Representations Warranties and Undertakings), each of the Underwriters shall severally and not jointly underwrite, apply and pay for or procure applications and payment for the Underwritten Shares not applied and paid for on the Closing Date up to the maximum number of Underwritten Shares concerned stated against its name in Schedule 2.

Clause 11 Representations, Warranties and Undertakings

11.1 As a condition of the agreement by the Underwriters to underwrite the Underwritten Shares and in consideration thereof, the Company (as the case may be) represent, warrant and undertake to the Underwriters that:

11.1.1 the Directors (as the case may be) have made all reasonable enquiries to ensure all facts material for the Issue Documents have been disclosed and have verified the completeness and accuracy of all such information and to the best of their knowledge and belief, there are no material facts which have been omitted which would make any of the statements contained in the Issue Documents misleading, and the Company (as the case may be) shall if reasonably required by the Managing Underwriter supply the Managing Underwriter with evidence as to its accuracy and where such information relates to opinions or expectations, the basis of such opinions or expectations.

11.1.2 the Issue Documents:

11.1.2.1 will comply in all material respects with the Companies Act, the SCA, the Listing Requirements and/or any other applicable law and any rules, regulations and guidelines and shall be in the form and substance satisfactory and acceptable to the SC, Bursa Securities and all other relevant authorities;

11.1.2.2 will contain all information which is material in the context of the Public Issue and such information as contained in the Issue Documents will be true, complete and accurate in all material respects;

11.1.2.3 will not omit to state or disclose any material facts or information required or necessary to be stated therein with regard to the Public Issue and all statements of fact and information so made and/or disclosed, in the light of the circumstances under which they are made or disclosed, are true, accurate and not misleading in any respect;

11.1.3 the issue Shares under the Public Issue respectively is in compliance with the terms of this Agreement and:

11.1.3.1 do not and will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under, the Memorandum and Articles of Association of the Company and/or any of its Subsidiaries being a corporation or any existing law, regulation or listing requirements applicable to or affecting the Company and/or any of its Subsidiaries being a corporation and/or the Public Issue ; and

11.1.3.2 do not and will not infringe the terms of, or constitute a default under, any judgment, order, licence, permit, approval, consent, trust deed, agreement or other instrument or obligation to which the Company and/or any of its Subsidiaries being a corporation, is a party or by which the Company and/or any of its Subsidiaries being a corporation or any part of the undertakings, assets, properties or revenues of the Company and/or any of its Subsidiaries being a corporation are bound or affected;

11.1.4 save as disclosed in the Issue Documents and as has been disclosed in writing to the Managing Underwriter prior to the Agreement Date:

11.1.4.1 there is no litigation, arbitration, administrative or winding-up proceedings (including investigations or inquiries by the SC, Bursa Securities and all other relevant authorities), criminal charge or investigation current or pending, or to the knowledge of the Company (after due and careful enquiry), threatened against the Company or any of its Subsidiaries, the effect of which would materially and adversely affect the financial condition of the Company or the Group as a whole; and after making due and careful enquiries, the Company are not aware of any facts or circumstances likely to give rise thereto; and

11.1.4.2 neither the Company nor any of its Subsidiaries is in default or in breach of any agreement to which it is bound, or of the terms of any licence, permit, approval, directive, legislation or regulation of any relevant authority (including the SC, Bursa Securities and all other relevant authorities) applicable to or affecting it, the effect of which would materially and adversely affect the financial condition of the Company or the Group as a whole;

11.1.5 no circumstances or situations have arisen and/or are existing, which will or are likely to materially and adversely affect the financial condition or business of the Company or the Group as a whole, or the success of the Public Issue, and/or the listing of the Company on the MESDAQ Market and in particular and without prejudice to the generality of the foregoing, the Company shall promptly and without any delay notify the Managing Underwriter of any material change affecting any of the representations, warranties and undertakings or agreements at any time prior to the Closing Date and take such steps as may be reasonably requested by the Managing Underwriter to remedy and/or publicise the same;

11.1.6 each of the Company and its Subsidiaries being a corporation will carry on and operate its business and affairs in the ordinary and usual course with due diligence and efficiency and in accordance with sound financial and commercial standards and practices;

11.1.7 save as disclosed in the Issue Documents and as has been disclosed in writing to the Underwriters prior to the Agreement Date, neither the Company nor any of its Subsidiaries has entered into any contract or commitment of an unusual or onerous nature, which, in the context of the Public Issue , might be material for disclosure;

11.1.8 all necessary consents, waivers, approvals, authorisations or other orders of all regulatory authorities, required for or in connection with the execution of this Agreement and the issue Public Issue and any other matters contemplated hereby:-

11.1.8.1 have been or will be unconditionally obtained by its due date; or

11.1.8.2 if granted subject to conditions, such conditions will be fulfilled to the reasonable satisfaction of the Managing Underwriter by its due date;

11.1.8.3 and are or will remain in full force and effect;

11.1.9 all information furnished or supplied or to be furnished or supplied to the Managing Underwriter for the purpose of or in connection with the Public Issue is true, complete and accurate in all respects and nothing has been furnished or supplied or omitted from such information which would or may make any of the information untrue, incomplete, inaccurate or misleading, or which would or may reasonably be expected to affect the willingness of the Underwriters to underwrite the Underwritten Shares and where such information relates to opinions or expectations, the basis of such opinions, expectations or intention (including any profit or other forecast) are considered by the Directors to be reasonable based on relevant considerations and facts then made;

11.1.10 every statement of forecast, opinion, intention and expectation (including the profit forecast) made in the Issue Documents are truly, fairly, reasonably, and honestly held by the Directors and have been or will be made after due and careful enquiries and consideration and represent or will represent reasonable expectations based on facts known to the Company as at the date of such disclosure, and to the extent it is based on assumptions, those assumptions are reasonable;

11.1.11 the issue of Shares under the Public Issue, the execution and delivery by the Company, of the Issue Documents and this Agreement and the performance of the obligations to be assumed under this Agreement by the Company have been duly authorised by all necessary corporate action of the Company, including but not limited to the approval of the shareholders of the Company being a corporation in a general meeting (if and to the extent it is required) and upon due execution of this Agreement, the obligations assumed in this Agreement will constitute the legally valid, binding and enforceable obligations of the Company in accordance with the terms of this Agreement;

11.1.12 each of the Company and its Subsidiaries validly existing with full power and authority to conduct its business in the jurisdiction where it carries on business and is not in liquidation and no steps have been taken by any person for or with a view to the appointment of a liquidator, receiver and/or manager or judicial manager of the Company or any of its Subsidiaries of any of their respective assets or undertakings;

11.1.13 the Accounts have been prepared in accordance with the law and on a basis consistently applied in accordance with accounting principles, standards and practices generally accepted in Malaysia so as to give a true and fair view of the financial results and state of affairs of the Company and the Group as a whole for the financial years ended the Separate Accounts Dates the Company and the Group have made adequate provisions for appropriate disclosures of all known material liabilities whether actual or contingent and all material capital commitments whether actual or contingent, of the Company and the Group as a whole as at such dates and have complied in all respects with the requirements of all relevant laws and accounting principles and practices then in force and generally accepted in Malaysia and since 31 December 2003 there has been no material adverse change in the financial position of the Company, any of its Subsidiaries or the Group taken as a whole, save as may be disclosed in the Issue Documents, or prior to the Closing Date, in any public announcement or publicly available document or as has been disclosed to the Underwriters prior to the date of this Agreement;

11.1.14 other than indebtedness contested in good faith by the Company or any of its Subsidiaries as disclosed in the Issue Documents and to the best of the knowledge and belief of the Company, no outstanding indebtedness of the Company or any of its Subsidiaries has become or is likely to become payable by reason of default by the Company or any such Subsidiaries and no event has occurred or is, so far as the Company is aware, impending which with the lapse of time or the fulfilment of any condition or the giving of any notice may result in any such indebtedness becoming so payable;

11.1.15 all taxes (whether income tax, property tax or otherwise) of the Company and the Group, in particular but not limited to, all taxes which are material in the context of the Public Issue , for which the Company and/or the Group is liable or which ought to have been paid, have been duly paid or adequately provided for in the Accounts; all the returns, notices or information which are required to be made or given by the Company or the Group for taxation, have been so made, are up to date, correct and on a proper basis, and are not subject to any dispute with any relevant or appropriate authorities and there are no present circumstances (of which the Company is or ought reasonably to be aware) which are likely to give rise to any such dispute;

11.1.16 the records, statutory books and books of accounts of the Company and the Group are duly entered and maintained in accordance with all legal requirements applicable and contain true, full and accurate records of all matters required to be dealt with and all such books and all records and documents (including documents of title) which are their respective property are in their possession or under their control and all accounts, documents and returns required to be delivered or made to the ROC or other relevant authorities have been duly and correctly delivered or made;

11.1.17 all the assets of the Group which are of an insurable nature have at all material times been and are at the Agreement Date adequately insured against fire and other risks normally insured against by companies carrying on similar businesses or owning property of a similar nature. In respect of such insurances, all premiums have been duly paid to date and all the policies are in force and are not voidable on account of any act, omission or non-disclosure on the part of the insured party;

11.1.18 there will be no material variation between the Prospectus in the form attached to this Agreement as Appendix A and the Prospectus in the form registered by the SC and lodged with the ROC without the prior written consent of the Managing Underwriter; and

11.1.19 the recitals to this Agreement are true, complete and accurate.

11.2 The Company irrevocably and unconditionally, covenant and undertake with the Underwriters to do or cause to be done the following:

11.2.1 to pay all and any stamp and other documentary taxes or duties, payable on, or in connection with, the creation, issue and distribution of the Shares to be issued under the Public Issue or the execution of this Agreement, including any interest and penalties resulting from delay or omission on the part of the Company;

11.2.2 to cause to be delivered to the SC for registration and the ROC for lodgement a copy of the Prospectus signed in accordance with, and having attached the documents required by the SCA;

11.2.3 to apply for and obtain the approval of Bursa Securities for the admission of the Company to the Official List and for the listing of and quotation for the entire issued and paid-up share capital of the Company on the MESDAQ Market before the Closing Date and to comply with all requirements and provisions of the Companies Act, the SCA, the Listing Requirements and all other applicable laws, rules and regulations and the requirements of all other relevant authorities;

11.2.4 to comply with all the conditions, if any, imposed by the SC and Bursa Securities and any other relevant authorities for the admission of the Company to the Official List and the listing of and quotation for the entire issued and paid-up share capital of the Company on the MESDAQ Market;

11.2.5 to promptly and without any delay whatsoever notify the Managing Underwriter who shall thereafter inform the other Underwriters of any breach of any of the representations, warranties, undertakings and/or agreements or of any facts, information, situations or circumstances which the Company in its reasonable opinion believes may materially and adversely affect the financial conditions or the business of the Company and/or the Group as a whole, or the success of the Public Issue or the listing of the Company on the MESDAQ Market and without prejudice to the generality of the foregoing, to take such steps as may be reasonably requested by the Managing Underwriter to remedy and/or publicise the same, at any time prior to the Closing Date;

11.2.6 to give to the Managing Underwriter any or all information which the Managing Underwriter may reasonably require in respect of the accounts or affairs of the Company or the Group or in connection with the Public Issue or the other proposals contained in the Prospectus and the documents (if any) attached thereto;

11.2.7 to fix the Closing Date together with the consent of the Managing Underwriter; and

11.2.8 to do all other things and sign or execute such other documents as may reasonably be required by the Managing Underwriter.

11.3 The commitment of the Underwriters to underwrite the Underwritten Shares is being made on the basis of the representations, warranties and undertakings of the Company in this Clause 11 (Representations, Warranties and Undertakings) and with the intention that such representations, warranties and undertakings shall remain true and accurate in all respects up to and including the Closing Date, and in consideration of such commitment to underwrite, the Company irrevocably and unconditionally undertake with the Underwriters that it shall:-

11.3.1 hold and keep each and all of the Underwriters fully and effectively indemnified and shall save them harmless against any and all damages, losses, liabilities, costs, claims, charges, proceedings, expenses, actions or demands (including but not limited to all costs, charges and expenses, including legal fees, paid or incurred in disputing or defending any such claim or action) which the Underwriters may incur or suffer or which may be brought against the Underwriters as a result of any misrepresentation by the Company or any breach on its part of such representations, warranties or undertakings or any failure by the Company to perform its obligations under this Agreement, in particular but not limited to the Company's ' failure to deposit the Underwritten Shares allotted to the Underwriters or their nominee(s) pursuant to Clause 9.3 (Underwriting Obligations) into the Securities Accounts of the Underwriters (unless the Underwriters shall have been advised in writing of a change or termination of any of such representations, warranties or undertakings prior to the Closing Date, pursuant to Clause 11.3.2 below and the Underwriters shall have elected not to terminate this Agreement notwithstanding such advice) or any failure by the Company to perform its obligations in this Agreement which entitles the Underwriters to terminate this Agreement pursuant to the provisions of Clause 14 (Termination);

11.3.2 immediately notify the Managing Underwriter who shall thereafter inform the Underwriters of any misrepresentation or of anything which has or may have rendered or will or may render untrue or incorrect any of its representations, warranties or undertakings at any time prior to the Closing Date, which shall come to its notice or of which it becomes aware or which shall occur at any time prior to the Closing Date, but the giving of any such notice shall not affect or prejudice any of the rights of the Underwriters;

11.3.3 not publish any amendment or supplement to the Prospectus of which the Managing Underwriter have not previously been notified in writing or to which the Managing Underwriter or their legal advisers shall reasonably object but the giving of any such notice shall not affect or prejudice any of the rights of the Underwriters contained in this Agreement;

11.3.4 notify in writing and discuss with the Managing Underwriter any announcement proposed to be made to the public which would conflict in any material respect with any statement in the Prospectus but the giving of any such notice and any such discussion shall not affect or prejudice any of the rights of the Underwriters contained in this Agreement;

11.3.5 to the extent permitted by law, not make public any information which will or is likely to affect the market price of the Underwritten Shares without prior written notice to and the prior written consent of the Underwriters unless required to do so by law; and

11.3.6 if this Agreement is terminated by the Underwriters, indemnify the Underwriters against any damages, losses, liabilities, costs, claims, charges, expenses, actions or demands which they may reasonably sustain or incur as a result of such termination.

Clause 14 Termination

14.1 Notwithstanding anything herein contained, the Managing Underwriter and/or the Underwriters, acting through the Managing Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:-

14.1.1 there is any breach by the Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, or by the Closing Date, whichever is earlier, or withholding of information of a material nature from the Underwriters, which is required to be disclosed pursuant to this Agreement which, in the opinion of the Managing Underwriter and/or the Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue ; or

14.1.2 there is withholding of information of a material nature from the Underwriters, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Managing Underwriter and/or Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue; or

14.1.3 there shall have occurred, happened or come into effect any material and adverse change to the business or financial condition of the Company or the Group; or

14.1.4 there shall have occurred, happened or come into effect any of the following circumstances:-

(a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or

(b) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Managing Underwriter and/or the Underwriters (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);

which, (in the reasonable opinion of the Managing Underwriter and/or the Underwriters), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of the Company or the Group, the success of the Public Issue or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or

14.1.5 there is failure on the part of the Company to perform any of their respective obligations herein contained.

14.2 Upon such notice(s) being given under Clause 14.1, the Managing Underwriter and/or the Underwriters shall be released and discharged of its obligations without prejudice to its rights whereby this Agreement shall be of no further force or effect and no party shall be under any liability to any other in respect of this Agreement, except that the Company shall remain liable in respect of its obligations and liabilities under Clause 11 (Representations, Warranties and Undertakings) and under Clause 12 (Costs and Expenses) for the payment of the costs and expenses already incurred prior to or in connection with such termination and under Clause 8.3.2 (Prospectus and Listing) for the payment of any taxes, duties or levies and for any antecedent breach.

Clause 21 Withdrawal or Non-procurement of Approval for Listing by Bursa Securities

The Underwriters shall have the right to terminate this Agreement by notice in writing served by the Managing Underwriter on behalf of the Underwriters on the Company in the event that the approval of the Bursa Securities for the admission of the Company to the Official List or for the listing of and quotation for the entire issued and paid-up share capital of the Company on the MESDAQ Market is withdrawn or not procured or procured but subject to conditions not acceptable to the Underwriters and upon such termination the liabilities of the Company, and the Underwriters shall become null and void and none of the parties shall have a claim against each other save that the Underwriters shall, on making a joint decision, be entitled to the return of the payment consideration for those Underwritten Shares within 7 Market Days from the date of notice given by the Managing Underwriter to the Company and the Company shall, on receipt by the Underwriters of the payment consideration, be entitled to the return of those Underwritten Shares underwritten by the Underwriters.

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3. RISK FACTORS

In evaluating an investment in the Public Issue Shares, prospective applicants should carefully consider all information contained in this Prospectus including but not limited to the general and specific risks of the following risk factors: -

(a) Business Risks

The CCHB Group, like other businesses operating in an open economy, is subject to market forces. CCHB Group is subject to certain risks inherent in the cables and connectors industry. These include, but not limited to labour and raw material shortages, cyclical price fluctuations for its products, increases in the costs of labour and raw materials, changes in general economic, business and credit conditions, fluctuations in foreign exchange rates, entry of new competitors, products and technologies being obsolete, new products not widely accepted, the industry experiencing downturn and/or outbreak of diseases such as the severe acute respiratory syndrome ("SARS") disease which could affect the Group's sub-contractors' operations in China. The Group seeks to mitigate such risks through, inter alia, strengthening its R&D team, increasing its product range, further diversification of customer base, enhancing its marketing channels to achieve deeper market penetration and wider coverage, and sourcing for new suppliers and sub-contractors both local and overseas. However, no assurance can be given that any change in the market forces will not have a material adverse effect on the Group.

(b) Financial Risks

Borrowings

Based on the latest management accounts as at 31 August 2005, being the latest practicable date prior to the printing of the prospectus, the Group's total borrowings amounted to approximately RM1.683 million which is in the form of term loans, overdraft, factoring, letter of credit and hire purchase financing.

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

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate of borrowings. The 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.

Borrowings Covenants

Pursuant to a credit facility agreement entered into by the Group a financial institution, it is bound by certain covenants which may limit the Group's operating and financial flexibility. The aforesaid covenants are of a nature which is commonly contained in credit facility agreements in Malaysia. Any act by the Group falling within the ambit or scope of such covenants may give rise to a right by the bank to terminate the relevant credit facility and/or enforce any security granted in relation to that credit facility. The Board is aware of such covenants and shall take all precautions necessary to prevent any such breach.

Foreign Currency Risk

The Group operates internationally and is exposed to USD and SGD. Foreign currency denominated assets and liabilities together with expected cash flows from purchases and sales overseas will give rise to foreign exchange exposures. As mentioned in Section 9.2.3, there is no material impact of foreign exchange on the Group's historical profits for the past five (5) financial years.

Bank Negara Malaysia has on 21 July 2005 announced that the exchange rate of the Ringgit with immediate effect be allowed to operate in a managed float, with its value being determined by economic fundamentals. Bank Negara Malaysia will monitor the exchange rate against a currency basket to ensure that the exchange rate remains close to its fair value. The exchange rate after shifting to this new system is not expected to deviate significantly from the current prevailing level.

The electronics industry may have to adjust to a stronger currency but that would be cushioned as it comes at a time when it is entering a period of a global cyclical upturn.

The Group's business transactions are mainly in USD in particular the purchases. Lower costs for the Group to import raw materials or components follows the strengthening of Ringgit. Nevertheless, there is no assurance that the fluctuations arising from the unpegged of Ringgit against USD will not adversely affect the financial results of the CCHB Group.

(c) New ISP

CCHB Group has developed the SATA signal cable which conforms to the SATA standard that is ready for commercial production. Details of the SATA standard are elaborated in Section 4.4.10 of this Prospectus. SATA is a storage interface specification for the next generation computing platform and is a replacement for parallel ATA physical storage interface *(source: www.sata-io.org)*. The success of the SATA signal cable in the market will depend on customer's acceptance of the Group's products in terms of, among others, pricing, product performance and branding. The competitive risk is mitigated, as according to the Overview of the World Connector Industry and SATA report dated 31 August 2005, by Bishop & Associates, Inc. prepared for inclusion in this Prospectus, RCI is the only identified manufacturer (*capable of*) high volume signal cable assembly with operations in the US. The cable assembly is automated so that they can compete with the off-shore companies *(i.e. companies with manufacturing facilities in overseas countries where operating costs are relatively lower)*.

The launch of other new products is subject to inherent risks in the launching of new products (including unanticipated delays, expenses and technical difficulties). The success of these products will also depend on customer's acceptance of the Group's products in terms of, among others, pricing, product performance and branding.

(d) Long Design-In Cycle

The Group's custom and industry standard interconnect products are subject to various tests and extensive evaluations by the customers before being incorporated into their equipment. This evaluation process may range or exceed six to ten months as it is associated with long testing and approval processes. In addition, it can take additional six to ten months before the customer generates forecasted volumes. The Group's business, operating results and financial conditions could be materially and adversely affected if customers cancel or delay projects. To mitigate this risk, the Group conducts proper resource management and carries out several projects of different stages at one time.

Design-discovery (i.e. a situation where a solution is proposed from basic concept) has no assurance that the Group will provide an acceptable solution to the customers. Similarly, design-win (i.e. a situation where the solution has been accepted by the customer) has no assurance that the solution will be ultimately incorporated into the customer's products and utilised commercially. The Group seeks to mitigate this risk by conducting market surveys and gather information that will support the Group's decision to venture into a project with a particular customer. In addition, the Group engages in design-in projects with well-known customers or engages in generational products (i.e. products which evolved with new specifications for each generation) as these are likely to gain wider market acceptance.

(e) Reliance on Single Dies and Moulds In The Production of Connector Terminals

It is essential that the dies and moulds used by the Group for the production of interconnect products are of high quality and meet the Group's products specification, failing which more time will be spent fine tuning the dies and moulds. The dies and moulds may also be damaged during transportation, production run or maintenance. Consequently, CCHB Group may be faced with production and delivery delays that may require costly corrective actions. The Group mitigates this risk by carrying out intensive pilot runs to test out the dies and moulds. The Group also applies stringent handling and maintaining procedures where only highly skilled and trained (certified) personnel are allowed to handle the equipment. Before the mould life cycle ends, the Group will phase out the use of the old moulds and bring in new ones.

(f) Dependence on Certain Customers

The top three (3) customers of the Group for the financial years ended 31 December 2003 and 2004 are as follows:-

Financial Year Ended 31 December 2003	Financial Year Ended 31 December 2004
1. HNS Inc., USA	1. Thomson
2. Teac Electronics (M) Sdn Bhd	2. HNS Inc., USA
3. Loud Technology Inc. (Mackie), USA	3. Teac Electronics (M) Sdn Bhd

These customers accounted for approximately 67% and 59% of the Group's total turnover for the financial years ended 31 December 2003 and 2004 respectively. Although the CCHB Group has established business relationships with these customers for several years as set out in Section 4.5 and provides niche (i.e. customised or value-added) products to these customers, there can be no assurance that these companies would continue to be the Group's major customers, or that the failure to maintain this business relationships or reduction in orders from the major customers would not affect the Group's operating results.

(g) Absence of Long Term Contractual Agreement with Major Customers and/or Suppliers

There is no long term contractual agreement between the CCHB Group and its major customers and/or suppliers. The Group seeks to limit this risk by employing various strategies to broaden its clientele base, which includes, inter alia, venturing into new markets through appointing more distributors and representatives.

Despite the absences of long-term contracts with its customers, the Group has an established and proven track record in terms of providing quality products and services, which has earned the Group the confidence and recognition of the various MNCs and overseas customers. The CCHB Group also ensures that their relationship with existing customers is continuously nurtured by providing related before and after sales technical services and product enhancements.

The Group enjoys cordial relationship and good support with its external raw material suppliers. It is not dependent on any single supplier for sourcing of raw materials as it is the Group's policy to have multiple sourcing.

The major raw materials utilised by the Group in the manufacturing of cables and connectors are shielded/unshielded copper cables and phosphor bronze metal. Prices of shielded/unshielded cables and phosphor bronze may fluctuate. However, such fluctuation will also affect the Group's other competitors and will not impart a significant economic disadvantage to the Group. Nonetheless, no assurance can be given that any significant changes to the supply and prices of raw materials will not affect the Group's financial performance.

(h) Dependence on Protection of Intellectual Property

The Group also relies on trade secrets, patents and proprietary know-how to protect the concepts, ideas and documentation relating to its proprietary technology. However, there can be no assurance that the Group will be able to protect its proprietary rights against unauthorised third party copying, use or exploitation, any of which could have a material adverse effect on the Group's business, operating results and financial condition. This risk of business loss arising from the above is mitigated by various factors as summarised as follows: -

- CCHB is a member of SATA Standardisation Committee for the Cable and Connector Group (refer to Section 4.2.13 (iv)). Participation in such industry standardisation committee exposes the Group to the next generation technology and allows greater access to market information and developments;

- As the provider of value-added and custom products, the Group's R&D team regularly communicates and is involved in various discussions and consultations with the Group's customers. These include customers that are involved in cutting edge technology industries such as HNS (broadband satellite telecommunication industry) and Seagate Technology, LLC, USA (storage device industry). As such, this enables the Group to obtain first hand information on the latest technological developments and updates in the respective industry; and

- provision of integrated logistics support, including hub-services such as warehousing, auto-replenishment program, Electronic Data Interchange ("EDI") and product kitting.

The above said factors combined act as a powerful marketing tool for the Group and increases the Group's competitive edge.

As mentioned in Section 1.3 of this Prospectus, as at 31 August 2005 (being the latest practicable date prior to the printing of the Prospectus), the Group has filed for three patent applications under RCI for its SATA signal cable. The invention application was entitled "Electronic Connector for a Cable". Although the Group believes these patent applications contain patentable claims, there can be no assurance the patent approval will be issued.

The Group is not aware of any infringement by its product design and automation technology on the proprietary rights of others and has not received any notice of claimed infringement. However, the Group has not conducted any formal investigation as to possible infringement and there can be no assurance that third parties will not assert infringement claims against the Group in connection with its products, that any such assertion of infringement will not result in litigation, or that the Group will prevail in such litigation.

(i) Dependence on Patents and New Manufacturing Processes

The cables and connectors industry is highly competitive with over 1,200 manufacturers worldwide. Many of these connector companies have established manufacturing facilities in China for the cost savings. A major drawback in manufacturing an ISP product such as Ultra ATA and SATA cables and connectors is that it is an extremely price competitive market. Hence, for an ISP manufacturer to successfully compete in the market, the Company must have the capability to provide any of the following:-

- produce the product at low cost,
- provide some form of product improvement over other manufacturers, and/or
- provide outstanding quality.

The CCHB Group has invested significant amount of resources to develop ISPs with enhanced performance and reliability as evident in their design in Ultra ATA & SATA signal cable. The Group has submitted patent application for SATA signal cable design which is pending examination by the Patent Officer.

In an industry where semi-automation and hand-assembly techniques exist, the Group utilises a fully automated manufacturing process through its AutoTerm, Rotary connector and SATA cable machines (refer to Section 4.2.4). These machinery produce cables and connectors with consistent high quality electrical performance, precise termination repeatability with low production cost.

(j) Risk Relating to Technological Obsolescence

Certain of the Group's products are characterised by rapid technological developments, evolving industry standards, swift changes in customers' requirements, new product introductions and enhancements.

The Group minimises its exposure to the risk relating to technological obsolescence as follows:-

- The Group invests in projects that have long product life cycles, such as the SATA. According to the Overview of the World Connector Industry and SATA report dated 31 August 2005 prepared for inclusion in this Prospectus, by Bishop & Associates, Inc., a leading market research firm specialising in the global electronic connector industry, the Serial ATA is an industry shift that is expected to have a life of at least 10 years;

- The Group maintains a highly diversified product application by focusing its main resources onto interconnect solutions/standards that apply to a wide range of end-use applications. For instance, the custom power cord is used on a variety of satellite-based end-user products such as digital satellite receivers/recorders, broadband network products and data telephone trunking systems; and

- The provision of value-added and custom products as mentioned in Section 4.2.13(iv) involves various discussions and consultations with the Group's customers. This enables the Group to obtain first hand information on the latest technological developments and updates in the respective industry.

CCHB Group, under RCI, is a member of the SATA Standardisation Committee for the Cable and Connector Group (refer to Section 4.2.13(iv)). This exposes the Group to the next generation technology and allows greater access to market trends and developments.

The CCHB Group will continue to enhance its total engineering solution services, improve its service levels and maintain its competitiveness including broadening its products range and to develop a more diversified portfolio of customers and markets in the future, both locally and overseas, to lessen its dependency on the major customers and industry.

Among the strategies taken include enhancing of B2B marketing and distribution channels. The Group propose to further develop their web-based strategies as mentioned in Section 4.2.17 and to set up sales and distribution network in Europe in order to expand its global presence.

(k) Dependence on Key Personnel

The success of the CCHB Group could be attributed to the leadership and entrepreneurship of its experienced Directors and the key management as well as the Group's ability to attract, maintain and motivate highly skilled technical staffs. The Group expects to continue to retain the key management and technical personnel by offering competitive remuneration packages that include performance-related-pays and conducive work environment.

However, there can be no assurance that the Group can continue to retain the existing personnel or attract additional or replacement personnel with the requisite knowledge and skills for the Group's continued growth. Failure to retain the senior key management could materially adversely affect the Group's ability to compete effectively in the industry. Profiles of the Directors and key personnel are set out in Section 5.3.2 and Section 5.5.2. The Group seeks to mitigate this risk by entering into service agreements with the respective key personnel as mentioned in Section 5.9.

(l) Dependence on the Adopters Agreement

The Group has entered into the Adopters Agreement in 2002 with Serial ATA International Organisation (SATA-IO) which is a independent, non profit organization developed by and for leading industry companies such as Intel Corporation, Dell Computer Corporation, Quantum Corporation, APT Technologies Inc. Maxtor Corporation and Seagate Technology ("the Corporations"). SATA-IO provides the industry with guidance and support for implementing the SATA specification as well as further developing the Serial SATA Interface. Thus the Adopters Agreement relates to the usage of Serial ATA specification as adopted and published by the said companies.

The Group has established good relationship with the SATA-IO and believes that they are able to maintain such established relationship by adhering to the SATA-IO specifications and guidelines as stipulated in the Adopters Agreement. However, even if the Group has adhered to all the conditions of the Adopters Agreement it is not within the Group's control that the Adopters Agreement will not be terminated. It is provided in the Adopters Agreement that the patent licenses granted under the Adopters Agreement shall be unavailable in the event any Corporations or RCI or any affiliate thereof initiates any patent infringement action against:-

(a) the Corporations or RCI or any of its affiliates ("the Granting Party"), or
(b) any customers or distributors of the Granting Party, in relation to either (i) any of the Granting Party's compliant portions, or (ii) any of the Granting Party's products or services for which the Granting Party has a contractual indemnification obligation, upon the acceptance of a tender of such indemnification obligation.

Notwithstanding the above, the Group is confident that in the highly unlikely event of the Adopters Agreement being terminated, the Group will be able to continue manufacturing products adhering to the Serial ATA specifications as follow:

- as an Original Equipment Manufacturer
- development of customized SATA products that do not require the SATA logo because it will not be sold to the industry at large.

(m) Control by Promoters / substantial shareholders

After the Public Issue, the Promoters, as set out in Section 5.1 of this Prospectus will collectively control 59.08% of CCHB's enlarged issued and paid up capital before the exercise of ESOS. As a result, these Promoters will be able to exercise some extent of influence on the outcome of certain matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law, covenants and/or by the relevant authorities.

(n) Competitive Risks

Cables and Connectors Segment

According to the Overview of the World Connector Industry and SATA report dated 31 August 2005, by Bishop & Associates, Inc. prepared for inclusion in this Prospectus, the interconnect industry has over 1,200 manufacturers worldwide, which can be classified into three (3) tiers as follows:-

Tier One: Large, global companies with broad product lines and sales, marketing, manufacturing and engineering capabilities in all geographic regions of the world. These companies have connector sales in excess of USD500 million annually. Twelve (12) connector companies have annual sales above the USD500 million.

Tier Two: Medium size companies with two or three major product lines and sales of USD100 to USD500 million annually. These companies are typically large in one geographic region, with some sales in all regions. There are twenty-eight (28) companies in Tier Two.

Tier Three: Small manufacturers with one or two major product lines, and sales of less than USD100 million in one region of the world. There are over 1,000 connector companies in this group.

Smaller companies, such as those in Tier Three may, in accordance with their capabilities, embark on niche opportunities which require high level of engineering expertise, experience, and business focus, that constitute high barriers to entry.

While the Group currently falls under Tier Three, it differentiates itself from the other Tier Three companies by positioning itself as a niche player that provides total engineering solution for value-added and customised cables and connectors, and bundles its product mixes with high value customer service such as warehousing, customer logistic support and auto-replenishment program.

Nevertheless, no assurance can be given that the Tier One and Two companies will not venture into certain similar niche segments as the Group, which could materially adversely affect the Group's market share. To the best knowledge of the Directors of CCHB, these larger companies are not inclined to offer niche-engineering services to cater to specific requirements of a customer due to the small volumes involved.

The Group mitigates such threats through its focus in R&D (as mentioned in Section 4.2.13) and in-depth knowledge of its niche segments. However, no assurance can be given that CCHB Group can maintain their strength in their niche area so as to stay competitive against other niche companies.

Both the aforementioned patent and automated manufacturing processes allow the Group to level the playing field and compete effectively in the market. Unauthorised third party copying, use or exploitation, could have a material adverse effect on the Group's business, operating results and financial condition. Nevertheless, the Group positions itself mainly as a provider of niche total engineering solution services, where the focus is more on customised or valued-added products and services. ISPs provide a springboard to the Group to achieve brand awareness, immediate market acceptance, ensured market demand and more importantly as an opportunity to discover niche requirements of customers.

(o) Political and Economic Factors

Adverse development in political, economic and regulatory conditions in Malaysia, USA as well as other countries where the Group may operate, source its supplies or market its products could materially and adversely affect the financial and operational conditions as well as the overall financial performance of the Group. Political and economic uncertainties include (but not limited to) changes in general economy, business and credit conditions, government legislations and policies affecting manufacturers, inflation, interest rates, fluctuations in foreign exchange rates, political or social development, risks of war, expropriation, nationalisation, renegotiation or nullification of existing contract, methods of taxation and currency exchange controls.

(p) Disruption in Movement of Goods Due to Terrorist Acts, Union Strikes and the Spread of Diseases

Due to high movement of goods between Malaysia, the USA and China, the CCHB Group is exposed to risks arising from disruption in supply of raw materials and delivery of finished products due to the effects of terrorist acts or the spread of diseases that could lead to government authorities shutting down air, road and rail transportations. Furthermore, in highly unionised industries such as the Long Beach Port facilities in California, labour strikes may have similar effects on the timely supply of goods.

As these acts are beyond the Group's control, there is limited amount of risk mitigation activities that can be undertaken. However, such threats are usually felt across the industries. As the Group is not overly dependent on one supplier, raw materials may be procured from other local and overseas suppliers. The Group also engages in buffer stock arrangements with their customers for which the Group establishes warehousing space.

(q) Risk of Implementation of Asean Free Trade Area ("AFTA") / Common Effective Preferential Tariff ("CEPT")

Under the AFTA as initiated by the Association of South-East Asian Nations (**"ASEAN"**), a comprehensive programme of regional tariff reduction has been laid out. The CEPT has been proposed for goods traded within the ASEAN Region. The AFTA is not expected to have any material effect on the business of the Group as majority of the purchases is imported either directly or indirectly from countries which are not from ASEAN. However, any purchases from ASEAN countries are expected to benefit the Group as this will reduce the cost of purchases.

(r) Related Party Transactions/ Conflict of Interest

As disclosed in Section 8.1 of this Prospectus, there are certain related-party transactions involving the Directors and substantial shareholders and/or persons connected with the Directors or substantial shareholders of CCHB. The Directors and substantial shareholders of CCHB have given an undertaking that all business transactions between the Group and the Directors and substantial shareholders and their related persons, shall be based on arms length basis and on commercial terms that shall not be disadvantageous to the Group.

As disclosed in Section 8.4 of this Prospectus, some of the Promoters, Directors and/or substantial shareholders of CCHB have interests in a company carrying on similar businesses as the Group. To mitigate any potential conflict of interest, the Promoters, Directors and substantial shareholders have provided written undertakings not to be involved in any new business in the future, which will give, rise to competition/ conflict with the current business of the Group.

(s) Seasonality

Some of the Group's products, particularly those relating to the Information Technology ("IT") industry such as computers and computer peripherals, are subject to seasonal variations. These products include USB cables, ultra-miniature card edge connectors and static discharge shunt as set out in Section 4.2.3. Demand for these products tends to increase in the second half of the year as demand for IT and computer products normally increase by year end or during festive seasons such as Christmas.

In mitigating the seasonal sales cycle, the Group has expanded their products for other industries such as medical and telecommunication.

(t) System Disruption

The Group had not experienced any system disruption to its business for the twelve (12) months prior to the date of this Prospectus. Notwithstanding this, no assurance is given that a system disruption will not materially affect the Group's business. However, the Directors do not foresee any disruption of its operation which could materially affect the Group. To this end, the Group has a regular maintenance schedule for its equipment.

(u) Disclosure Regarding Forward-Looking Statements

Certain statements in this Prospectus are based on historical data, which may not be reflective of the future results, and any forward-looking statements in nature are subject to uncertainties and contingencies. All forward-looking statements are based on forecasts and assumptions made by the Company, and although believed to be reasonable, are subject to unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements express or implied in such forward-looking statements. Such factors include, inter-alia, general economic and business conditions, competition and the impact of new laws and regulations affecting the Group. In the light of these and other uncertainties, the inclusion of any forward-looking statements in this Prospectus should not be regarded as a representation of the Company or its adviser that the plans and objectives of the Group will be achieved.

(v) No Prior Market for CCHB's Shares

Prior to this Public Issue, there has been no public market for CCHB's shares. There can be no assurance that an active market for CCHB's shares will develop and continue to develop upon or subsequent to its listing on the MESDAQ Market of Bursa Securities or, if developed, that such a market will be sustained. The Issue Price of RM0.32 for the Public Issue shares has been determined after taking into consideration a number of factors, including but not limited to, the Company's financial and operating history and condition, its prospects and the prospects of the industry in which the Company operates, the management of the Company, the market prices for shares of companies engaged in business similar to that of the Company and the prevailing market conditions at the time the application for listing of CCHB was submitted to the SC. There can be no assurance that the Issue Price will correspond to the price at which CCHB's shares will trade on the MESDAQ Market of Bursa Securities upon or subsequent to its listing.

(w) Insurance Coverage on Assets

The Group is aware of the adverse consequences arising from inadequate insurance coverage that could affect its business operation. In ensuring such risks are maintained to the minimum, the Group reviews and ensures adequate coverage for its assets on a continuous basis.

For the Group's operations, most assets such as inventory, office equipment and furniture and fitting are sufficiently insured under fire and other insurance policies. Further details on the insurance policies are set out in Section 16.5 of this Prospectus.

However, there are other uninsurable risks such as natural disaster, which may be beyond the insurance coverage. In the event that these risks occur, it will affect the operations of the Group.

(x) Failure/Delay In The Listing

The success of the listing exercise is also exposed to the risk that it may fail or be delayed should any of the following event occurs:

(i) The eligible directors, employees as well as business associates of the group fail to subscribe/acquire the public issue shares allocated to them;

(ii) The underwriters of the public issue fail to honour their obligations under the underwriting agreement;

(iii) The selected investors under the private placement fail to subscribe/acquire the public issue shares allocated to them; and

(iv) CCHB is unable to meet the public spread requirements i.e. At least 25% but not more than 49% of the issued and paid-up capital of CCHB must be held by a minimum of 200 public shareholders at the time of the group's admission to the official list of the Mesdaq market of bursa securities.