

# CCHB

環球電子產品有限公司

CONNECTCOUNTRY HOLDINGS BERHAD (618933-D)

INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED  
30 JUNE 2014

*RAPID*  
*CONN* 

*RAPID*  
*CONN* 

*RAPID*  
*CONN* 

*RAPID*  
*CONN* 

CONNECTCOUNTY HOLDINGS BERHAD  
Company no. 618933-D  
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE  
SECOND QUARTER ENDED 30 JUNE 2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		(UNAUDITED) CURRENT YEAR QUARTER 30 JUNE 2014 RM	(UNAUDITED) PRECEDING YEAR CORRESPONDING QUARTER 30 JUNE 2013 RM	(UNAUDITED) CURRENT YEAR- TO-DATE 30 JUNE 2014 RM	(UNAUDITED) PRECEDING YEAR CORRESPONDING PERIOD 30 JUNE 2013 RM
Operating revenue	B1	15,165,388	14,170,280	27,711,063	27,566,057
Cost of sales		(10,829,425)	(10,055,028)	(19,513,272)	(20,512,530)
<b>Gross profit</b>		<u>4,335,963</u>	<u>4,115,252</u>	<u>8,197,791</u>	<u>7,053,527</u>
Other income		156,122	393,554	268,312	467,126
Administrative expense		(3,116,353)	(2,642,439)	(5,539,650)	(4,820,453)
Distribution and selling expenses		(784,134)	(879,174)	(1,612,332)	(1,562,608)
Other expenses		522,032	373,342	522,034	130,313
Depreciation and amortisation		(279,267)	(274,730)	(546,057)	(568,868)
Gain/(loss) on foreign exchange	B1				
- unrealised		(24,945)	108,566	(56,661)	108,566
- realised		(458,236)	(13,636)	(627,986)	14,609
<b>Profit/(loss) from operations</b>		<u>351,182</u>	<u>1,180,735</u>	<u>405,451</u>	<u>822,212</u>
Interest income		69	142	125	304
Finance costs		43,720	(51,470)	14,034	(97,408)
<b>Profit/(loss) before tax</b>	B1	<u>394,971</u>	<u>1,129,407</u>	<u>419,610</u>	<u>725,108</u>
Taxation	B5	(485,816)	(277,464)	(488,291)	(359,921)
<b>Profit/(loss) for the year</b>		<u>(90,845)</u>	<u>851,943</u>	<u>(68,681)</u>	<u>365,187</u>
Other comprehensive income/(expense):					
Foreign exchange reserve		(212,925)	72,692	(424,995)	69,854
<b>Total comprehensive loss for the year</b>		<u>(303,770)</u>	<u>924,635</u>	<u>(493,676)</u>	<u>435,041</u>
Profit/(loss) attributable to:					
Owners of the Company		12,879	851,943	166,662	365,187
Non-controlling interest		(103,724)	-	(235,343)	-
		<u>(90,845)</u>	<u>851,943</u>	<u>(68,681)</u>	<u>365,187</u>
Total comprehensive income/expense attributable to:					
Owners of the Company		(200,046)	(489,594)	(258,333)	(489,594)
Non-controlling interest		(103,724)	-	(235,343)	-
		<u>(303,770)</u>	<u>(489,594)</u>	<u>(493,676)</u>	<u>(489,594)</u>
Loss per share (sen)					
- Basic	B14 (a)	<u>0.01</u>	<u>0.55</u>	<u>0.10</u>	<u>0.23</u>
- Diluted	B14 (b)	<u>0.01</u>	<u>0.39</u>	<u>0.07</u>	<u>0.17</u>

(The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial statements.)

**CONNECTCOUNTRY HOLDINGS BERHAD**  
**Company no. 618933-D**  
**(Incorporated in Malaysia)**

**INTERIM FINANCIAL STATEMENTS FOR THE**  
**SECOND QUARTER ENDED 30 JUNE 2014**

<b>CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
	<b>AS AT</b>	<b>AS AT</b>
	<b>30 JUNE 2014</b>	<b>31 DECEMBER 2013</b>
	<b>(UNAUDITED)</b>	<b>(AUDITED)</b>
Note	RM	RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant and equipment	2,612,192	2,593,936
Goodwill	949,000	-
Investment in associate	-	-
A11	230,930	444,402
Deferred tax assets	<u>3,792,122</u>	<u>3,038,338</u>
<b>Current assets</b>		
Inventories	4,583,869	5,370,012
Trade receivables	12,027,556	10,329,566
Other receivables	2,437,824	2,583,500
Cash and bank balances	4,606,616	3,095,258
	<u>23,655,865</u>	<u>21,378,336</u>
<b>TOTAL ASSETS</b>	<u><u>27,447,987</u></u>	<u><u>24,416,674</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	18,869,582	17,179,290
Share premium	1,649,441	665,621
Foreign exchange reserve	(413,106)	(19,867)
Accumulated losses	(4,199,074)	(4,383,582)
B16	<u>15,906,843</u>	<u>13,441,462</u>
Non-controlling interests	(186,343)	-
<b>Total equity</b>	<u>15,720,500</u>	<u>13,441,462</u>
<b>Non-current liabilities</b>		
Borrowings	92,803	122,598
Other payables	-	47,307
Deferred tax liabilities	115,991	39,799
B10	<u>208,794</u>	<u>209,704</u>
<b>Current liabilities</b>		
Borrowings	105,642	51,728
Trade payables	9,496,325	8,329,829
Other payables	1,916,726	2,383,951
B10	<u>11,518,693</u>	<u>10,765,508</u>
<b>Total liabilities</b>	<u>11,727,487</u>	<u>10,975,212</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>27,447,987</u></u>	<u><u>24,416,674</u></u>
<b>Net Assets Per Share (RM)</b>	<u>0.08</u>	<u>0.08</u>

(The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial statements.)

**CONNECTCOUNTY HOLDINGS BERHAD**  
 Company no. 618933-D  
 (Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE  
 SECOND QUARTER ENDED 30 JUNE 2014**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	← Attributable to Equity Holders of the Parent →					→
	Share Capital RM	Share Premium RM	Non-Distributable Foreign Exchange Reserve RM	Accumulated Losses RM	Non-controlling Interests RM	
At 1 January 2013	15,617,540	491,340	76,666	(3,282,760)	-	12,902,786
Total comprehensive expense for the period	-	-	69,854	365,187	-	435,041
At 30 June 2013	<u>15,617,540</u>	<u>491,340</u>	<u>146,520</u>	<u>(2,917,573)</u>	<u>-</u>	<u>13,337,827</u>
At 1 January 2014	17,179,290	665,621	11,889	(4,365,733)	-	13,491,067
Acquisition of subsidiary	-	-	-	-	49,000	49,000
Total comprehensive expense for the period	-	-	(424,995)	166,659	(235,343)	(493,679)
Issuance of ordinary shares pursuant to: - Private placement	1,690,292	983,820	-	-	-	2,674,112
At 30 June 2014	<u>18,869,582</u>	<u>1,649,441</u>	<u>(413,106)</u>	<u>(4,199,074)</u>	<u>(186,343)</u>	<u>15,720,500</u>

(The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial statements.)

**CONNECTCOUNTRY HOLDINGS BERHAD**  
Company no. 618933-D  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE  
SECOND QUARTER ENDED 30 JUNE 2014**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	(UNAUDITED) CURRENT YEAR-TO-DATE 30 JUNE 2014 RM	(UNAUDITED) PRECEDING YEAR CORRESPONDING CUMULATIVE PERIOD 30 JUNE 2013 RM
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	419,610	725,108
Adjustments for:		
Depreciation	546,057	568,868
Impairment loss on investment in associate	-	25,000
Impairment loss on receivables	-	(155,313)
Interest expenses	4,531	20,563
Interest income	(125)	(304)
Loss on foreign exchange unrealised	56,661	(108,566)
Operating profit before working capital changes	1,026,734	1,075,356
Changes in working capital:		
Inventories	786,143	290,915
Receivables (trade)	(1,697,990)	(912,146)
Receivables (non-trade)	145,676	784,487
Payables (trade)	1,166,496	656,707
Payables (non-trade)	(514,532)	408,159
Cash generated from operations	912,527	2,303,478
Interest paid	(4,531)	(20,563)
Tax (paid)/refund	(5,115)	(4,022)
<b>Net cash generated from operating activities</b>	<b>902,881</b>	<b>2,278,893</b>
<b>Cash flows from investing activities</b>		
Interest received	125	304
Investment in subsidiary	(1,350,000)	-
Purchase of plant and equipment	(673,249)	(287,346)
<b>Net cash used in investing activities</b>	<b>(2,023,124)</b>	<b>(287,042)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	2,674,110	-
Repayment of hire purchase	(9,651)	(16,466)
Repayment of other short term borrowings	33,770	(372,753)
<b>Net cash used in financing activities</b>	<b>2,698,229</b>	<b>(389,219)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>1,577,986</b>	<b>1,602,632</b>
<b>Effects of exchange rate changes</b>	<b>(66,628)</b>	<b>172,401</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>3,095,258</b>	<b>2,260,805</b>
<b>Cash and cash equivalents at end of the financial year</b>	<b>4,606,616</b>	<b>4,035,838</b>

(The unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial statements.)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2014

**A EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS ("FRS") 134  
INTERIM FINANCIAL REPORTING**

**A1 BASIS OF PREPARATION**

The unaudited interim financial statements are unaudited and have been prepared in accordance with MFRS134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2013.

**A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS**

There were no audit qualification on the financial statements of the Company and its subsidiaries for the financial year ended 31 December 2013 other than an audit emphasis of matter by the independent auditor as follows:

Rapid Conn Interconnect (M) Sdn. Bhd.'s auditor's report contain the audit emphasis of matter relating to the appropriateness of going concern basis of accounting is dependent on financial support from its holding Company and its fellow subsidiaries.

**A3 SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business of the Group is such that some of its products, particularly those relating to digital equipments are subject to seasonal variations. Demand for these products tends to increase in the second half of the year. However, it is pertinent to note that the demand of the Group's products are also dependent on the actual overall global economic environment; and the turnaround time of product delivery. Further explanation notes are disclosed in Note B1.

**A4 ITEMS OF UNUSUAL NATURE AND AMOUNT**

During the current quarter under review, save as disclosed below, there were no items or events that arose, which affected the assets, liabilities, equity, net income or cash flows that are unusual by reasons of their nature, size or incidence.

**A5 CHANGES IN ESTIMATES**

There were no estimates changes of amounts required in the prior interim periods of the current financial year or prior financial years that have a material effect in the current quarter under review.

**A6 ISSUANCE, CANCELLATION, REPURCHASE, RESALE AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

On 23 June 2014, the Company had completed the Private Placement following the listing and quotation of 16,902,900 new ordinary shares of RM0.10 at an issue price of RM0.168 each on the ACE Market of Bursa Malaysia Securities Berhad, representing approximately 9.8% of the issued and paid up capital of the Company.

Save for the disclosure above, there were no other issuance, cancellations, repurchases, resale and repayment of debt and equity security during the current quarter under review up to the date of this quarterly report.

**A7 VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

There was no revaluation on any of the Group's property, plant and equipment during the current quarter under review. The valuation of property, plant and equipment have been brought forward, without amendment from the previous audited financial statements.

**A8 DIVIDEND PAID**

There was no dividend declared or paid during the current quarter under review.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2014

A9 SEGMENTAL INFORMATION

(i) Business segments

Business segment information is not presented as the Group is mainly engaged in one business segment which is the design, development, manufacture and sale of customised, value-added and industry-standard cables, connectors and related products, assembly and sub-assembly of electronic components.

Contributions from other new venture businesses during the current quarter are not material at this stage and therefore, the segmental analysis as reviewed by management is based on the geographical segments as shown below:-

(ii) Geographical segments

	Malaysia RM	China RM	Singapore RM	USA RM	Total RM	Eliminations RM	Consolidated RM
<b>30 June 2014</b>							
<b>REVENUE AND EXPENSES</b>							
<b>Revenue</b>							
External sales	671,657	14,927,368	5,677,812	17,150,274	38,427,111	(10,716,048)	27,711,063
<b>RESULTS</b>							
Segment results	(1,243,466)	341,628	(787,566)	2,094,853	405,449	2	405,451
Finance cost, net	(1,394)	39,168	(12,438)	(11,177)	14,159	-	14,159
Profit/(loss) before tax	(1,244,860)	380,796	(800,004)	2,083,676	419,608	2	419,610
Taxation	-	-	-	(488,291)	(488,291)	-	(488,291)
Net profit/(loss) attributable to	(1,244,860)	380,796	(800,004)	1,595,385	(68,683)	2	(68,681)
<b>ASSETS AND LIABILITIES</b>							
<b>Segment assets</b>							
Consolidated total assets	12,018,449	13,391,880	3,150,392	8,829,801	37,390,522	(9,942,535)	27,447,987
<b>Segment liabilities</b>							
Consolidated total liabilities	5,920,784	11,702,058	1,585,893	4,759,505	23,968,240	(12,240,763)	11,727,487
<b>OTHER INFORMATION</b>							
Depreciation	15,485	351,553	154,249	24,770	546,057	-	546,057
Capital expenditure	282,275	163,285	123,739	103,950	673,249	-	673,249
<b>30 June 2013</b>							
<b>REVENUE AND EXPENSES</b>							
<b>Revenue</b>							
External sales	-	13,947,625	7,180,602	15,136,984	36,265,211	(8,699,154)	27,566,057
<b>RESULTS</b>							
Segment results	(364,988)	289,777	(403,724)	1,305,335	826,400	(4,188)	822,212
Finance cost, net	(157)	(55,537)	(29,944)	(11,466)	(97,104)	-	(97,104)
Profit/(loss) before tax	(365,145)	234,240	(433,668)	1,293,869	729,296	(4,188)	725,108
Taxation	783	(166,480)	-	(194,224)	(359,921)	-	(359,921)
Net profit/(loss) attributable to	(364,362)	67,760	(433,668)	1,099,645	369,375	(4,188)	365,187
<b>ASSETS AND LIABILITIES</b>							
<b>Segment assets</b>							
Consolidated total assets	7,379,630	9,883,828	4,319,086	8,796,791	30,379,335	(5,435,821)	24,943,514
<b>Segment liabilities</b>							
Consolidated total liabilities	5,718,341	9,142,658	637,223	6,654,426	22,152,648	(10,546,961)	11,605,687
<b>OTHER INFORMATION</b>							
Depreciation	4,274	428,143	121,474	14,977	568,868	-	568,868
Capital expenditure	-	107,184	154,050	26,112	287,346	-	287,346

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2014**

**A10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD**

(A) Reference is made to the Company's announcement dated 5 August 2010 and 16 August 2010 in relation to the Proposals.

The Company had on 28 September 2011 issued 60,847,500 ordinary shares with free detachable warrants at an issues price of RM0.10 per share in conjunction with the renounceable rights issue of 60,847,500 right shares on the basis of the three (3) rights share together with the three (3) warrants for every four (4) CCHB shares held ("Proposals").

The exercise period for the warrant is ten (10) years from 19 September 2011 up to and including 18 September 2021. Each warrant entitles its registered holder the right to subscribe for one (1) new ordinary share of RM0.10 each in the Company at an exercise price of Rm0.10 per share until the expiry of the exercise period.

Pursuant to the Proposals, an application was made to Securities Commission by Ang Chuang Juay and his person acting in concert ("PAC"), seeking an exemption under Paragraph 16.1, Practice Note (PN) 9 of the Malaysian Code in Takeovers and Mergers 2010 (Code) from the obligation to undertake a mandatory offer for the remaining voting shares in CCHB ("Proposed Exemption").

On 18 July 2011, the Securities Commission had approved the Proposed Exemption. The approval is conditional upon the Company disclosing in its annual and interim accounts and any public document, including annual reports, prospectuses and circulars, throughout the validity period and the conversion if subscription rights or options remain outstanding.

The following are the relevant disclosures made in compliance with the disclosure conditions imposed by the SC:-

Direct share holdings as at 19 August 2014

	No. of CCHB Shares	%	No. of Warrants	%
CSC	18,287,382	9.69	4,466,070	7.34
ACJ	11,665,752	6.18	-	-
Total	29,953,134	15.87	4,466,070	7.34

(ii) The validity period for the Exemption is from 18 July 2011 up to 18 September 2021.

(iii) The maximum potential voting shares or voting rights of the offeror and persons acting in concert in the offeree, if only the offeror and persons acting in concert (but not other holders) exercise the conversion or subscription rights or options in full is 34,419,204 CCHB Shares representing 18.24% of the issued and paid-up share capital of CCHB.

(iv) The PAC shall not undertake the acquisition of voting shares or voting shares or rights or acquisition of the conversion or subscription rights or options of CCHB (excluding issuance of new CCHB shares following the exercise of the conversion or subscription rights or options, or where all CCHB subscription rights or options on a pro-rata basis) by the PAC throughout the validity period of the Exemption.

(v) The mandatory offer obligation by the PAC to acquire all the remaining CCHB Shares not already held by them upon completion of the Rights Issue or after the exercise of the Warrants will not arise as a result of granting of the Exemption.

The Proposals was completed on 3 October 2011 with the listing and quotation for 60,847,500 new CCHB shares ("Rights Shares") together with 60,847,500 free detachable warrants ("Warrants").

**A11 CHANGES IN THE COMPOSITION OF THE GROUP**

There were no material changes in the composition of the Group for the current financial quarter under review.

**A12 CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets since 31 December 2013 and up to the date of this report.

**A13 CAPITAL COMMITMENTS**

There were no capital commitments as at the current financial quarter under review.

**A14 RELATED PARTY TRANSACTIONS**

There were no related party transactions for the period under review.

**B ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET**

**B1 REVIEW OF PERFORMANCE**

For the current financial period ended 30 June 2014, the Group recorded revenue of RM27,711,063 and profit before taxation of RM419,610 as compared to its preceding year's corresponding period revenue of RM27,566,057 and profit before tax amount of RM725,108. The Group recorded a same level of revenue in the period ended 30 June 2014 as compared to the corresponding period ended 30 June 2013.

The Group recorded a stable favourable margin of 30% in the period ended 30 June 2014 compared to 26% for the period ended 30 June 2013 due to our efforts in diversifying into higher margin products as well as our controls over input costs.

The Group recorded an unrealised forex loss of RM56k for period ended 30 June 2014, compared to unrealised forex gain of RM109k in the previous period ended 30 June 2013. Notwithstanding the above, the Group recorded a realised forex loss of RM827k in the period ended 30 June 2014, as compared to realised forex gain of RM14k for the period ended 30 June 2013; which was mainly due to the USD versus RM.



NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2014

**B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS**

For the current quarter ended 30 June 2014, the Group recorded a revenue of RM15,165,388 and a profit before tax of RM394,971 as compared a revenue and profit before tax amount of RM12,545,675 and RM24,639 respectively for the preceding quarter ended 31 March 2014. The Group recorded an increase in revenue of approximately 21% in the current quarter compare to first quarter of 31 March 2014.

The Group recorded a margin of 29% in the period ended 30 June 2014 as compared to 31% in the preceding quarter ended 31 March 2014. The margin of the group has been maintained at the level of 30% in average for the first half of 2014.

The Group recorded an unrealised forex loss of RM25k for the quarter ended 30 June 2014, compared to unrealised loss of RM32k in the preceding quarter ended 31 March 2013. Notwithstanding the above, the Group recorded a realised forex loss of RM458k in the quarter ended 30 June 2014, as compared to realised forex loss of RM370k for the preceding quarter ended 31 March 2014; which was mainly due to the USD versus RM.

**B3 PROSPECTS FOR THE FINANCIAL YEAR 2014**

Due to the raising of operation costs in Shenzhen where our factory is located, the Board remains cautious in controlling the operation costs of the Group and the management is proactively mitigating those risks and challenges.

On the other hand, it is generally expected that the demand for digital gadgets will continue its growth momentum in 2014. With the broad range of end-use markets and increasing electronics content, this offer many potential sources of demand for interconnects, thus an increase in demand for interconnects can be fairly expected.

The Board believe that the Group is in a better footing given our geographical positioning and technological capabilities to meet our existing and potential customers' demand. The Board is optimistic that the financial performance for 2014 will continue to be positive riding on good momentum of interconnect solutions provider unit and contributions from 2 new business units ventured into in the beginning of 2014.

**B4 PROFIT FORECAST AND PROFIT GUARANTEE**

The Group did not issue any profit forecast or profit guarantee for the current financial quarter under review or in any other public document.

**B5 TAXATION**

	Individual Quarter		Cumulative Quarter	
	Quarter ended 30 JUNE 2014 RM	Quarter ended 30 JUNE 2013 RM	Quarter period ended 30 JUNE 2014 RM	Quarter period ended 30 JUNE 2013 RM
Current taxation:				
Domestic	-	-	-	-
Foreign tax	2,640	4,805	5,115	4,805
	<u>2,640</u>	<u>4,805</u>	<u>5,115</u>	<u>4,805</u>
Under provision in prior period				
Domestic	-	-	-	(783)
Foreign tax	-	-	-	-
	-	-	-	<u>(783)</u>
Deferred taxation	483,176	272,659	483,176	355,899
	<u>485,816</u>	<u>277,464</u>	<u>488,291</u>	<u>359,921</u>

**B6 PRE-ACQUISITION PROFITS**

The were no pre-acquisition profits for the current financial year-to-date.

**B7 PROFIT ON SALE OR PURCHASE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

There were no disposals of unquoted investments and/or properties by the Group for the current quarter and financial year-to-date under review.

**B8 QUOTED SECURITIES**

There were no acquisitions or disposals of quoted securities by the Group during the current financial quarter under review. There was no investment in quoted securities as at end of the reporting period.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2014

**B9 STATUS OF CORPORATE PROPOSAL**

(i) Status of corporate proposals announced but not completed as at 15 August 2014 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report).

The Company had on 24 March 2014 announced that the Company proposes to implement the following proposal:

Proposed private placement of up to 34,358,500 new ordinary shares of RM0.10 each in Connect ("Placement Shares") to independent third party investors to be identified at a later date. The 34,358,500 Placement Shares represent approximately 20% of the issued and paid-up share capital of the Company;

Based on an indicative issue paid of RM0.18 per Placement Share (representing a premium of approximately 5.39% to the five (5) days WAMP of Connect Shares up to and including 21 March 2014 of RM0.1708), the Company is expected to raise gross proceeds amounting up to RM6,184,530 from the Proposed Private Placement.

On 9 May 2014, Bursa Securities had vide its letter dated 9 May 2014 approved the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Private Placement on the ACE Market of Bursa Securities subject to the certain conditions.

The Shareholders of the Company have approved the Proposals at extraordinary general meeting of the Company held on 6th June 2014.

On 23 June 2014, the Company had completed partially of the Private Placement following the listing and quotation of 16,902,900 new ordinary share of RM2,839,687.20 at RM0.168.

The management of Connect shall endeavour to complete the balance of the private placement during the third quarter of 2014.

**(ii) Self Regularisation Plan**

(A) Reference is made to the Company's announcement dated 5 August 2010 and 16 August 2010 in relation to the Proposals.

The Company had on 28 September 2011 issued 60,847,500 ordinary shares with free detachable warrants at an issues price of RM0.10 per share in conjunction with the renounceable rights issue of 60,847,500 right shares on the basis of the three (3) rights share together with the three (3) warrants for every four (4) CCHB shares held ("Proposals").

The exercise period for the warrant is ten (10) years from 19 September 2011 up to and including 18 September 2021. Each warrant entitles its registered holder the right to subscribe for one (1) new ordinary share of RM0.10 each in the Company at an exercise price of Rm0.10 per share until the expiry of the exercise period.

Pursuant to the Proposals, an application was made to Securities Commission by Ang Chuang Juay and his person acting in concert ("PAC"), seeking an exemption under Paragraph 16.1, Practice Note (PN) 9 of the Malaysian Code in Takeovers and Mergers 2010 (Code) from the obligation to undertake a mandatory offer for the remaining voting shares in CCHB ("Proposed Exemption").

On 18 July 2011, the Securities Commission had approved the Proposed Exemption. The approval is conditional upon the Company disclosing in its annual and interim accounts and any public document, including annual reports, prospectuses and circulars, throughout the validity period and the conversion if subscription rights or options remain outstanding.

The following are the relevant disclosures made in compliance with the disclosure conditions imposed by the SC:-

(i) The details of the shareholdings of the PAC and their entitlement to the Rights Issue are as follows:

Direct share holdings as at 19 August 2014

	No. of CCHB Shares	%	No. of Warrants	%
CSC	18,287,382	9.69	4,466,070	7.34
ACJ	11,665,752	6.18	-	-
Total	29,953,134	15.87	4,466,070	7.34

(ii) The validity period for the Exemption is from 18 July 2011 up to 18 September 2021.

(iii) The maximum potential voting shares or voting rights of the offeror and persons acting in concert in the offeree, if only the offeror and persons acting in concert (but not other holders) exercise the conversion or subscription rights or options in full is 34,419,204 CCHB Shares representing 18.24% of the issued and paid-up share capital of CCHB.

(iv) The PAC shall not undertake the acquisition of voting shares or voting rights or acquisition of the conversion or subscription rights or options of CCHB (excluding issuance of new CCHB shares following the exercise of the conversion or subscription rights or options, or where all CCHB subscription rights or options on a pro-rata basis) by the PAC throughout the validity period of the Exemption.

(v) The mandatory offer obligation by the PAC to acquire all the remaining CCHB Shares not already held by them upon completion of the Rights Issue or after the exercise of the Warrants will not arise as a result of granting of the Exemption.

The Proposals was completed on 3 October 2011 with the listing and quotation for 60,847,500 new CCHB shares ("Rights Shares") together with 60,847,500 free detachable warrants ("Warrants").

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2014

STATUS OF UTILIZATION OF PROCEEDS RAISED FROM PRIVATE PLACEMENT

The Company had on 23 June 2014 completed partially of the Private Placement following the listing and quotation of 16,902,900 new ordinary shares of RM0.10 each on the ACE Market of Bursa Malaysia Securities Berhad at an issue price of RM0.168 each ("Private Placement").

The Private Placement is part of the proposed Private Placement of 34,358,500 new ordinary shares of RM0.10 each in the Company with expected gross proceed of RM6,295,530 and has been proposed to be utilised as follows:-

Description	Proposed Utilization RM'000	Actual Utilization As at 30 June 2014 RM'000	Variance RM'000	Balance RM'000	Estimated timeframe for utilization of proceeds
Working capital for:					
- Increased Rapid Conn (Shen Zhen) Co., Ltd. ("RCC") paid up capital	3,960,000	1,350,000	-	2,610,000	Within 9 months
- MyGenBizz Berhad, a 51% subsidiary of the Company ("MyGenBizz")	1,026,000	900,000 *	-	126,000	Within 9 months
- Administrative expenses of other companies under Connect group of companies ("Connect Group")	698,530	95,558	-	602,972	Within 9 months
Estimate expenses in relation to the Proposed Private Placement	500,000	165,578	-	334,423	Within 9 months
Total	<u>6,184,530</u>	<u>2,511,135</u>	-	<u>3,673,395</u>	

\* Repayment of advance for working capital of MyGenBizz Berhad.

B10 BORROWINGS

	Quarter ended 30 JUNE 2014	Quarter ended 30 JUNE 2013
Short term borrowings (RM)		
Secured	<u>105,642</u>	<u>112,570</u>
Long-term borrowings (RM)		
Secured	<u>92,803</u>	<u>157,485</u>
Total Borrowings (RM)	<u>198,445</u>	<u>270,055</u>

DENOMINATED IN FOREIGN CURRENCY

Short term borrowings:	Foreign Currency	RM Equivalent	Foreign Currency	RM Equivalent
Secured (in Singapore Dollars)	-	-	-	-
Secured (in US Dollars)	16,169	51,741	35,178	112,570
Secured (in Chinese RMB)	107,802	53,901	-	-
		<u>105,642</u>		<u>112,570</u>
Long term borrowings:				
Secured (in Singapore Dollars)	-	-	-	-
Secured (in US Dollars)	29,001	92,803	49,214	157,485
		<u>92,803</u>		<u>157,485</u>

B11 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group does not have any off balance sheet financial instruments as at the date of this report.

B12 MATERIAL LITIGATIONS

There is no material litigation during the period under review and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

B13 DIVIDENDS

The Directors did not propose any dividend for the period under review.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2014

B14 EARNINGS/(LOSS) PER SHARE

(a) Basic

	Individual Quarter		Cumulative Quarter	
	Quarter ended	Quarter ended	Quarter period ended	Quarter period ended
	30 JUNE 2014	30 JUNE 2013	30 JUNE 2014	30 JUNE 2013
	RM	RM	RM	RM
Net profit attributable to shareholders	12,879	851,943	166,662	365,187
Weighted average number of shares - basic	177,365,298	156,175,400	171,792,920	156,175,400
<b>Basic profit per share (sen)</b>	<b>0.01</b>	<b>0.55</b>	<b>0.10</b>	<b>0.23</b>

(b) Diluted

	Individual Quarter		Cumulative Quarter	
	Quarter ended	Quarter ended	Quarter period ended	Quarter period ended
	30 JUNE 2014	30 JUNE 2013	30 JUNE 2014	30 JUNE 2013
	RM	RM	RM	RM
Net profit attributable to shareholders	12,879	851,943	166,662	365,187
Weighted average number of shares - basic	177,365,298	156,175,400	171,792,920	156,175,400
Add:				
Assuming conversion of Warrants	60,846,600	60,846,600	60,846,600	60,846,600
Weighted average number of shares - diluted	238,211,898	217,022,000	232,639,520	217,022,000
<b>Diluted earnings per share (sen)</b>	<b>0.01</b>	<b>0.39</b>	<b>0.07</b>	<b>0.17</b>

Note:-

\* The fully diluted earnings per share is not disclosed as the effects on the assumed exercised of the warrants is anti-dilutive.

B15 AUTHORISATION

The second quarter interim financial statements were authorised for issue by the Board of Directors in accordance with resolution of the directors dated 19 August 2014.

B16 DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

The determination of realised and unrealised (loss)/gain is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits of Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants on 20 December 2010.

The breakdown of accumulated losses of the Group as at the reporting date, into realised and unrealised losses are as follows:

	As At 31 MAR 2014 RM	(Audited) As At 31 DEC 2013 RM
Total accumulated losses of the Group:		
- Realised	(4,174,129)	(4,740,401)
- Unrealised	(24,945)	356,819
	<u>(4,199,074)</u>	<u>(4,383,582)</u>
Less: Consolidated adjustments	-	-
Accumulated losses as per financial statements	<u>(4,199,074)</u>	<u>(4,383,582)</u>

By order of the Board

Ang Chuang Juay  
Group Executive Deputy Chairman  
19 August 2014