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環球電子產品有限公司

CONNECTCOUNTRY HOLDINGS BERHAD (618933-D)

INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2014

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

**INTERIM FINANCIAL STATEMENTS FOR THE
THIRD QUARTER ENDED 30 SEPT 2014**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		(UNAUDITED) CURRENT YEAR QUARTER 30 SEPT 2014 RM	(UNAUDITED) PRECEDING YEAR CORRESPONDING QUARTER 30 SEPT 2013 RM	(UNAUDITED) CURRENT YEAR- TO-DATE 30 SEPT 2014 RM	(UNAUDITED) PRECEDING YEAR CORRESPONDING PERIOD 30 SEPT 2013 RM
Operating revenue	B1	13,276,702	12,162,338	40,987,765	39,728,395
Cost of sales		(10,251,623)	(9,191,659)	(29,764,895)	(29,704,189)
Gross profit		<u>3,025,079</u>	<u>2,970,679</u>	<u>11,222,870</u>	<u>10,024,206</u>
Other income		61,845	93,869	330,157	560,995
Administrative expense		(2,535,186)	(2,120,209)	(8,074,836)	(6,940,662)
Distribution and selling expenses		(739,581)	(887,481)	(2,351,913)	(2,450,089)
Other expenses		(1,015,498)	(27,878)	(493,464)	102,435
Depreciation and amortisation		(262,111)	(257,483)	(808,168)	(826,351)
Gain/(loss) on foreign exchange	B1				
- unrealised		39,882	217,519	(16,779)	326,085
- realised		109,643	(34,588)	(718,343)	(19,979)
(Loss)/profit from operations		<u>(1,315,927)</u>	<u>(45,572)</u>	<u>(910,476)</u>	<u>776,640</u>
Interest income		134	121	259	425
Finance costs		(32,072)	(14,140)	(18,038)	(111,548)
(Loss)/profit before tax	B1	<u>(1,347,865)</u>	<u>(59,591)</u>	<u>(928,255)</u>	<u>665,517</u>
Taxation	B5	34,262	(270,837)	(454,029)	(630,758)
(Loss)/profit for the year		<u>(1,313,603)</u>	<u>(330,428)</u>	<u>(1,382,284)</u>	<u>34,759</u>
Other comprehensive income/(expense):					
Foreign exchange reserve		674,186	72,692	462,116	347,423
Total comprehensive (loss)/profit for the year		<u>(639,417)</u>	<u>(257,736)</u>	<u>(920,168)</u>	<u>382,182</u>
(Loss)/profit attributable to:					
Owners of the Company		(1,216,025)	(330,428)	(1,049,363)	34,759
Non-controlling interest		(97,578)	-	(332,921)	-
		<u>(1,313,603)</u>	<u>(330,428)</u>	<u>(1,382,284)</u>	<u>34,759</u>
Total comprehensive income/(expense) attributable to:					
Owners of the Company		1,216,025	(257,736)	(587,247)	382,182
Non-controlling interest		(97,578)	-	(332,921)	-
		<u>1,118,447</u>	<u>(257,736)</u>	<u>(920,168)</u>	<u>382,182</u>
(Loss)/earning per share (sen)					
- Basic	B14 (a)	<u>(0.64)</u>	<u>(0.21)</u>	<u>(0.59)</u>	<u>0.02</u>
- Diluted	B14 (b)	<u>N/A(*)</u>	<u>N/A(*)</u>	<u>N/A(*)</u>	<u>0.02</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
 THIRD QUARTER ENDED 30 SEPT 2014**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
	AS AT 30 SEPT 2014 (UNAUDITED) RM	AS AT 31 DECEMBER 2013 (AUDITED) RM
Note		
ASSETS		
Non-current assets		
	2,571,488	2,593,936
	39,799	444,402
	<u>2,611,287</u>	<u>3,038,338</u>
Current assets		
	4,143,062	5,370,012
	12,399,550	10,329,566
	3,116,413	2,583,500
	3,248,501	3,095,258
	<u>22,907,526</u>	<u>21,378,336</u>
TOTAL ASSETS	<u><u>25,518,813</u></u>	<u><u>24,416,674</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
	18,869,580	17,179,290
	1,625,445	665,621
	442,249	(19,867)
	(5,415,096)	(4,383,582)
B16	<u>15,522,178</u>	<u>13,441,462</u>
	(283,921)	-
Total equity	<u>15,238,257</u>	<u>13,441,462</u>
Non-current liabilities		
	81,893	122,598
	-	47,307
	87,019	39,799
	<u>168,912</u>	<u>209,704</u>
Current liabilities		
	500,744	51,728
	7,577,730	8,329,829
	2,033,170	2,383,951
	<u>10,111,644</u>	<u>10,765,508</u>
Total liabilities	<u>10,280,556</u>	<u>10,975,212</u>
TOTAL EQUITY AND LIABILITIES	<u><u>25,518,813</u></u>	<u><u>24,416,674</u></u>
Net Assets Per Share (RM)	<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
THIRD QUARTER ENDED 30 SEPT 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	-	(27,000)	347,423	34,759	-	355,182
At 30 September 2013	<u>15,617,540</u>	<u>464,340</u>	<u>424,089</u>	<u>(3,248,001)</u>	<u>-</u>	<u>13,257,968</u>
At 1 January 2014	17,179,290	665,621	(19,867)	(4,365,733)	-	13,459,311
Acquisition of subsidiary	-	-	-	-	49,000	49,000
Total comprehensive income/(expense) for the period	-	-	462,116	(1,049,363)	(332,921)	(920,168)
Issuance of ordinary shares pursuant to: - Private placement	1,690,290	959,824	-	-	-	2,650,114
At 30 September 2014	<u>18,869,580</u>	<u>1,625,445</u>	<u>442,249</u>	<u>(5,415,096)</u>	<u>(283,921)</u>	<u>15,238,257</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
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**INTERIM FINANCIAL STATEMENTS FOR THE
THIRD QUARTER ENDED 30 SEPT 2014**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(UNAUDITED) CURRENT YEAR-TO-DATE 30 SEPT 2014 RM	(UNAUDITED) PRECEDING YEAR CORRESPONDING CUMULATIVE PERIOD 30 SEPT 2013 RM
Cash flows from operating activities		
Profit/(loss) before tax	(928,255)	665,517
Adjustments for:		
Depreciation	808,168	826,351
Reversal of impairment loss on receivables	(507,734)	(144,113)
Interest expenses	16,410	23,665
Interest income	(259)	(425)
Loss/(gain) on foreign exchange unrealised	16,779	(326,085)
Goodwill written off	949,000	-
Plant and equipment written off	-	41,676
Loss on disposal of PPE	49,424	-
Operating profit before working capital changes	403,533	1,086,586
Changes in working capital:		
Inventories	1,226,950	878,274
Receivables (trade)	(2,069,984)	(10,559)
Receivables (non-trade)	(532,913)	726,644
Payables (trade)	(752,099)	(1,892,276)
Payables (non-trade)	(398,088)	579,096
Cash generated from/(used in) operations	(2,122,601)	1,367,765
Interest paid	(16,410)	(23,665)
Tax (paid)/refund	(15,898)	(4,022)
Net cash (used in)/generated from operating activities	(2,154,909)	1,340,078
Cash flows from investing activities		
Interest received	259	425
Proceed of disposal of PPE	100,000	-
Purchase of plant and equipment	(939,920)	(528,804)
Net cash used in investing activities	(839,661)	(528,379)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	2,729,289	-
Proceeds from short term loan	660,000	-
Repayment of hire purchase	(12,311)	16,466
Repayment of other short term borrowings	(264,000)	419,726
Net cash generated from financing activities	3,112,978	436,192
Net increase in cash and cash equivalents	118,408	1,247,891
Effects of exchange rate changes	34,835	(216,873)
Cash and cash equivalents at beginning of the financial year	3,095,258	2,280,805
Cash and cash equivalents at end of the financial year	3,248,501	3,291,823
Cash and cash equivalents are represented by		
Cash and at bank balances	3,248,501	3,291,823

(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 SEPTEMBER 2014

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

A1 BASIS OF PREPARATION

The 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 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

A2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted as disclosed in the Group's annual audited financial statements for the year ended 31 December 2013.

The Group has adopted the new and revised Malaysian Financial Reporting Standards ("MFRSs") and IC Interpretations that became mandatory for the current reporting period. The adoption of these new and revised MFRSs and IC Interpretations does not result in significant changes in the accounting policies of the Group.

A3 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 auditors' 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.

A4 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.

A5 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

During the current quarter under review, 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.

A6 CHANGES IN ESTIMATES

There were no material changes in estimates that have had effect on the current financial period under review.

A7 ISSUANCE, CANCELLATION, REPURCHASE, RESALE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

The Company had on 4 November 2014, completed the proposed private placement of 34,358,500 new ordinary shares of RM0.10 following the listing and quotation of the remaining 17,455,600 new ordinary shares of RM0.10 each on the ACE Market of Bursa Malaysia Securities Berhad at an Issue price of RM0.133 each.

A8 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.

A9 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 SEPTEMBER 2014

A10 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
30 September 2014							
REVENUE AND EXPENSES							
Revenue							
External sales	743,619	23,687,795	9,064,492	24,568,026	58,063,932	(17,076,167)	40,987,765
RESULTS							
Segment results	(3,166,323)	135,300	(319,271)	2,589,104	(761,190)	(149,286)	(910,476)
Finance cost, net	16	27,425	(28,804)	(16,416)	(17,779)	-	(17,779)
Profit/(loss) before tax	(3,166,307)	162,725	(348,075)	2,572,688	(778,969)	(149,286)	(928,265)
Taxation	-	-	-	(454,029)	(454,029)	-	(454,029)
Net profit/(loss) attributable to	(3,166,307)	162,725	(348,075)	2,118,659	(1,232,998)	(149,286)	(1,382,284)
ASSETS AND LIABILITIES							
Segment assets							
Consolidated total assets	10,014,938	11,214,782	4,102,531	9,102,724	34,434,975	(8,916,162)	25,518,813
Segment liabilities							
Consolidated total liabilities	5,862,714	9,551,898	1,996,540	4,938,105	22,349,257	(12,068,701)	10,280,556
OTHER INFORMATION							
Depreciation	32,555	533,399	205,744	36,470	808,168	-	808,168
Capital expenditure	282,275	457,194	100,800	99,651	939,920	-	939,920
30 September 2013							
REVENUE AND EXPENSES							
Revenue							
External sales	-	20,034,667	9,607,045	22,565,027	52,206,739	(12,478,344)	39,728,395
RESULTS							
Segment results	(707,731)	(71,443)	(1,105,763)	2,148,340	263,403	513,237	776,640
Finance cost, net	(249)	(57,158)	(37,919)	(15,797)	(111,123)	-	(111,123)
Profit/(loss) before tax	(707,980)	(128,601)	(1,143,682)	2,132,543	152,280	513,237	665,517
Taxation	783	(249,720)	-	(381,821)	(630,758)	-	(630,758)
Net profit/(loss) attributable to	(707,197)	(378,321)	(1,143,682)	1,750,722	(478,478)	513,237	34,759
ASSETS AND LIABILITIES							
Segment assets							
Consolidated total assets	7,213,563	8,029,761	2,813,018	8,733,897	26,790,239	(4,318,669)	22,471,570
Segment liabilities							
Consolidated total liabilities	5,599,345	7,734,675	(471,157)	5,867,900	18,730,763	(9,517,163)	9,213,600
OTHER INFORMATION							
Depreciation	5,578	613,017	187,556	20,200	826,351	-	826,351
Capital expenditure	-	242,164	241,258	45,382	528,804	-	528,804

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

A11 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 31 October 2014

	No. of CCHB Shares	%	No. of Warrants	%
CSC	18,287,382	9.69	4,466,070	7.34
ACJ	11,865,752	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 17.82% 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").

(B) On 26 September 2014, the Company had entered into a Sales and Purchase Agreement for the sale of 900,000 redeemable convertible preference shares of RM1.00 each in MyGenBizz Berhad (MGB) held by the Company to Mr. Tan See Kuy for a total consideration of RM900,000. On 14 October 2014, all redeemable convertible preference shares in MGB have been converted to ordinary shares. Consequently the Company's interest in MGB has reduced from 51.00% to 36.73%. Therefore MGB ceased to be the subsidiary of the Company but remain as associated company.

A12 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.

A13 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.

A14 CAPITAL COMMITMENTS

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

A15 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 September 2014, the Group recorded revenue of RM40,987,765 and loss before taxation of RM928,255 as compared to its preceding year's corresponding period revenue of RM39,728,395 and profit before tax amount of RM665,517. The Group recorded a higher of revenue in the period ended 30 September 2014 as compared to the corresponding period ended 30 September 2013.

The Group recorded a stable favourable margin of 27% in the period ended 30 September 2014 compared to 25% for the period ended 30 September 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 RM17k for period ended 30 September 2014, compared to unrealised forex gain of RM326k in the previous period ended 30 September 2013. Notwithstanding the above, the Group recorded a realised forex loss of RM718k in the period ended 30 September 2014, as compared to realised forex loss of RM20k for the period ended 30 September 2013; which was mainly due to the an appreciation of USD against RM.

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

B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS

For the current quarter ended 30 September 2014, the Group recorded a revenue of RM13,276,702 and a loss before tax of RM1,347,865 as compared a revenue and profit before tax amount of RM15,165,388 and RM394,971 respectively for the preceding quarter ended 30 June 2014. The Group recorded an decrease in revenue of approximately 12% in the current quarter compare to second quarter of 31 June 2014.

The Group recorded a margin of 23% in the quarter ended 30 September 2014 as compared to 29% in the preceding quarter ended 30 June 2014. The margin of the group has decreased compared to the preceding quarter ended 30 June 2014.

The Group recorded an unrealised forex gain of RM40k for the quarter ended 30 September 2014, compared to unrealised loss of RM25k in the preceding quarter ended 30 June 2014. Notwithstanding the above, the Group recorded a realised forex gain of RM110k in the quarter ended 30 September 2014, as compared to realised forex loss of RM458k for the preceding quarter ended 30 June 2014; which was mainly due to the appreciation of USD against RM.

B3 PROSPECTS FOR THE FINANCIAL YEAR 2014

Due to the rising 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 interconnect solution provider business 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 interconnect solution provider unit for 2014 will continue to be positive riding on good momentum of this business unit. However, the performance of the 2 new business units ventured into in the beginning of 2014 have been dissapointed. After due consideration, the Board has reduced the Company's interest in MyGenBizz Berhad in October 2014. Subsequently, the board impaired the Company's investment in MyGenBizz Berhad.

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 SEPT 2014 RM	Quarter ended 30 SEPT 2013 RM	Quarter period ended 30 SEPT 2014 RM	Quarter period ended 30 SEPT 2013 RM
Current taxation:				
Domestic	-	-	-	-
Foreign tax	10,783	-	15,898	4,805
	<u>10,783</u>	<u>-</u>	<u>15,898</u>	<u>4,805</u>
Under provision in prior period				
Domestic	-	-	-	(783)
Foreign tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(783)</u>
Deferred taxation	(45,045)	270,837	438,131	626,736
	<u>(34,262)</u>	<u>270,837</u>	<u>454,029</u>	<u>630,758</u>

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

B6 STATUS OF CORPORATE PROPOSAL

(i) Private Placement

M&A Securities Sdn Bhd had on behalf of the Board announced a private placement of up to 34,358,500 new Connect shares ("Placement Shares") on 24 March 2014.

The Company had on 9 May 2014 obtained Bursa Securities' approval for the listing of and quotation for the Placement Shares on the ACE Market of Bursa Securities.

The Private Placement was partially completed on 20 June 2014 with the listing of and quotation for 16,902,900 new Connect Shares at an issue price of RM0.168 on the ACE Market of Bursa Securities.

The Private Placement was then fully completed on 4 November 2014 with the listing of and quotation for the remaining 17,455,600 new Connect Shares at an issue price of RM0.133 on the ACE Market of Bursa Securities.

(ii) Self Regularisation Plan

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 31 October 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 17.82% 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").

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

(iii) Status of Utilization of Proceeds Raised From Private Placement

The Company had on 20 June 2014 completed the first tranche of the Private Placement with the listing of and quotation for 16,902,900 new Connect shares on the ACE Market of Bursa Malaysia Securities Berhad ("Placement Shares") at an issue price of RM0.168 each.

The Company had on 4 November 2014, fully completed the Private Placement with the listing of and quotation for the remaining 17,455,600 Placement Shares on the ACE market of Bursa Malaysia Securities Berhad at an issue price of RM0.133 each.

Following the completion of the Private Placement, the Company raised actual total gross proceed of RM5,161,282, the utilisation of which has been revised as follows:-

Description	Proposed Utilization RM'000	Revised Utilization RM'000	Actual Utilization As at 20 NOV 2014 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	2,960,000	1,350,000	1,610,000	Within 6 months	***
- MyGenBizz Berhad, a 51% subsidiary of the Company ("MyGenBizz")	1,026,000	900,000	900,000	-	Completed	**
- Administrative expenses of other companies under Connect group of companies ("Connect Group")	698,530	1,084,208	591,089	493,119	Within 12 months	*
Estimate expenses in relation to the Proposed Private Placement	500,000	217,074	217,074	-	Completed	
Total	6,184,530	5,161,282	3,058,163	2,103,119		

*** Due to the difference between actual proceeds received from the private placement and proposed private placement. Therefore amendment were made in RCC paid up capital.

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

* The excess balances from MyGenBizz and estimate expenses in relation to the Proposed Private Placement are grouped under the administrative expenses.

	Proposed RCC RM	Revised RCC RM
Purchase of raw materials such as raw cooper cables, plastics, interjects and packaging materials	1,970,000	1,470,000
Purchase of tools and equipments such as cable assembly and moulding equipment as well as crimping machines	1,500,000	1,000,000
Production labour costs	490,000	490,000
	<u>3,960,000</u>	<u>2,960,000</u>

B7 BORROWINGS

	Quarter ended 30 SEPT 2014	Quarter ended 30 SEPT 2013
Short term borrowings (RM)		
Secured	<u>500,744</u>	<u>105,712</u>
Long-term borrowings (RM)		
Secured	<u>81,893</u>	<u>150,302</u>
Total Borrowings (RM)	<u>582,637</u>	<u>256,014</u>

DENOMINATED IN FOREIGN CURRENCY

	Foreign Currency RM Equivalent		Foreign Currency RM Equivalent	
	Foreign Currency	RM Equivalent	Foreign Currency	RM Equivalent
Short term borrowings:				
Secured (in Singapore Dollars)	-	-	-	-
Secured (in US Dollars)	136,406	450,140	12,703	41,920
Secured (in Chinese RMB)	101,208	50,604	127,584	63,792
		<u>500,744</u>		<u>105,712</u>
Long term borrowings:				
Secured (in Singapore Dollars)	-	-	-	-
Secured (in US Dollars)	24,816	81,893	45,546	150,302
		<u>81,893</u>		<u>150,302</u>

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

B8 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.

B9 DIVIDENDS

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

B10 EARNINGS/(LOSS) PER SHARE

(a) Basic

	Individual Quarter		Cumulative Quarter	
	Quarter ended	Quarter ended	Quarter period ended	Quarter period ended
	30 SEPT 2014	30 SEPT 2013	30 SEPT 2014	30 SEPT 2013
	RM	RM	RM	RM
Net profit attributable to shareholders	(1,216,025)	(330,428)	(1,049,363)	34,759
Weighted average number of shares - basic	188,695,800	156,175,400	179,305,311	156,175,400
Basic profit per share (sen)	(0.64)	(0.21)	(0.59)	0.02

(b) Diluted

	Individual Quarter		Cumulative Quarter	
	Quarter ended	Quarter ended	Quarter period ended	Quarter period ended
	30 SEPT 2014	30 SEPT 2013	30 SEPT 2014	30 SEPT 2013
	RM	RM	RM	RM
Net profit attributable to shareholders	(1,216,025)	(330,428)	(1,049,363)	34,759
Weighted average number of shares - basic	188,695,800	156,175,400	179,305,311	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	249,542,400	217,022,000	240,151,911	217,022,000
Diluted earnings per share (sen)	N/A(*)	N/A(*)	N/A(*)	0.02

Note:-

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

B11 DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

The accumulated losses of the Group may be analyzed as follows:-

	As At 30 SEPT 2014 RM	(Audited) As At 31 DEC 2013 RM
Total accumulated losses of the Group:		
- Realised	(5,398,317)	(4,740,401)
- Unrealised	(16,779)	356,819
	<u>(5,415,096)</u>	<u>(4,383,582)</u>
Less: Consolidated adjustments	-	-
Accumulated losses as per financial statements	<u>(5,415,096)</u>	<u>(4,383,582)</u>

B12 NOTE TO THE STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter Ended		Year to date	
	30 SEPT 2014	30 SEPT 2013	30 SEPT 2014	30 SEPT 2013
	RM	RM	RM	RM
Depreciation of property, plant and equipment	262,111	257,483	808,168	826,351
Goodwill written off	949,000	-	949,000	-
Interest expense	11,879	3,102	16,410	23,665
Interest income	134	121	259	425
(Gain)/loss in foreign exchange - unrealized	(39,882)	217,519	16,779	326,085
Loss on disposal of property, plant and equipment	49,424	-	49,424	-
Reversal of impairment loss on receivables	507,734	(11,200)	507,734	144,113
Plant and equipment written off	-	41,676	-	41,676