



INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED
31 MARCH 2015



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

**INTERIM FINANCIAL STATEMENTS FOR THE
FIRST QUARTER ENDED 31 MAR 2015**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		INDIVIDUAL QUARTER (UNAUDITED)		CUMULATIVE QUARTER (UNAUDITED)	
		CURRENT YEAR QUARTER 31 MAR 2015 RM	PRECEDING YEAR CORRESPONDING QUARTER 31 MAR 2014 RM	CURRENT YEAR- TO-DATE 31 MAR 2015 RM	PRECEDING YEAR CORRESPONDING PERIOD 31 MAR 2014 RM
	Note				
Operating revenue	B1	14,400,985	12,545,675	14,400,985	12,545,675
Cost of sales		(10,133,548)	(8,683,847)	(10,133,548)	(8,683,847)
Gross profit		<u>4,267,437</u>	<u>3,861,828</u>	<u>4,267,437</u>	<u>3,861,828</u>
Other income		155,215	112,190	155,215	112,190
Administrative expense		(2,568,382)	(2,423,297)	(2,568,382)	(2,423,297)
Distribution and selling expenses		(722,078)	(828,198)	(722,078)	(828,198)
Other expenses		(594)	2	(594)	2
Depreciation and amortisation		(318,359)	(266,790)	(318,359)	(266,790)
Gain/(loss) on foreign exchange	B1				
- unrealised		168,645	(31,716)	168,645	(31,716)
- realised		(24,062)	(369,750)	(24,062)	(369,750)
Share of result of associated company		-	-	-	-
Profit from operations		<u>957,822</u>	<u>54,269</u>	<u>957,822</u>	<u>54,269</u>
Interest income		87	56	87	56
Finance costs		(19,476)	(29,686)	(19,476)	(29,686)
Profit before tax	B1	<u>938,433</u>	<u>24,639</u>	<u>938,433</u>	<u>24,639</u>
Taxation	B5	(33,739)	(2,475)	(33,739)	(2,475)
Profit for the year		<u>904,694</u>	<u>22,164</u>	<u>904,694</u>	<u>22,164</u>
Other comprehensive income/(expenses):					
Foreign currency translation		984,866	(212,070)	984,866	(212,070)
Total comprehensive loss for the year		1,889,560	(189,906)	1,889,560	(189,906)
Profit attributable to:					
Owners of the Company		904,694	153,783	904,694	153,783
Non-controlling interest		-	(131,619)	-	(131,619)
		<u>904,694</u>	<u>22,164</u>	<u>904,694</u>	<u>22,164</u>
Total comprehensive income/(expense) attributable to:					
Owners of the Company		1,889,560	(58,287)	1,889,560	(58,287)
Non-controlling interest		-	(131,619)	-	(131,619)
		<u>1,889,560</u>	<u>(189,906)</u>	<u>1,889,560</u>	<u>(189,906)</u>
(Loss)/earning per share (sen)					
- Basic	B10 (a)	<u>0.44</u>	<u>0.09</u>	<u>0.44</u>	<u>0.09</u>
- Diluted	B10 (b)	<u>0.34</u>	<u>0.07</u>	<u>0.34</u>	<u>0.07</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 2014 and the accompanying explanatory notes attached to this interim financial statements.)

CONNECTCOUNTY HOLDINGS BERHAD
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INTERIM FINANCIAL STATEMENTS FOR THE
FIRST QUARTER ENDED 31 MAR 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Note	AS AT 31 MAR 2015 (UNAUDITED) RM	AS AT 31 DECEMBER 2014 (AUDITED) RM
ASSETS		
Non-current assets		
	Plant and equipment	3,718,349
	Deferred tax assets	4,046,899
	<u>172,483</u>	<u>194,234</u>
	<u>3,890,832</u>	<u>4,241,133</u>
Current assets		
	Inventories	4,889,428
	Trade receivables	5,612,461
	Other receivables	13,229,490
	Cash and bank balances	3,872,298
	<u>4,044,807</u>	<u>4,847,058</u>
	<u>26,036,023</u>	<u>22,947,093</u>
	TOTAL ASSETS	TOTAL ASSETS
	<u>29,926,855</u>	<u>27,188,226</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
	Share capital	20,615,140
	Share premium	2,170,979
	Foreign exchange reserve	1,179,193
	Accumulated losses	(6,138,620)
B12	<u>17,723,460</u>	<u>15,937,132</u>
	Non-controlling interests	-
	Total equity	Total equity
	<u>17,723,460</u>	<u>15,937,132</u>
Non-current liabilities		
	Borrowings	266,077
B7	Other payables	-
	Deferred tax liabilities	38,466
	<u>39,799</u>	<u>39,799</u>
	<u>305,876</u>	<u>344,980</u>
Current liabilities		
	Borrowings	117,772
B7	Trade payables	60,760
	Other payables	10,038,495
	<u>1,741,252</u>	<u>2,961,229</u>
	<u>11,897,519</u>	<u>10,906,114</u>
	Total liabilities	Total liabilities
	<u>12,203,395</u>	<u>11,251,094</u>
	TOTAL EQUITY AND LIABILITIES	TOTAL EQUITY AND LIABILITIES
	<u>29,926,855</u>	<u>27,188,226</u>
	Net Assets Per Share (RM)	Net Assets Per Share (RM)
	<u>0.09</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 2014 and the accompanying explanatory notes attached to this interim financial statements.)

CONNECTCOUNTY HOLDINGS BERHAD
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INTERIM FINANCIAL STATEMENTS FOR THE
FIRST QUARTER ENDED 31 MAR 2015

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to Equity Holders of the Parent →				→ Non-controlling interest RM	Total RM
	Share Capital RM	Share Premium RM	Non-Distributable Foreign Exchange Reserve RM	Accumulated Losses RM		
At 1 January 2014	17,179,292	665,621	11,889	(4,365,733)	-	13,491,069
Acquisition of subsidiary	-	-	-	-	-	-
Total comprehensive expense for the period	-	-	(212,070)	153,780	(82,619)	(140,909)
Issuance of ordinary shares pursuant to: - Private placement	-	-	-	-	-	-
At 31 March 2014	<u>17,179,292</u>	<u>665,621</u>	<u>(200,181)</u>	<u>(4,211,953)</u>	<u>(82,619)</u>	<u>13,350,160</u>
At 1 January 2015	20,615,140	2,170,979	194,327	(7,043,314)	-	15,937,132
Acquisition of subsidiary	-	-	-	-	-	-
Total comprehensive income/(expense) for the period	-	(103,232)	984,866	904,694	-	1,786,328
Issuance of ordinary shares pursuant to: - Private placement	-	-	-	-	-	-
At 31 Mar 2015	<u>20,615,140</u>	<u>2,067,747</u>	<u>1,179,193</u>	<u>(6,138,620)</u>	<u>-</u>	<u>17,723,460</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 2014 and the accompanying explanatory notes attached to this interim financial statements.)

CONNECTCOUNTRY HOLDINGS BERHAD
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INTERIM FINANCIAL STATEMENTS FOR THE
FIRST QUARTER ENDED 31 MAR 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(UNAUDITED) CURRENT YEAR-TO-DATE 31 MAR 2015 RM	(UNAUDITED) PRECEDING YEAR CORRESPONDING CUMULATIVE PERIOD 31 MAR 2014 RM
Cash flows from operating activities		
Profit before tax	938,433	24,639
Adjustments for:		
Depreciation	318,359	266,790
Deferred taxes	21,751	-
Impairment loss on other receivables	-	-
Inventories written off	-	-
Interest expenses	3,635	2,353
Interest income	(87)	(56)
(Gain)/loss on disposal of plant and equipment	209	-
(Gain)/loss on foreign exchange unrealised	(168,645)	31,716
Provision of impairment in investment	-	-
Share of loss of associates	-	-
Plant and equipment written off	385	-
Operating profit before working capital changes	1,114,040	325,442
Changes in working capital:		
Inventories	723,033	159,842
Receivables (trade)	(3,563,139)	(1,256,281)
Receivables (non-trade)	(1,051,075)	617,706
Payables (trade)	2,154,370	187,558
Payables (non-trade)	(1,258,443)	184,729
Cash (used in)/generated from operations	(1,881,214)	218,996
Interest paid	(3,635)	(2,353)
Tax paid	(4,471)	(2,475)
Net cash (used in)/generated from operating activities	(1,889,320)	214,168
Cash flows from investing activities		
Interest received	87	56
Proceed from disposal of plant and equipment	(390)	(1,000,000)
Purchase of plant and equipment	(245,639)	(423,040)
Net cash used in investing activities	(245,942)	(1,422,984)
Cash flows from financing activities		
Private placement expenses	(103,232)	-
Repayment of hire purchase	(56,374)	(4,789)
Repayment of other short term borrowings	-	(39,925)
Net cash generated from financing activities	(159,606)	(44,714)
Net decrease in cash and cash equivalents	(2,294,868)	(1,253,530)
Effects of exchange rate changes	1,492,617	(4,743)
Cash and cash equivalents at beginning of the financial year	4,847,058	3,095,258
Cash and cash equivalents at end of the financial year	4,044,807	1,836,985
Cash and cash equivalents are represented by		
Cash and at bank balances	4,044,807	1,836,985
	<u>4,044,807</u>	<u>1,836,985</u>

(The unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to this interim financial statements.)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2015

PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS ("MFRS") 134 ON INTERIM FINANCIAL REPORTING

A1 BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the requirement of MFRS134: Interim Financial Reporting 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 2014.

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 subjected 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 MATERIAL CHANGES IN ESTIMATES

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

A7 ISSUANCE, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

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.

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 DIVIDENDS

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2015

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
31 March 2015							
REVENUE AND EXPENSES							
Revenue							
External sales	-	8,223,536	5,184,982	7,693,256	21,101,774	(6,700,789)	14,400,985
RESULTS							
Segment results	(316,623)	371,627	508,276	394,542	957,822	-	957,822
Finance cost, net	(90)	(7,181)	(7,889)	(4,229)	(19,389)	-	(19,389)
Profit before tax	(316,713)	364,446	500,387	390,313	938,433	-	938,433
Taxation	-	-	-	(70,739)	(70,739)	37,000	(33,739)
Net profit attributable to shareholders	(316,713)	364,446	500,387	319,574	867,694	37,000	904,694
ASSETS AND LIABILITIES							
Segment assets							
Consolidated total assets	10,325,440	14,354,356	4,895,371	9,766,167	39,341,334	(9,414,479)	29,926,855
Segment liabilities							
Consolidated total liabilities	5,796,119	12,187,435	1,865,041	5,432,088	25,280,683	(13,077,288)	12,203,395
OTHER INFORMATION							
Depreciation	2,271	222,388	80,804	12,896	318,359	-	318,359
Capital expenditure	-	243,311	-	2,328	245,639	-	245,639
31 March 2014							
REVENUE AND EXPENSES							
Revenue							
External sales	62,996	6,263,079	2,229,697	8,392,678	16,948,450	(4,402,775)	12,545,675
RESULTS							
Segment results	(648,505)	218,576	(578,425)	921,922	(86,432)	140,701	54,269
Finance cost, net	(779)	(16,848)	(6,409)	(5,594)	(29,630)	-	(29,630)
Profit before tax	(649,284)	201,728	(584,834)	916,328	(116,062)	140,701	24,639
Taxation	-	-	-	(2,475)	(2,475)	-	(2,475)
Net profit attributable to shareholders	(649,284)	201,728	(584,834)	913,853	(118,537)	140,701	22,164
ASSETS AND LIABILITIES							
Segment assets							
Consolidated total assets	10,549,942	10,431,098	2,153,112	8,768,109	31,902,261	(7,159,890)	24,742,371
Segment liabilities							
Consolidated total liabilities	6,530,809	10,010,828	229,029	5,449,548	22,220,214	(10,828,001)	11,392,213
OTHER INFORMATION							
Depreciation	997	178,343	75,392	12,058	266,790	-	266,790
Capital expenditure	173,640	50,487	103,950	94,963	423,040	-	423,040

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2015

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 shareholdings as at 20 April 2015

	No. of CCHB Shares	%	No. of Warrants	%
CSC	18,287,382	8.87	4,466,070	7.34
ACJ	11,665,752	5.66	-	-
Total	29,953,134	14.53	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) Proposed Acquisition - Kejuruteraan Asastera Sdn Bhd

On 1 April 2015, the Company entered into a share sale agreement with a third party for the proposed acquisition of Kejuruteraan Asastera Sdn. Bhd. ("KASB"), a private limited company, for a purchase consideration of RM25,000,000 to be satisfied by cash amounting to RM12,500,000 and issuance of 250,000,000 new irredeemable convertible preference shares ("ICPS") at an issue price of RM0.05 per ICPS amounting to RM12,500,000. KASB specialises in the provision of electrical and mechanical engineering services within the construction industry.

The acquisition was approved by the Board, which is subjected to the outcome of a due diligence. The Company has set up a due diligence working group specifically for this exercise. The entire exercise is expected to be completed in the third quarter of this year, and if successful, will result in the Group expanding its core business to include electrical, mechanical and telecommunicating engineering contracting.

(C) New Subsidiary

Rapid Conn (Shenzhen) Co Ltd, a wholly-owned subsidiary of the Company has entered into an agreement with Mr. Zhou Jian, a Chinese national, to form a new private limited company, HS Co. Ltd. ("HS"), in Shenzhen, China. The new company was incorporated in 12 February 2015 and has a subscription share capital of RenMinBi ("RMB") 5,000,000 (equivalent to RM2,986,500).

RCC is the majority shareholder of the HS by way of a cash injection of RMB3,000,000/-, equivalent to a 60%-stake in the capital of HS, while Mr. Zhou shall inject RMB2,000,000/-, equivalent to the remaining 40%-stake in the capital of HS.

The shareholding structure of HS Co. Ltd. shall be as follows:

Shareholders	No. of Subscription Shares @ RMB1/- per share	Percentage of Issued and Paid-Up Capital (%)
RCC	3,000,000	60
Zhou Jian	2,000,000	40
Total	5,000,000	100

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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2015

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.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET

B1 REVIEW OF PERFORMANCE

For the current financial period ended 31 March 2015, the Group recorded revenue of RM14,400,985 and profit before taxation of RM904,694 is compared to its preceding year's corresponding period revenue of RM12,545,675 and profit before tax amount of RM24,639. The Group recorded a higher of revenue in the period ended 31 March 2015 as compared to the corresponding period ended 31 March 2014. The Group's overall performance has improved.

The Group recorded a lower favourable margin of 30% in the period ended 31 March 2015 compared to 31% for the period ended 31 March 2014 due to our efforts in diversifying into higher margin products as well as our controls over input costs.

The Group recorded an unrealised forex gain of RM169k for period ended 31 March 2015, compared to unrealised forex loss of RM32k in the previous period ended 31 March 2014. Notwithstanding the above, the Group recorded a realised forex loss of RM24k in the period ended 31 March 2015, as compared to realised forex loss of RM370k for the period ended 31 March 2014; which was mainly due to the an appreciation of USD against RM.

B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS

For the current quarter ended 31 March 2015, the Group recorded a revenue of RM14,400,985 and a profit before tax of RM904,694 as compared to the revenue and loss before tax at RM11,551,795 and RM1,804,079 respectively for the preceding quarter ended 31 December 2014. The Group recorded an increase in revenue of approximately 25% in the current quarter compared to fourth quarter of 31 December 2014.

The Group recorded a margin of 30% in the quarter ended 31 March 2015 as compared to 18% in the preceding quarter ended 31 December 2014. The margin of the group has increased compared to the preceding quarter ended 31 December 2014.

The Group recorded an unrealised forex gain of RM169k for the quarter ended 31 March 2015, compared to unrealised profit of RM394k in the preceding quarter ended 31 December 2014. Notwithstanding the above, the Group recorded a realised forex loss of RM24k in the quarter ended 31 March 2015, as compared to realised forex gain of RM723k for the preceding quarter ended 31 December 2014; which was mainly due to the appreciation of USD against RM.

B3 PROSPECTS FOR THE FINANCIAL YEAR 2015

Due to the escalating labour costs and the competitive nature of the labour market in Shenzhen, China where our plant (Rapid Conn Shenzhen) is located, we are continuously looking into ways in which we can reduce our manufacturing and fixed costs to enable us to absorb or mitigate increases in labour costs. This in turn will also help increase our profitability and make us more price competitive, which will help the Group meet its strategic objectives with regards to market penetration and market diversification (industry-wise).

As was reported in our 2014 Annual Report, the year 2015 is set for another growth year of between 3 and 5% from US\$136 billion in 2014 for cable assemblies in the global interconnect market, while revenues for the electronics industry is expected to grow by 3% in 2015 to reach US\$223.2 billion.

Therefore, given our geographical positioning and technological capabilities, we believe that there are opportunities for us to expand our portfolio of customers (especially in the white goods and automotive sectors, and the set-top box (STB) markets) worldwide, particularly in emerging markets such as China, India, Latin America and ASEAN, which continue to drive global demand.

B4 VARIANCE OF FORECAST AND PROFIT GUARANTEE

The Group did not issue any profit forecast or profit forecast or profit guarantee and thus this is not applicable to the Group.

B5 TAXATION

	Individual Quarter		Cumulative Quarter	
	Quarter ended 31 MAR 2015 RM	Quarter ended 31 MAR 2014 RM	Quarter period ended 31 MAR 2015 RM	Quarter period ended 31 MAR 2014 RM
Current taxation:				
Domestic	-	-	-	-
Foreign tax	-	-	-	-
Under provision in prior period				
Domestic	-	-	-	-
Foreign tax	(4,471)	(2,475)	(4,471)	(2,475)
Deferred taxation	(29,268)	-	(29,268)	-
	<u>(33,739)</u>	<u>(2,475)</u>	<u>(33,739)</u>	<u>(2,475)</u>

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 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2015

(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 20 April 2015

	No. of CCHB Shares	%	No. of Warrants	%
CSC	18,287,382	8.87	4,466,070	7.34
ACJ	11,665,752	5.66	-	-
Total	29,953,134	14.53	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").

(iii) Proposed Acquisition - Kejuruteraan Asastera Sdn Bhd

On 1 April 2015, the Company entered into a share sale agreement with a third party for the proposed acquisition of Kejuruteraan Asastera Sdn. Bhd. ("KASB"), a private limited company, for a purchase consideration of RM25,000,000 to be satisfied by cash amounting to RM12,500,000 and issuance of 250,000,000 new irredeemable convertible preference shares ("ICPS") at an issue price of RM0.05 per ICPS amounting to RM12,500,000. KASB specialises in the provision of electrical and mechanical engineering services within the construction industry.

The acquisition was approved by the Board, which is subjected to the outcome of a due diligence. The Company has set up a due diligence working group specifically for this exercise, which is expected to be completed in the third quarter of this year. The completion of this exercise, if successful, will result in the Group expanding its core business to include electrical, mechanical and telecommunicating engineering contracting.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2015

(iv) New Subsidiary

Rapid Conn (Shenzhen) Co Ltd, a wholly-owned subsidiary of the Company has entered into an agreement with Mr. Zhou Jian, a Chinese national, to form a new private limited company, HS Co. Ltd. ("HS"), in Shenzhen, China. The new company was incorporated in 12 February 2015 and has a subscription share capital of RenMinBi ("RMB") 5,000,000 (equivalent to RM2,986,500).

RCC is the majority shareholder of the HS by way of a cash injection of RMB3,000,000/-, equivalent to a 60%-stake in the capital of HS, while Mr. Zhou shall inject RMB2,000,000/-, equivalent to the remaining 40%-stake in the capital of HS.

The shareholding structure of HS Co. Ltd. shall be as follows:

Shareholders	No. of Subscription Shares @ RMB1/- per share	Percentage of Issued and Paid-Up Capital (%)
RCC	3,000,000	60
Zhou Jian	2,000,000	40
Total	5,000,000	100

(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 31 MAR 2015 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	971,580	112,628	Within 2 months	*
Estimate expenses in relation to the Proposed Private Placement	500,000	217,074	217,074	-	Completed	
Total	6,184,530	5,161,282	3,438,654	1,722,628		

*** 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>

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2015

B7 GROUP BORROWINGS

	Quarter ended 31 MAR 2015	Quarter ended 31 MAR 2014
Short term borrowings (RM)		
Secured	<u>117,772</u>	<u>109,754</u>
Long-term borrowings (RM)		
Secured	<u>266,077</u>	<u>109,286</u>
Total Borrowings (RM)	<u><u>383,849</u></u>	<u><u>219,040</u></u>

DENOMINATED IN FOREIGN CURRENCY

	Foreign Currency	RM Equivalent	Foreign Currency	RM Equivalent
Short term borrowings:				
Secured (in Singapore Dollars)	-	-	-	-
Secured (in US Dollars)	17,603	65,198	15,926	52,556
Secured (in Chinese RMB)	88,020	<u>52,574</u>	114,396	<u>57,198</u>
		<u><u>117,772</u></u>		<u><u>109,754</u></u>
Long term borrowings:				
Secured (in Singapore Dollars)	-	-	-	-
Secured (in US Dollars)	71,839	<u>266,077</u>	33,117	<u>109,286</u>
		<u><u>266,077</u></u>		<u><u>109,286</u></u>

B8 MATERIAL LITIGATIONS

There is no pending material litigation as at the date of this announcement.

B9 DIVIDENDS

The Directors did not propose any dividends as at the date of this announcement.

B10 EARNINGS PER SHARE

(i) Basic earnings per share

The basic earnings per share was calculated by dividing the net profit for the current financial quarter and the current financial year to date by the weighted average number of ordinary shares in issued.

	Quarter ended		Year to date	
	31 MAR 2015 RM	31 MAR 2014 RM	31 MAR 2015 RM	31 MAR 2014 RM
Net profit attributable to shareholders	904,694	153,783	904,694	153,783
Weighted average number of shares - basic	206,151,400	171,792,920	206,151,400	171,792,920
Basic profit per share (sen)	<u><u>0.44</u></u>	<u><u>0.09</u></u>	<u><u>0.44</u></u>	<u><u>0.09</u></u>

(ii) Diluted earnings per share

The diluted earnings per share was calculated by dividing the net profit for the current financial quarter and year to date by the weighted average number of ordinary shares based on the assumption that the Warrants issued are fully exercised and converted into ordinary shares.

	Quarter ended		Year to date	
	31 MAR 2015 RM	31 MAR 2014 RM	31 MAR 2015 RM	31 MAR 2014 RM
Net profit attributable to shareholders	904,694	153,783	904,694	153,783
Weighted average number of shares - basic	206,151,400	171,792,920	206,151,400	171,792,920
Add:				
Assuming conversion of Warrants	60,846,600	60,846,600	60,846,600	60,846,600
Weighted average number of shares - diluted	<u><u>266,998,000</u></u>	<u><u>232,639,520</u></u>	<u><u>266,998,000</u></u>	<u><u>232,639,520</u></u>
Diluted earnings per share (sen)	<u><u>0.34</u></u>	<u><u>0.07</u></u>	<u><u>0.34</u></u>	<u><u>0.07</u></u>

Note:-

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2015

B11 REALISED AND UNREALISED PROFITS/(LOSSES) DISCLOSURE

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

	As At 31 MAR 2015 RM	(Unaudited) As At 31 MAR 2014 RM
Total accumulated losses of the Group:		
- Realised	(6,307,265)	(4,180,234)
- Unrealised	<u>168,645</u>	<u>(31,716)</u>
	(6,138,620)	(4,211,950)
Less: Consolidated adjustments	-	-
Accumulated losses as per financial statements	<u>(6,138,620)</u>	<u>(4,211,950)</u>

B12 NOTE TO THE STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter Ended		Year to date	
	31 MAR 2015 RM	31 MAR 2014 RM	31 MAR 2015 RM	31 MAR 2014 RM
Depreciation of property, plant and equipment	318,359	294,138	318,359	294,138
Interest expense	3,635	2,353	3,635	2,353
Interest income	(87)	(56)	(87)	(56)
(Gain)/loss in foreign exchange - unrealised	(168,645)	31,716	(168,645)	31,716
Gain/(loss) on disposal of property, plant and equipment	(209)	-	(209)	-
Plant and equipment written off	<u>385</u>	<u>-</u>	<u>385</u>	<u>-</u>