

**THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.** If you have sold or transferred all your ordinary shares of RM0.10 each in ConnectCounty Holdings Berhad (618933-D) ("CONNECT" or "our Company") ("CONNECT Shares"), you should at once hand this Abridged Prospectus together with the Notice of Provisional Allotment ("NPA") and Rights Subscription Form ("RSF") to the agent/broker through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue of ICPS (as defined herein), which is the subject of this Abridged Prospectus should be addressed to our Share Registrar, Securities Services (Holdings) Sdn Bhd (36869-T), at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

This Abridged Prospectus, together with the NPA and RSF are only despatched to our shareholders who have provided our Share Registrar with a registered address in Malaysia and whose names appear on our Record of Depositors not later than 5.00 p.m. on 17 May 2016 ("Entitled Shareholders"). This Abridged Prospectus together with the NPA and RSF, are not intended to be issued, circulated or distributed in any countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue of ICPS complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and their renounee(s)/transferee(s) (if applicable) who are residents in any countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers as to whether the acceptance or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue of ICPS would result in the contravention of any laws of such countries or jurisdictions. Neither we nor M&A Securities Sdn Bhd (15017-H) ("M&A Securities") nor any other advisers to the Rights Issue of ICPS shall accept any responsibility or liability in the event that any acceptance or renunciation made by the Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) are or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

A copy of this Abridged Prospectus has been registered with the Securities Commission Malaysia ("SC"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue of ICPS or assumes responsibility for the correctness of any statement made or opinion or report expressed in the Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, together with the NPA and RSF, has also been lodged with the Registrar of Companies, who takes no responsibility for the contents of these documents.

Approval for the Rights Issue of ICPS has been obtained from our shareholders at the Extraordinary General Meeting held on 8 April 2016. Approval-in-principle has also been obtained from Bursa Malaysia Securities Berhad (635998-W) ("Bursa Securities") vide its letter dated 3 March 2016 for the admission of the ICPS (as defined herein) and Warrants-B (as defined herein) to the Official List of Bursa Securities and the listing of and quotation for the ICPS, Additional Warrants-A (as defined herein), Warrants-B and new CONNECT Shares to be issued pursuant to the conversion of the ICPS, exercise of the Additional Warrants-A and Warrants-B on the ACE Market of Bursa Securities. The ICPS and Warrants-B will be admitted to the Official List of Bursa Securities and the listing of and quotation for all the said new securities will commence after, amongst others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd (165570-W) that all the Central Depository System accounts of the successful Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable).

Admission of the ICPS and Warrants-B to the Official List of Bursa Securities and the listing of all the said new securities on the ACE Market of Bursa Securities are in no way reflective of the merits of the Rights Issue of ICPS. Neither Bursa Securities nor the SC takes any responsibility for the correctness of statements made or opinions expressed herein.

All the documentation relating to this Rights Issue of ICPS including this Abridged Prospectus, together with the NPA and RSF, have been seen and approved by our Board of Directors and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in these documents false or misleading.

M&A Securities, being the Principal Adviser for this Rights Issue of ICPS, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue of ICPS.

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 HEREIN.**



**CONNECTCOUNTY HOLDINGS BERHAD**  
(Company No. 618933-D)  
(Incorporated in Malaysia under the Companies Act, 1965)

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 800,994,000 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES OF RM0.025 EACH IN CONNECT ("ICPS") ON THE BASIS OF 3 ICPS FOR EVERY 1 EXISTING ORDINARY SHARE OF RM0.10 EACH HELD IN CONNECT AT 5.00 P.M. ON 17 MAY 2016 AT AN ISSUE PRICE OF RM0.025 PER ICPS PAYABLE IN FULL UPON ACCEPTANCE TOGETHER WITH UP TO 53,399,600 FREE DETACHABLE WARRANTS ("WARRANT(S)-B") ON THE BASIS OF 1 FREE WARRANT-B FOR EVERY 15 ICPS SUBSCRIBED**

*Principal Adviser and Underwriter*



**M&A SECURITIES SDN BHD (15017-H)**  
(A Wholly-Owned Subsidiary of Insas Berhad)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

**IMPORTANT RELEVANT DATES AND TIME:**

Entitlement Date	: Tuesday, 17 May 2016, at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	: Tuesday, 24 May 2016, at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	: Friday, 27 May 2016, at 4.00 p.m.
Last date and time for acceptance and payment	: Wednesday, 1 June 2016, at 5.00 p.m.*
Last date and time for excess application and payment	: Wednesday, 1 June 2016, at 5.00 p.m.*
* or such later date and time as our Board of Directors may determine and announce not less than 2 Market Days (as defined herein) before the stipulated date and time.	

**THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.**

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

**INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").**

**SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE OF ICPS FOR WHICH ANY OF THE PERSON SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.**

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**DEFINITIONS**


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Except where the context otherwise requires, the following definitions and abbreviations shall apply throughout this Abridged Prospectus, NPA and RSF:

"Abridged Prospectus"	:	This Abridged Prospectus dated 17 May 2016 issued by our Company
"ACE LR"	:	ACE Market Listing Requirements of Bursa Securities
"Act"	:	Companies Act, 1965
"Additional Warrants-A"	:	Additional 9,223,316 Warrants-A to be issued pursuant to the Rights Adjustments
"Amendments"	:	Amendments to the Memorandum and Articles of Association of CONNECT to facilitate the issuance of ICPS and the IASC
"Ang" or "Undertaking Shareholder"	:	Ang Chuang Juay, our substantial shareholder and our Executive Deputy Chairman
"Board"	:	Board of Directors of CONNECT
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (635998-W)
"CDS"	:	Central Depository System
"CDS Account"	:	A securities account established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depositories) Act 1991 and the rules of Bursa Depository for the recording of deposits or withdrawal of securities and dealings in such securities by the depositors
"CMSA"	:	Capital Markets and Services Act, 2007
"Code"	:	Malaysian Code on Take-overs and Mergers, 2010
"CONNECT" or the "Company"	:	ConnectCounty Holdings Berhad (618933-D)
"CONNECT Group" or the "Group"	:	CONNECT and its subsidiaries, collectively
"CONNECT Shares" or "Shares"	:	Ordinary shares of RM0.10 each in CONNECT
"Corporate Exercises"	:	Rights Issue of ICPS, IASC and Amendments, collectively
"Deed Poll 2011"	:	Deed poll dated 24 June 2011 governing the Warrants-A
"Deed Poll 2016"	:	Deed poll dated 25 April 2016 governing the Warrants-B
"EBITDA"	:	Earnings before interest, taxation, depreciation and amortisation
"EGM"	:	Extraordinary general meeting

**DEFINITIONS (CONT'D)**

"Entitled Shareholders"	:	Shareholders of CONNECT whose names appear in the Record of Depositors of our Company on the Entitlement Date
"Entitlement Date"	:	17 May 2016 at 5.00 p.m., being the date and time at which the names of the shareholders of CONNECT must be entered as a member in the Record of Depositors of our Company in order to be entitled to participate in the Rights Issue of ICPS
"EPS"	:	Earnings per share
"FYE"	:	Financial year(s) ended or ending 31 December, as the case may be
"IASC"	:	Increase in authorised share capital of our Company from RM50,000,000 divided into 500,000,000 CONNECT Shares to RM200,000,000 comprising 1,750,000,000 CONNECT Shares and 1,000,000,000 ICPS
"ICPS"	:	Irredeemable convertible preference shares of RM0.025 each in CONNECT
"IMR" or "Infobiz"	:	Infobusiness Research & Consulting Sdn Bhd, the appointed independent market researcher
"IMR Report"	:	Independent market research report on the global interconnect industry dated 25 April 2016 prepared by Infobiz
"LAT"	:	Loss after taxation
"LBT"	:	Loss before taxation
"LPD"	:	18 April 2016, being the latest practicable date prior to the printing of this Abridged Prospectus
"LPS"	:	Loss per share
"M&A Securities" "Principal Adviser" "Underwriter"	or or	M&A Securities Sdn Bhd (15017-H)
"Market Day"	:	A day which Bursa Securities is open for trading in securities
"Maximum Scenario"	:	Assuming all Entitled Shareholders subscribe in full for their entitlements pursuant to the Rights Issue of ICPS
"Minimum Scenario" or "Minimum Subscription Level"	:	Assuming that only Ang subscribes in accordance with the Undertaking and the underwriting arrangements take place such that 320,000,000 ICPS is subscribed amounting to RM8.0 million being raised under the Rights Issue of ICPS
"NA"	:	Net assets
"NPA"	:	Notice of Provisional Allotment in relation to the Rights Issue of ICPS
"PAT"	:	Profit after taxation

**DEFINITIONS (CONT'D)**

"PBT"	: Profit before taxation
"PRC"	: People's Republic of China
"RCC"	: Rapid Conn (Shen Zhen) Co, Ltd, our wholly-owned subsidiary incorporated and based in PRC
"Record of Depositors"	: A record of securities holders established and maintained by Bursa Depository under the rules of Bursa Depository
"Reporting Accountants"	: Messrs Siew Boon Yeong & Associates, the appointed reporting accountants
"Rights Adjustments"	: Adjustments to the Warrants-A as a result of the Rights Issue of ICPS in accordance with the provisions of the Deed Poll 2011
"Rights Issue of ICPS"	: The renounceable rights issue of up to 800,994,000 new ICPS at an issue price of RM0.025 per ICPS on the basis of 3 ICPS for every 1 existing CONNECT Share at the Entitlement Date together with up to 53,399,600 Warrants-B on the basis of 1 free Warrant-B for every 15 ICPS subscribed
"RM and sen"	: Ringgit Malaysia and sen, respectively
"RMB"	: Chinese Yuan Renminbi
"RSF"	: Rights Subscription Form in relation to the Rights Issue of ICPS
"SC"	: Securities Commission Malaysia
"SGD"	: Singapore dollar
"Undertaking"	: Written undertaking by Ang to subscribe for 60,000,000 ICPS pursuant to his entitlement under the Rights Issue of ICPS and/or via excess application in order to meet the Minimum Scenario
"Underwriting"	: 260,000,000 ICPS to be underwritten pursuant to the Underwriting Agreement
"Underwriting Agreement"	: Underwriting agreement dated 29 April 2016 entered into between our Company and the Underwriter in relation to the Underwriting
"US"	: United States of America
"USD"	: American Dollar
"Warrants-A"	: 50,390,800 outstanding warrants 2011/2021 issued by our Company as at LPD with an exercise price of RM0.10
"Warrants-B"	: Up to 53,399,600 new free detachable warrants to be issued pursuant to the Rights Issue of ICPS
"5D-VWAMP"	: 5-day volume weighted average market price

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**DEFINITIONS (CONT'D)**

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References to “we”, “us”, “our” and “ourselves” are to our Company and save where the context otherwise requires, our subsidiaries. All references to “you” in this Abridged Prospectus are to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and *vice versa* and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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**CORPORATE DIRECTORY**


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**BOARD OF DIRECTORS**

<b>Name (Designation)</b>	<b>Age</b>	<b>Address</b>	<b>Nationality</b>	<b>Occupation</b>
Roy Thean Chong Yew <i>(Independent Non-Executive Chairman)</i>	45	E13A-3, Pelangi Utama Condo Jalan Masjid, PJU 6 47400 Petaling Jaya Selangor Darul Ehsan	Malaysian	Director
Ang Chuang Juay <i>(Executive Deputy Chairman)</i>	58	No. 15, Dix Road Singapore 549697	Singaporean	Director
Goh Kok Boon <i>(Executive Director)</i>	42	No. 18, Jalan 32/55B Bukit Rimau 40460 Shah Alam Selangor Darul Ehsan	Malaysian	Director
Hong Cheong Liang <i>(Independent Non-Executive Director)</i>	37	No. 112, Jalan BP 14/4 Bandar Bukit Puchong 2 47100 Puchong Selangor Darul Ehsan	Malaysian	Director
Lee Choon Kwong <i>(Non-Independent Non-Executive Director)</i>	48	No. 3, Jalan Awan Kecil 2 Taman OUG Jalan Kelang Lama 58200 Kuala Lumpur Wilayah Persekutuan (KL)	Malaysian	Director

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Hong Cheong Liang	Chairman	Independent Non-Executive Director
Roy Thean Chong Yew	Member	Independent Non-Executive Chairman
Lee Choon Kwong	Member	Non-Independent Non-Executive Director

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**CORPORATE DIRECTORY (CONT'D)**

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**COMPANY SECRETARIES**

**Chua Siew Chuan (MAICSA 0777689)**  
**Cheng Chia Ping (MAICSA 1032514)**

Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Wilayah Persekutuan (KL)

Telephone number: 03-2084 9000  
Fax number: 03-2094 9940

**REGISTERED OFFICE**

Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Wilayah Persekutuan (KL)

Telephone number: 03-2084 9000  
Fax number: 03-2094 9940

**BUSINESS ADDRESS**

No. 12-1 (1st floor)  
Jalan Radin Bagus 9  
Sri Petaling  
57000 Kuala Lumpur  
Wilayah Persekutuan (KL)

Telephone number: 03-9054 3776  
Fax number: 03-9055 3767  
Website: <http://rapidconn.org/>  
Email: [cchb@rapidconn.org](mailto:cchb@rapidconn.org)

**PRINCIPAL BANKER**

**AmBank (M) Berhad**

Level 21, Menara Dion  
Jalan Sultan Ismail  
50450 Kuala Lumpur  
Wilayah Persekutuan (KL)

Telephone number: 03-2026 3939  
Fax number: 03-2072 1339

**AUDITORS**

**Moore Stephens Associates PLT**

Unit 3.3A, 3rd Floor, Surian Tower  
No. 1, Jalan PJU 7/3  
Mutiara Damansara  
47810 Petaling Jaya  
Selangor Darul Ehsan

Telephone number: 03-7728 1800  
Fax number: 03-7728 9800

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## **CORPORATE DIRECTORY (CONT'D)**

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### **REPORTING ACCOUNTANTS**

#### **Siew Boon Yeong & Associates**

9-C, Jalan Medan Tuanku  
Medan Tuanku  
50300 Kuala Lumpur  
Wilayah Persekutuan (KL)

Telephone number: 03-2693 8837  
Fax number: 03-2693 8836

### **SHARE REGISTRAR**

#### **Securities Services (Holdings) Sdn Bhd**

Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Wilayah Persekutuan (KL)

Telephone number: 03-2084 9000  
Fax number: 03-2094 9940

### **INDEPENDENT MARKET RESEARCHER**

#### **Infobusiness Research & Consulting Sdn Bhd**

C4-3A-2, Solaris Dutamas  
No.1, Jalan Dutamas 1  
50480 Kuala Lumpur  
Wilayah Persekutuan (KL)

Telephone number: 03-6205 3930  
Fax number: 03-6025 3927

### **SOLICITORS**

#### **Wong Beh & Toh**

Level 19, West Block  
Wisma Selangor Dredging  
142-C Jalan Ampang  
50450 Kuala Lumpur  
Wilayah Persekutuan (KL)

Telephone number: 03-2713 6050  
Fax number: 03-2713 6052

### **PRINCIPAL ADVISER AND UNDERWRITER**

#### **M&A Securities Sdn Bhd**

No. 45 & 47-11, The Boulevard  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Wilayah Persekutuan (KL)

Telephone number: 03-2284 2911  
Fax number: 03-2284 2718

### **STOCK EXCHANGE LISTING**

ACE Market of Bursa Securities



**CONNECTCOUNTY HOLDINGS BERHAD**  
(Company No. 618933-D)  
(Incorporated in Malaysia under the Companies Act, 1965)

**Registered Office:**

Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur

17 May 2016

**Board of Directors**

Roy Thean Chong Yew (*Independent Non-Executive Chairman*)

Ang Chuang Juay (*Executive Deputy Chairman*)

Goh Kok Boon (*Executive Director*)

Hong Cheong Liang (*Independent Non-Executive Director*)

Lee Choon Kwong (*Non-Independent Non-Executive Director*)

**To: The Entitled Shareholders of ConnectCounty Holdings Berhad**

Dear Sir / Madam,

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 800,994,000 ICPS ON THE BASIS OF 3 ICPS FOR EVERY 1 EXISTING ORDINARY SHARE OF RM0.10 EACH HELD IN CONNECT AT 5.00 P.M. ON 17 MAY 2016 AT AN ISSUE PRICE OF RM0.025 PER ICPS PAYABLE IN FULL UPON ACCEPTANCE TOGETHER WITH UP TO 53,399,600 FREE WARRANTS-B ON THE BASIS OF 1 FREE WARRANT-B FOR EVERY 15 ICPS SUBSCRIBED**

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**1. INTRODUCTION**

The shareholders of CONNECT had, at an EGM held on 8 April 2016, approved the Corporate Exercises. A certified extract of the resolutions in connection with the Rights Issue of ICPS which were passed at the said EGM is set out in **Appendix I** of this Abridged Prospectus.

Bursa Securities had vide its letter dated 3 March 2016 approved the following:

- (i) Admission to the Official List and the listing of and quotation for up to:
  - (a) 800,994,000 ICPS; and
  - (b) 53,399,600 Warrants-B,
- (ii) Listing of up to:
  - (a) 9,223,316 Additional Warrants-A;
  - (b) 800,994,000 new CONNECT Shares to be issued pursuant to the conversion of the ICPS;

- (c) 53,399,600 new CONNECT Shares to be issued pursuant to the exercise of the Warrants-B; and
- (d) 9,223,316 new CONNECT Shares to be issued pursuant to the exercise of the Additional Warrants-A.

The abovesaid Bursa Securities' approval-in-principle is subject to the following conditions:

<b>No.</b>	<b>Conditions</b>	<b>Status of compliance</b>
1.	CONNECT and M&A Securities must fully comply with the relevant provisions under the ACE LR pertaining to the implementation of the Rights Issue of ICPS;	To be complied
2.	CONNECT and M&A Securities to inform Bursa Securities upon the completion of the Rights Issue of ICPS;	To be complied
3.	CONNECT to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue of ICPS is completed;	To be complied
4.	CONNECT is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of ICPS and exercise of Warrants-B as at the end of each quarter together with a detailed computation of listing fees payable; and	To be complied
5.	Incorporation of Bursa Securities' comments in the circular to shareholders.	Complied

The official listing of and quotation for the ICPS and Warrants-B to be issued pursuant to the Rights Issue of ICPS will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders/renouncee(s)/transferee(s) are ready for crediting and notices of allotment have been despatched to them.

On 11 April 2016, M&A Securities, on our behalf, announced that the conversion price for the ICPS has been fixed at RM0.10 per ICPS, and the exercise price of the Warrants-B has been fixed at RM0.10 per Warrant-B.

On 29 April 2016, M&A Securities, on our behalf, announced that the Entitlement Date has been fixed at 5.00 p.m. on 17 May 2016.

No person is authorised to give any information or make any representation not contained herein in connection with the Rights Issue of ICPS and if given or made, such information or representation must not be relied upon as having been authorised by M&A Securities or us.

**If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.**

## 2. DETAILS OF THE RIGHTS ISSUE OF ICPS

### 2.1 Details of the Rights Issue of ICPS

As at the LPD, the authorised and issued and paid-up share capital of our Company and outstanding convertible securities are as follows:

<b>Type</b>	<b>No. of Shares</b>	<b>Par value</b>	<b>Total</b>
		<b>RM</b>	<b>RM</b>
<b>Ordinary shares</b>			
Authorised	1,750,000,000	0.10	175,000,000
Issued and fully paid-up	216,607,200	0.10	21,660,720
<b>ICPS</b>			
Authorised	1,000,000,000	0.025	25,000,000
Issued and fully paid-up	-	-	-
<b>Warrants-A<sup>(1)</sup></b>			
Outstanding	50,390,800	0.10	5,039,080

Note:

- (1) 60,847,500 Warrants-A were issued on 19 September 2011 pursuant to the rights issue exercise as part of the Company's regularisation plan pursuant to Guidance Note 3 of the ACE LR. The Warrants-A are exercisable into CONNECT Shares at an exercise price of RM0.10 per Warrant-A for a period of up to 18 September 2021.

The Rights Issue of ICPS involves a renounceable rights issue of up to 800,994,000 new ICPS at an issue price of RM0.025 per ICPS on the basis of 3 ICPS for every 1 existing CONNECT Share held at the Entitlement Date together with up to 53,399,600 Warrants-B on the basis of 1 free Warrant-B for every 15 ICPS subscribed.

For illustrative purposes, the number of ICPS and Warrants-B to be issued under the Maximum Scenario is based on the latest issued and paid-up share capital of our Company and assuming all of the Warrants-A are exercised prior to the Entitlement Date. Based on the Maximum Scenario, up to 800,994,000 ICPS will be made available for subscription and up to 53,399,600 Warrants-B will be issued. The actual number of ICPS and Warrants-B offered will be determined on the Entitlement Date.

The Board confirms that, upon the completion of the Rights Issue of ICPS, the Company shall be in compliance with Rule 6.51 of the ACE LR, which provides that the number of new CONNECT Shares which arises from all outstanding warrants, when exercised, does not exceed 50% of the issued and paid-up share capital of the Company.

The ICPS with Warrants-B will be offered to the Entitled Shareholders. The Rights Issue of ICPS is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements to the ICPS in full or in part. The ICPS which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s)/transferee(s). It is the intention of our Board to allocate the excess ICPS in a fair and equitable basis, more specified under Section 3.8 herein.

The Rights Issue of ICPS will be implemented on a minimum subscription level to raise minimum gross proceeds of at least RM8.0 million. The Minimum Scenario is based on the required funding of RM8.0 million determined by our Board after taking into consideration the funding requirements of our Group as set out in Section 5 of this Abridged Prospectus.

Shareholders of our Company who renounce their entitlements to the ICPS will not be entitled to the Warrants-B and shall be deemed to have also renounced their entitlements to the Warrants-B. Shareholders who accept only part of the ICPS shall only be entitled to the Warrants-B in the proportion to their acceptance of the ICPS. The Warrants-B will be immediately detached from the ICPS upon issuance and will be separately traded on the ACE Market of Bursa Securities.

The Warrants-B shall only be issued to those Entitled Shareholders who subscribe for the ICPS. Should the Entitled Shareholders renounce all or any part of their entitlements to the ICPS, they will not be entitled to the Warrants-B attached thereto. The renunciation of the ICPS by the Entitled Shareholders will accordingly entail the renunciation of the Warrants-B to be issued together with the ICPS. Any ICPS with Warrants-B not taken up or allotted for any reasons, if any, will be made available for application under the excess ICPS with Warrants-B application.

As you are an Entitled Shareholder and the ICPS and Warrants-B are prescribed securities, your CDS Account will be duly credited with the number of provisionally allotted ICPS with Warrants-B which you are entitled to subscribe for in full or in part under the terms of the Rights Issue of ICPS. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the ICPS with Warrants-B provisionally allotted to you, as well as to apply for excess ICPS with Warrants-B if you so choose to.

## **2.2 Basis of determining the issue price and conversion price of the ICPS and the exercise price of the Warrants-B**

### **(i) ICPS**

The issue price of the ICPS is fixed at RM0.025 per ICPS based on its par value of RM0.025. Our Board had on 11 April 2016 fixed the conversion price for the ICPS at RM0.10 each after taking into consideration the following:

- (a) The historical share price movement of CONNECT Shares;
- (b) The 5D-VWAMP of CONNECT Shares up to and including 8 April 2016 of RM0.1469, being the Market Day immediately preceding the price-fixing date;
- (c) The theoretical ex-rights price of CONNECT Shares of RM0.1241, calculated based on the 5D-VWAMP up to and including 8 April 2016 of RM0.1469; and
- (d) The par value of CONNECT Shares of RM0.10 each.

The ICPS may be converted into CONNECT Shares at the conversion price of RM0.10 and the conversion mode as set out in the salient terms of the ICPS set out in Appendix II of this Abridged Prospectus.

### **(ii) Warrants-B**

Our Board had on 11 April 2016 fixed the exercise price for the Warrants-B at RM0.10 per CONNECT Share after taking into consideration the following:

- (a) the 5D-VWAMP of CONNECT Shares up to and including 8 April 2016 of RM0.1469, being the Market Day immediately preceding the price-fixing date;
- (b) the theoretical ex-rights price of CONNECT Shares of RM0.1241, calculated based on the 5D-VWAMP up to and including 8 April 2016 of RM0.1469; and

(c) the par value of CONNECT Shares of RM0.10 each

The Warrants-B are attached to the ICPS without any cost and will be issued only to those Entitled Shareholders who subscribe for the requisite number of ICPS.

The conversion price of the ICPS and the exercise price of the Warrants-B of RM0.10 represents a discount of 31.93% and 19.42% to the 5D-VWAMP of CONNECT Shares up to and including 8 April 2016 (being the market day immediately preceding the date of the price fixing announcement) of RM0.1469 and the theoretical ex-rights price of CONNECT Shares of RM0.1241, respectively.

### 2.3 Ranking of the ICPS, Additional Warrants-A, Warrants-B and new CONNECT Shares to be issued pursuant to the conversion of the ICPS and the exercise of Additional Warrants-A and Warrants-B

The ICPS shall rank *pari passu* without any preference or priority among themselves and in priority to CONNECT Shares with respect to, inter alia, dividend payments, but shall rank behind all secured and unsecured obligations of our Company. Please refer to Appendix II for the full details of the ICPS.

The Additional Warrants-A and Warrants-B shall, upon allotment and issue, rank *pari passu* among themselves respectively.

The new CONNECT Shares to be issued pursuant to the conversion of the ICPS and exercise of the Additional Warrants-A and Warrants-B, if any, shall upon allotment and issuance, rank *pari passu* in all respects with the then issued and fully paid-up existing CONNECT Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of the allotment of the new CONNECT Shares to be issued pursuant to the conversion of the ICPS, exercise of the Additional Warrants-A and Warrants-B (as the case may be).

### 2.4 Salient terms of the ICPS and Warrants-B

Please refer to **Appendix II and III** of this Abridged Prospectus for the salient terms of the ICPS and Warrants-B, respectively.

### 2.5 Underwriting arrangement and substantial shareholder's undertaking

#### 2.5.1 Undertaking by Ang

To meet the Minimum Subscription Level, 260,000,000 ICPS have been underwritten by the Underwriter and our Company had received the Undertaking for the subscription of at least 60,000,000 ICPS from Ang (via his rights entitlements and excess applications). Details of Ang's entitlement and his Undertaking are as follows:

Name	No. of Shares held as at LPD	%	No. of ICPS entitled <sup>(1)</sup>	Total of ICPS to be subscribed under the Undertaking
Ang	15,665,752	7.23	46,997,256	60,000,000

Note:

(1) Being Ang's entitlement of ICPS under the Maximum Scenario as he does not own any Warrants-A as at the LPD.



Ang's resultant shareholdings under the Minimum Scenario, Maximum Scenario as well as his largest potential shareholdings (under Minimum Scenario II below) after the conversion of his ICPS and exercise of Warrants-B are illustrated in the table below:

Name	No. of Shares held as at LPD		Shareholdings after the subscription and conversion of ICPS <sup>(2)</sup>		Shareholdings after the subscription and assuming full exercise of Warrants-A and Warrants-B <sup>(3)</sup>	
		%		%		%
<b>Minimum Scenario<sup>(1)</sup></b>						
Ang	15,665,752	7.23	30,665,752	10.34	34,665,752	9.41
<b>Minimum Scenario II<sup>(2)</sup></b>						
Ang	15,665,752	7.23	75,665,752	27.35	79,665,752	28.39
<b>Maximum Scenario<sup>(3)</sup></b>						
Ang	15,665,752	7.23	62,663,008	5.87	65,796,158	5.87

Notes:

- (1) Assuming that save for the Undertaking and Underwriting, none of the other Entitled Shareholders subscribe for the Rights Issue of ICPS and the ICPS holders convert their ICPS into CONNECT Shares based on a conversion price of RM0.10 and assuming a conversion mode of surrendering 4 ICPS to be converted into 1 CONNECT Share with no additional cash payment.
- (2) Assuming that save for the Undertaking and Underwriting, none of the other Entitled Shareholders subscribe for the Rights Issue of ICPS and only Ang converts his ICPS into CONNECT Shares at the conversion mode of surrendering 1 ICPS to be converted into 1 CONNECT Share with an additional cash payment of RM0.075.
- (3) Assuming the Warrants-A are exercised prior to the Entitlement Date, all Entitled Shareholders subscribe for the Rights Issue of ICPS and convert their ICPS into CONNECT Shares based on the conversion price of RM0.10 and the conversion mode of surrendering 1 ICPS to be converted into 1 CONNECT Share with an additional cash payment of RM0.075.

Ang had confirmed that he has sufficient financial resources to take up his respective subscription of ICPS pursuant to the Undertaking and such confirmation has been verified by M&A Securities.

The Undertaking by Ang will not trigger any obligation under the Code and Ang has confirmed that he will observe and comply at all times with the provisions of the Code. In the event Ang's shareholding and/or aggregate shareholdings of his shareholding and parties acting in concert with him, if any, increase to above 33%, they will be obliged under Part III of the Code to undertake a mandatory general offer for all the remaining CONNECT Shares and convertible securities not already held by them. In such an event, they will seek the relevant exemptions from SC under the Code if they do not intend to undertake such a mandatory general offer. Nevertheless, Ang does not intend to trigger such an obligation and has given his confirmation to observe and comply at all times with the provisions of the Code.

Up to 260,000,000 ICPS (or 81.25% of the total issue size under the Minimum Subscription Level) for which no undertaking is obtained, have been fully underwritten by the Underwriter.

## **2.5.2 Underwriting arrangement**

On 29 April 2016, our Company entered into the Underwriting Agreement with the Underwriter to underwrite up to 260,000,000 ICPS, representing approximately 81.25% of the total issue size under the Minimum Subscription Level at an underwriting commission of 2.0% of the total value of the ICPS, subject to the terms and conditions of the Underwriting Agreement.

The underwriting commission and all relevant costs in relation to the underwriting arrangement will be borne by our Company.

## **2.6 Details of other corporate exercises**

As at the LPD, save for the Rights Issue of ICPS, our Board confirms that there is no other outstanding corporate exercise which we intend to undertake, which has been announced but pending completion.

## **3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION**

### **3.1 General**

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted ICPS with Warrants-B, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue of ICPS. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such provisionally allotted ICPS with Warrants-B into your CDS Account and the RSF to enable you to subscribe for the ICPS with Warrants-B provisionally allotted to you, as well as to apply for excess ICPS with Warrants-B if you choose to do so. This Abridged Prospectus and the RSF are also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

### **3.2 NPA**

The provisional allotted ICPS with Warrants-B are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, all dealings in the provisionally allotted ICPS with Warrants-B will be by book entries through CDS Accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998 and the rules of Bursa Depository. Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making their applications.

### **3.3 Last date and time of acceptance and payment**

The last date and time for acceptance and payment for the ICPS with Warrants-B is on 1 June 2016 at 5.00 p.m., or such later date and time as may be determined and announced by our Board at their absolute discretion not less than 2 Market Days before the stipulated date and time. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar.

### **3.4 Procedure for full acceptance and payment**

Acceptance and payment for the ICPS with Warrants-B provisionally allotted to you as an Entitled Shareholder or your renouncee(s)/transferee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this Abridged Prospectus, NPA or RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE ICPS WITH WARRANTS-B PROVISIONALLY ALLOTTED TO YOU AND/OR YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE), EXCESS APPLICATION FOR THE RIGHTS ISSUE OF ICPS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU OR YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR OR THEIR ENTITLEMENTS AS WELL AS FOR EXCESS APPLICATION, ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.**

**YOU AND/OR YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.**

You or your renounee(s)/transferee(s) (if applicable) accepting the provisionally allotted ICPS with Warrants-B are required to complete Part I(a) – Acceptance and Part II – Declaration of the RSF in accordance with the notes and instructions provided therein. Each completed RSF together with the relevant payment must be despatched by **ORDINARY POST, COURIER** or **DELIVERED BY HAND** using the envelope provided (at your own risk) to our Share Registrar at the following address:

**Securities Services (Holdings) Sdn Bhd**

Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Telephone number: 03-2084 9000  
Fax number: 03-2094 9940

so as to arrive not later than 5.00 p.m. on 1 June 2016, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board.

1 RSF can only be used for acceptance of provisionally allotted ICPS with Warrants-B standing to the credit of 1 CDS Account. Separate RSFs must be used for the acceptance of provisionally allotted ICPS with Warrants-B standing to the credit of more than 1 CDS Account. If successful, ICPS with Warrants-B subscribed by you or your renounee(s)/transferee(s) (if applicable) will be credited into the respective CDS Accounts where the provisionally allotted ICPS with Warrants-B are standing to the credit.

A reply envelope is enclosed in this Abridged Prospectus. To facilitate the processing of the RSF(s) by our Share Registrar, you are advised to use 1 reply envelope for each completed RSF.

You and/or your renounee(s)/transferee(s) (if applicable) should take note that a trading board lot for the ICPS with Warrants-B will comprise 100 ICPS and 100 Warrants-B each respectively. The minimum number of ICPS that can be subscribed for or accept is 1 ICPS. Successful applicants of the ICPS will be given free attached Warrants-B on the basis of 1 Warrant-B for every 15 ICPS successfully subscribed for. Fractions of an ICPS and Warrants-B arising from the Rights Issue of ICPS, if any, will be disregarded and will be dealt with by our Board as they may deem fit in the best interest of our Company.

If acceptance and payment for the ICPS with Warrants-B provisionally allotted to you and/or your renouncee(s)/transferee(s) (if applicable) is not received by the Share Registrar on 1 June 2016 by 5.00 p.m., being the last date and time for acceptance and payment, or such extended date and time as may be determined and announced by our Board at their discretion, you and/or your renouncee(s)/transferee(s) (if applicable) will be deemed to have declined the provisional allotment made to you and/or your renouncee(s)/transferee(s) (if applicable) and it will be cancelled.

Such ICPS with Warrants-B not taken up will be allotted to the applicants applying for excess ICPS with Warrants-B. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar. Our Board reserves the right not to accept or to accept in part only any application without providing any reasons.

If you or your renouncee(s)/transferee(s) (if applicable) loses, misplaces or for any other reasons requires another copy of the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website (<http://www.bursamalaysia.com>), our Share Registrar at the address stated above or our Registered Office.

**EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "CONNECT RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME, ADDRESS AND CDS ACCOUNT NUMBER OF THE APPLICANT IN BLOCK LETTERS TO BE RECEIVED BY OUR SHARE REGISTRAR.**

**APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.**

**NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE OF ICPS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR ICPS WITH WARRANTS-B, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN 8 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF ICPS.**

**APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.**

**WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED ONLY IN PART, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANTS WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF ICPS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.**

**YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAIN THEREIN.**

**APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.****3.5 Procedure for part acceptance**

You can accept part of your provisionally allotted ICPS with Warrants-B. The minimum number of securities that can be subscribed for or accepted is 1 ICPS. However, should you wish to secure 1 Warrant-B from the subscription of your entitlement, the minimum number of ICPS to be subscribed is 15 ICPS.

You must complete both Part I(a) and Part II of the RSF by specifying the number of the ICPS with Warrants-B which you are accepting and delivering the completed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 3.4 of this Abridged Prospectus.

The portion of the provisionally allotted ICPS with Warrants-B that have not been accepted shall be allotted to any other persons allowed under the laws, regulations or rules to accept the transfer of the provisional allotment of the ICPS with Warrants-B.

**3.6 Procedure for sale or transfer of provisional allotment of ICPS with Warrants-B**

As the provisionally allotted ICPS with Warrants-B are prescribed securities, you and/or your renounee(s)/transferee(s) (if applicable) may sell or transfer all or part of your entitlement to the ICPS with Warrants-B to 1 or more person(s) through your stockbrokers without first having to request for a split of the provisional allotted ICPS with Warrants-B standing to the credit of your CDS Account(s). To sell or transfer all or part of your entitlement to the ICPS with Warrants-B, you and/or your renounee(s)/transferee(s) (if applicable) may sell such entitlement in the open market or transfer to such persons as may be allowed pursuant to the rules of Bursa Depository. If you have sold or transferred only part of the provisionally allotted ICPS with Warrants-B, you may still accept the balance of the provisionally allotted ICPS with Warrants-B by completing the RSF. Please refer to Section 3.4 of this Abridged Prospectus for the more details on the acceptance and payment of the ICPS.

In selling or transferring all or part of your provisionally allotted ICPS with Warrants-B, you and/or your renounee(s)/transferee(s) (if applicable) need not deliver any document including the RSF, to the stockbroker. However, you and/or your renounee(s)/transferee(s) (if applicable) must ensure that there is sufficient provisionally allotted ICPS with Warrants-B standing to the credit of your CDS Account(s) that are available for settlement of the sale or transfer.

Purchasers or transferees of the provisionally allotted ICPS with Warrants-B may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers or from our Share Registrar, or at our Registered Office. This Abridged Prospectus and RSF are also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

Entitled Shareholders who sell or transfer their provisionally allotted ICPS with Warrants-B will automatically be selling or transferring their entitlements to the ICPS with Warrants-B in the proportion of 15 ICPS with 1 Warrant-B.

**3.7 Procedure for acceptance by renounee(s)/transferee(s)**

Renounee(s)/transferee(s) who wish to accept the provisionally allotted ICPS with Warrants-B must obtain a copy of the RSF from their stockbrokers, our Share Registrar, or at our Registered Office or from the Bursa Securities' website (<http://www.bursamalaysia.com>) and complete the RSF, submit the same together with the remittance in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Section 3.4 of this Abridged Prospectus also applies to renouncee(s)/transferee(s) who wish to accept the provisionally allotted ICPS with Warrants-B.

**RENOUNCEE(S)/TRANSFEREE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENT OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF CAREFULLY.**

### **3.8 Procedure for excess application**

As an Entitled Shareholder, you and/or your renouncee(s)/transferee(s) (if applicable) may apply for excess ICPS with Warrants-B in addition to the ICPS with Warrants-B provisionally allotted to you and/or your renouncee(s)/transferee(s) (if applicable) by completing Part I(b) of the RSF (in addition to Parts I(a) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the excess ICPS with Warrants-B applied for) to our Share Registrar at the address set out above, so as to arrive not later than 5.00 p.m. on 1 June 2016, being the last time and date for acceptance and payment, or such extended time and date as may be determined by our Board.

Payment for the excess ICPS with Warrants-B applied for should be made in the same manner set out in Section 3.4 of this Abridged Prospectus, except that the Banker's Draft(s), Cashier's Order(s), Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia crossed "**A/C PAYEE ONLY**" should be made payable to "**CONNECT EXCESS RIGHTS ISSUE ACCOUNT**" and endorsed on the reverse side with the name, address and CDS Account number of the applicant in block letters to be received by our Share Registrar.

It is the intention of our Board to allot the excess ICPS with Warrants-B in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have applied for excess ICPS with Warrants-B on a pro-rata basis and in board lots, taking into consideration their respective shareholdings in our Company as at the Entitlement Date;
- (iii) thirdly, for allocation to Entitled Shareholders who have applied for excess ICPS with Warrants-B on a pro-rata basis and in board lots based on the quantum of their respective excess ICPS with Warrants-B application; and
- (iv) finally, in the event there is any balance of excess ICPS with Warrants-B unallocated, for allocation to renouncee(s)/transferee(s) who have applied for excess ICPS with Warrants-B on a pro-rata basis and in board lots based on the quantum of their respective excess ICPS with Warrants-B applications.

Nevertheless, our Board reserves the right to allot the excess ICPS with Warrants-B applied for under Part I(b) of this RSF, in a fair and equitable basis and in such manner as they deem fit and expedient and in the best interest of our Company and that the intention of our Board as set out in items (i) to (iv) above is achieved.

In the event of an under subscription by the Entitled Shareholders and/or their renouncee(s)/transferee(s), the remaining unsubscribed ICPS with Warrants-B after the allotment for excess applicant will be subscribed by the Underwriter.

Subject always to (i), (ii), (iii) and (iv) above being achieved, our Board also reserves the right to accept any application for excess ICPS with Warrants-B or to accept in part only the subscription of any excess ICPS with Warrants-B, without assigning any reason.



**NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS ICPS WITH WARRANTS-B. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR ICPS WITH WARRANTS-B, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN 8 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS ICPS WITH WARRANTS-B.**

**YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.**

**EXCESS ICPS WITH WARRANTS-B APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHTS TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.**

**IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS ICPS WITH WARRANTS-B APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST TO THE APPLICANTS WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS ICPS WITH WARRANTS-B BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.**

### **3.9 Form of issuance**

Bursa Securities has already prescribed our securities listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the ICPS with Warrants-B are prescribed securities and as such, the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) (Amendment) Act, 1998 and the rules of Bursa Depository shall apply in respect of the dealings in the said securities.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected.

No physical share or warrant certificates will be issued to you under the Rights Issue of ICPS. Instead, the ICPS with Warrants-B will be credited directly into your CDS Account. The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors provided by Bursa Depository within 8 Market Days from the last date for acceptance and payment of the Rights Issue of ICPS.

Any person who intends to subscribe for the ICPS with Warrants-B as a renouncee(s)/transferee(s) by purchasing the provisional allotment of ICPS with Warrants-B from an Entitled Shareholder will have his ICPS with Warrants-B credited directly as prescribed securities into his CDS Account.

### **3.10 Laws of foreign jurisdictions**

This Abridged Prospectus, together with the NPA and the RSF have not been (and will not be) lodged, registered or approved pursuant to or under any securities legislation or equivalent legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction or county other than Malaysia.

This Abridged Prospectus, together with the NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue of ICPS will not be made or offered or deemed to be made or offered for purchase or subscription, in any foreign jurisdiction or country other than Malaysia or to persons who are or may be subject to the laws or any foreign jurisdiction or country other than Malaysia. The Rights Issue of ICPS to which this Abridged Prospectus relates to is only available to Entitled Shareholders receiving this Abridged Prospectus, the NPA and the RSF or otherwise within Malaysia.

Foreign Entitled Shareholders or their renouncee(s)/transferee(s) (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue of ICPS only to the extent that it would be lawful to do so.

M&A Securities, our Company, our Board and officers and other experts would not, in connection with the Rights Issue of ICPS, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or their renouncee(s)/transferee(s) (if applicable) are or may be subject to. Foreign Entitled Shareholders or their renouncee(s)/transferee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. M&A Securities, our Company, our Board and officers and other experts shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders or renouncee(s)/transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, this Abridged Prospectus together with the accompanying documents will not be sent to the foreign Entitled Shareholders or their renouncee(s)/transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders or their renouncee(s)/transferee(s) (if applicable) may collect the Abridged Prospectus including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

The foreign Entitled Shareholders or their renouncee(s)/transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders or their renouncee(s)/transferee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against M&A Securities or us in respect of their rights and entitlements under the Rights Issue of ICPS. Such foreign Entitled Shareholders or their renouncee(s)/transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue of ICPS.

By signing any of the forms accompanying this Abridged Prospectus, the NPA, and the RSF, the foreign Entitled Shareholders or their renouncee(s)/transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) M&A Securities, our Company and our Board and officers and other experts that:

- (i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue of ICPS, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renouncee(s)/transferee(s) (if applicable) are or may be subject to;
- (ii) the foreign Entitled Shareholders or their renounees have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;



- (iii) the foreign Entitled Shareholders or their renounees are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) the foreign Entitled Shareholders or their renounees are aware that the provisional allotment of the Rights Issue of ICPS can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged or dealt with in any way in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholders or their renounees have respectively received a copy of this Abridged Prospectus and have read and understood the contents of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the ICPS with Warrants-B; and
- (vi) the foreign Entitled Shareholders or their renounees have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing for or purchasing the ICPS with Warrants-B, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the ICPS with Warrants-B.

Persons receiving this Abridged Prospectus, NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, NPA and RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, NPA and RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the ICPS with Warrants-B from any such application by foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in its absolute discretion, to treat any acceptance of the ICPS with Warrants-B as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia. The provisional ICPS with Warrants-B relating to any acceptance which is treated as invalid will be included in the pool of excess ICPS available for excess application by the Entitled Shareholders and/or their renounee(s) (if applicable).

**NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN ENTITLED SHAREHOLDERS OR ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE THERETO. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY ICPS AND WARRANTS-B UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS OF SUCH TERRITORY.**

#### 4. RATIONALE FOR THE RIGHTS ISSUE OF ICPS

The Rights Issue of ICPS will enable us to achieve the following:

- (i) To enable us to raise the necessary funds required for the capital expenditure and working capital of our Group as disclosed in Section 5 of this Abridged Prospectus. Although our Group has minimal banking facilities (being hire purchase), our Group's present financial position (which includes accumulated losses of RM4.35 million) and historical losses of RM1.10 million in FYE 2013 and RM2.99 million in FYE 2014 rendered it difficult to undertake any further borrowings as we may not be able to sustain the financing costs largely.

The historical losses were largely due to the non-operating losses occurred during FYE 2013 and FYE 2014, such as impairments of receivables and write-offs of deposits as well as bad debts. Kindly refer to Section 6 of Appendix IV for further details of our historical financial performance.

Furthermore, up to RM20.025 million under the Maximum Scenario is difficult to be funded through bank borrowings based on our current Group structure where CONNECT, as a holding company is in Malaysia while our material operations are all based in PRC. As such, our Group did not opt for bank borrowings due to the fact that local banks in Malaysia are stricter in financing our Group's overseas business operations due to lack of local asset available as security and the absence of any local business activity;

- (ii) To minimise the immediate dilution of our existing shareholders' equity interest in our Company, as compared to an outright issuance of ordinary shares;
- (iii) To provide an opportunity for our existing shareholders to further participate in our equity and our future prospects and growth. The Undertaking will allow the Undertaking Shareholder to extend his support for the Rights Issue of ICPS which will facilitate us to raise the minimum funds necessary for the purposes as mentioned in Section 5 of this Abridged Prospectus;
- (iv) To improve our financial position with enhanced shareholders' equity in order to facilitate our continuous business expansion plans;
- (v) The Warrants-B are expected to enhance the attractiveness of the ICPS. It provides the shareholders with an option to further participate in the equity of our Company at a pre-determined price and enable them to benefit from the future growth of our Company and any potential capital appreciation arising therefrom;
- (vi) The Warrants-B will also provide us with additional capital when they are exercised in the future. This allows us to raise fresh proceeds without incurring additional financing cost and minimise any potential cash outflow in respect of interest servicing; and
- (vii) The conversion of ICPS by way of additional cash payment will also provide us with additional capital when the ICPS are converted. This allows us to raise further proceeds without incurring additional financing cost and minimise any potential cash outflow in respect of interest servicing.

## 5. UTILISATION OF PROCEEDS

### 5.1 Utilisation of proceeds from the ICPS

Based on the issue price of RM0.025 per ICPS, our Company is expected to raise the following gross proceeds:

Details	Notes	Minimum Scenario	Maximum Scenario	Timeframe of Utilisation (from the listing date)
		RM'000	RM'000	
Capital expenditure	(i)	1,700	2,500	Within 12 months
Working capital	(ii)	5,750	6,000	Within 12 months
Investments in similar business/ vertical integration	(iii)	-	10,975	Within 36 months
Estimated expenses in relation to the Corporate Exercises	(iv)	550	550	Within 1 month
		<b>8,000</b>	<b>20,025</b>	

#### (i) Capital expenditure

Our Group shall utilise up to RM2.50 million for the purchase of new machineries for our interconnect business. The aforementioned machineries to be purchased by our Group is expected to increase the production capacity of RCC's factory in PRC from 5.6 million units to 7.1 million units of cable per month due to improved efficiency from automation upgrades. Our production capacity was approximately 70% utilised during FYE 2015. With the upgrades, we will be able to reduce our reliance on human labour thus mitigating the rising labour costs in PRC. Additionally, the upgrades will also expand our product line to cater for the automotive market. As at the LPD, no orders have been placed for these machineries.

The machineries comprise the following:

Description	Minimum Scenario RM'000	Maximum Scenario RM'000
Cable extrusion machine (5 units under Minimum Scenario and 10 units under Maximum Scenario)	500	1,000
10 units of auto soldering machine	500	500
Auto braiding machine (1 unit under Minimum Scenario and 2 units under Maximum Scenario)	150	300
4 units of auto crimping machine	300	300
Auto tester machine (10 units under Minimum Scenario and 16 units under Maximum Scenario)	250	400
<b>Total</b>	<b>1,700</b>	<b>2,500</b>

**(ii) Working capital**

Our Group shall utilise RM5.75 million under the Minimum Scenario and RM6.00 million under the Maximum Scenario for our Group's working capital. This includes human resources expenses which constitutes staff salaries and welfare, purchase of raw materials for the interconnect business and repair and maintenance of machineries.

A breakdown of the utilisation of working capital under both Minimum Scenario and Maximum Scenario is as follows:

<b>Description</b>	<b>Minimum Scenario RM'000</b>	<b>Maximum Scenario RM'000</b>
Human resource expenses of the Group, such as salaries and staff welfare	1,500	1,500
Purchase of raw materials for the interconnect business, such as copper wire, synthetic polymers and connectors	3,500	3,750
Repairs and maintenance of machineries	750	750
<b>Total</b>	<b>5,750</b>	<b>6,000</b>

**(iii) Investment in similar business/ vertical integration**

Under the Maximum Scenario for the Rights Issue of ICPS, we will raise gross proceeds of up to RM20.025 million, of which RM10.98 million to be raised under the Maximum Scenario has been earmarked by our Board to be used towards investing in companies or businesses in the PRC which are similar with or complementary to our Company's current interconnect business.

Alternatively, depending on the opportunities available to our Board, the aforementioned RM10.98 million may be used towards the vertical integration of our Company's manufacturing process in its factory in the PRC. In this respect, the proceeds are expected to be utilised towards salaries, purchase of raw materials as well as purchase of equipment relating to the vertical integration. Section 7.4 of this Abridged Prospectus lists out our Company's intended first steps of the vertical integration plans. However, the full cost of vertical integration cannot be reasonably estimated at this juncture.

At this juncture, an estimated breakdown of the abovementioned utilisation is as follows:

<b>Description</b>	<b>RM'000</b>
Salaries and staff welfare for new staff required for the vertical integration	1,500
Purchase of raw materials being the chemical components required to produce plastic resins	3,500
Purchase of machineries required for vertical integration	5,975
<b>Total</b>	<b>10,975</b>

As at the LPD, no suitable target has been identified. The requisite announcement will be made upon the finalisation of the terms of such investments or any other material development in this respect, and shareholders' approval will be sought, if required under the ACE LR.

**(iv) Estimated expenses relating to the Corporate Exercises**

The following summarises the estimated expenses incidental to the Corporate Exercises to be borne by our Group:

<b>Details</b>	<b>RM'000</b>
Professional fees	370
Fees payable to the authorities	50
Underwriting fees	130
<b>Total</b>	<b>550</b>

In the event that the amount allocated to defray the expenses relating to the Corporate Exercises is more than budgeted, the deficit will be funded out of the amount allocated for working capital, and *vice versa*.

Pending utilisation of the proceeds from the Rights Issue of ICPS for the above purpose, the proceeds will be placed in deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of the Group.

**5.2 Utilisation of proceeds from the exercise of Warrants-B**

Based on the exercise price of RM0.10 per Warrant-B, our Company may raise further gross proceeds of approximately RM2.13 million (based on the full exercise of 21,333,333 Warrants-B issued under the Minimum Scenario) and RM5.34 million (based on the full exercise of 53,399,600 Warrants-B issued under the Maximum Scenario) from the full exercise of the Warrants-B. Any proceeds arising from the exercise of the Warrants-B shall be utilised for capital expenditure, investment opportunities and/or working capital of our Group. The exact details of the utilisation of such proceeds, including the breakdown of the utilisation have not been determined.

**5.3 Utilisation of proceeds from the conversion of the ICPS**

Based on the conversion price of RM0.10 per ICPS, our Company may raise further gross proceeds of RM24.0 million (under the Minimum Scenario, assuming 320,000,000 ICPS is converted into new CONNECT Share by surrendering 1 ICPS with additional cash payment of RM0.075) and up to RM60.07 million (under the Maximum Scenario, assuming 800,994,000 ICPS is converted into 1 CONNECT Share by surrendering 1 ICPS with additional cash consideration of RM0.075) from the full conversion on the ICPS. Any proceeds arising from the conversion of the ICPS shall be utilised for capital expenditure, investment opportunities and/or working capital of our Group. The exact details of the utilisation of such proceeds, including the breakdown of the utilisation have not been determined.

**6. RISK FACTORS**

In running our business activities, we face risks which may have potential impact to our Group's performance unless proper anticipation and mitigation measures are exercised.

In addition to other information contained in this Abridged Prospectus, you should carefully consider the following risk factors before subscribing for or investing in the Rights Issue of ICPS. You should take note that these risk factors are not exhaustive. There may be additional risk factors, which are not disclosed below, that are not presently known to us or that we currently deem to be less significant, which may materially and adversely affect our business, financial condition, results of operation and prospects.

## **6.1 Risks relating to our Group and the industry we operate in**

We are exposed to certain risks in the interconnect industry. These risks include, without limitation, the following:

### **(i) Business risk**

We are subject to market forces and certain risks inherent in the interconnect industry, from which we derive our revenue entirely. These include but are not limited to labour and raw material shortages, price fluctuation for our products, increases in the cost of labour and raw material, changes in general economic, business and credit conditions, entry of new competitors, products and technologies being obsolete, new products not widely accepted and the industry experiencing downturn. There is no assurance can be given that any change in the market forces will not have a material adverse effect on us.

### **(ii) Other political and regulatory factors**

Our main markets are the PRC, US and Singapore. Out of our total revenue of RM64.9 million for FYE 2015, 48.5% was contributed from the US, 32.5% from Singapore and the remainder of 19.0% from PRC. As such, any adverse change in the political and regulatory environment in these countries could have an unfavorable effect on our financial and business prospects. These changes may include, but are not limited to changes in political leadership, unfavourable changes in the governmental policies such as changes in the employment of local and foreign workers, environmental laws, labour laws, taxation, laws on the repatriation of profits, interest rates, licensing or introduction of new regulations.

Much of the above factors are beyond our control. and there is no assurance that any changes to these factors will not materially and adversely affect our financial position or business.

### **(iii) Changes in foreign exchange rates and tariff rates**

We operate internationally and are exposed to fluctuation of the foreign exchange rates, in particular RMB, USD and SGD. As such, any changes to the exchange rates and tariff rates such as an increase in custom duties, may adversely affect our financial performance. Fluctuations in foreign exchange rates and increase in custom duties will have an impact on the prices of our exported products. We constantly monitor the relevant exchange rates closely in order not to be very much affected by fluctuation in exchange rates. However, no assurance can be given that there will not be any adverse currency fluctuations in the future and/or that there will not be adverse changes to the tariff rates.

### **(iv) Potential liability for social contributions for our PRC employees**

Under the relevant PRC laws and regulations, our PRC subsidiaries are required to make certain contributions for the benefit of all our PRC employees. These contributions relate to the social insurance and housing funds for the employees. However, our PRC subsidiaries have not made full contributions for some of our employees who did not want to make the required social contributions and have requested for their employees' portion of the contribution not to be deducted from their wages. As the employer's portion can only be contributed together with the employees' portion, we are not able to make the required social contributions for these employees. As such, we did not fully comply with these requirements under the PRC regulations.

As at the LPD, the relevant authorities have not required our PRC subsidiaries to make payments for our previous outstanding social contributions. However, there is no assurance that the relevant authorities will not require us to make payments for all previous outstanding social contributions and/or penalise us for the same in future.

**(v) Other risks relating to our operations in PRC**

We manufacture our products in the PRC. 19.0% of our revenue for FYE 2015 was derived from the PRC. Our operations in this region are therefore subject to the relevant laws and regulations as well as the conditions of the political, economic and social environment of the PRC. These laws, regulations and business environment conditions have undergone various changes in the past. Additionally, any repatriation of profits and capital from our PRC subsidiaries to our Company will be subject to the relevant exchange rules and regulations prior to remittance.

Any changes in the business environment, relevant laws and regulations mentioned above may adversely affect our operations and result in additional costs of compliance with the relevant laws and regulations. Changes that may affect us include those in taxation rates, requirements on remitting profits or capital from our PRC subsidiaries, minimum wages and licensing requirements.

Additionally, any non-compliance with any of the aforementioned regulations may result in penalties or restrictions imposed on us which will adversely impact our operations and financial performance.

**(vi) Dependence on end-product customers**

We are dependent on the continued growth, viability and financial stability of our end-product customers. The majority of interconnects are sold bundled together with the end-products, although some interconnects are sold as a separate item in the aftermarket. Some of the end-product market segments are subject to relatively short product life cycles as well as consumer tastes and preferences. When the end-product manufacturers are affected by these factors, we may be similarly affected. However, any periodic downturns in these end-product market segments may significantly reduce demand in our interconnects products.

**(vii) Dependence on key personnel**

Our Group believes that our continued success will depend significantly on the abilities and continued efforts of our Board and senior management. The loss of key members of our Board, senior management or any other competent personnel will adversely affect our Group's ability to compete in our industry.

**(viii) Competition risk**

Our industry is competitive in terms of price, quality of product deliverables and timeliness of delivery. We face competition from local and foreign competitors due to the demand of our products globally. At present, our Group's biggest competitors are companies from PRC which have lower pricing due to economies of scale. Increased competition may result in price reductions, reduced margins or loss of market share, any of which could materially and adversely affect our business, operating results and financial conditions.



## 6.2 Risks relating to the Rights Issue of ICPS

### (i) No prior market for Warrants-B

There can be no assurance that there will be an active market for the Warrants-B upon or subsequent to their listing on the ACE Market of Bursa Securities or, if developed, that such a market will be sustainable or adequately liquid during the tenure of the Warrants-B.

### (ii) Market price of the ICPS and exercise price of the Warrants-B

The market price of the ICPS and Warrants-B, like all listed securities traded on Bursa Securities, is subject to fluctuations and will be influenced by, *inter-alia*, trading volume of the ICPS and Warrants-B, the market price and volatility of CONNECT Shares, announcements relating to the business of our Group, the financial performance of our Group, and conversion/exercise period of the ICPS/Warrants-B.

In addition, the future price performance of the ICPS and Warrants-B will also depend on various external factors such as the economic and political conditions of the country, sentiments and liquidity in the local stock market as well as the performance of regional and world bourses.

There can be no assurance that the market price of the ICPS, upon or subsequent to their listing, will remain at or above its issue price of RM0.025.

On the other hand, the market price of CONNECT Shares will be influenced by, *inter-alia*, the prevailing market sentiments, volatility of the stock market of the country, operating results of our Group and prospects of the industries in which our Group operates. As such, there can be no assurance that the conversion price of the ICPS and exercise price of the Warrants-B will be in-the-money during the entire tenure of the ICPS and Warrants-B.

### (iii) Delay in or abortion of the Rights Issue of ICPS

The Rights Issue of ICPS is exposed to the risk that it may be aborted or delayed due to, *inter alia*, the following events:

- (a) on the occurrence of force majeure events or events/circumstances (such as flood, earthquake, storm or epidemic), which are beyond our Principal Adviser's or our control, occurring prior to the implementation of the Rights Issue of ICPS; or
- (b) the undertaking party for whatever reason, being unable to fulfil the obligations under the Undertaking; or
- (c) the Underwriter exercise its rights under the Underwriting Agreement to terminate its commitments and discharge from its obligation for any reason whatsoever.

In this respect, pursuant to Section 243 of the CMSA, in the event the Rights Issue of ICPS is aborted, all monies raised in the Rights Issue of ICPS which are held in a trust account for our Company will be refunded free of interest within 14 days to the Entitled Shareholders in the event the Rights Issue of ICPS is aborted. Monies not paid within 14 days will be returned with interest at the rate of 10% per annum or at such other rates as may be prescribed by the SC.



In the event the Rights Issue of ICPS is aborted or terminated, and the ICPS have been allotted to the Entitled Shareholders, a return of monies to all holders of ICPS could only be achieved by way of cancellation of the share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be returned within a short period of time or at all in such circumstances.

Notwithstanding the above, we will exercise our best endeavour to ensure the successful implementation of the Rights Issue of ICPS. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue of ICPS.

**(iv) Potential dilution**

Entitled Shareholders who do not accept their provisional offer of the ICPS and convert them into CONNECT Shares will have their proportional ownership and voting interest in CONNECT reduced. Entitled Shareholders who do not exercise the Warrants-B may also have their ownership and voting interest in CONNECT reduced in the event of exercise of Warrants-B by other Warrant-B holders.

**(v) Forward-looking statements**

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on forecasts and assumptions made by our Group and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, *inter alia*, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

## **7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS**

The overview and prospects of the global economy as well as the global interconnect industry are set out below.

### **7.1 Overview of the global economy**

In 2015, the global economic and financial environment was shaped by 3 major developments. First, global commodity prices fell sharply, generating significant repercussions for the growth prospects of both the commodity-exporting and commodity-importing economies, as well as the inflation outcomes in these economies. Second, international financial markets experienced heightened volatility driven by policy shifts in major economies, speculative activities, heightened risk aversion, and the drastic fall in the prices of crude oil and other key commodities. Third, the modest improvements in the advanced economies were insufficient to offset the moderation in growth in the emerging economies.

The global economy is expected to improve at a modest pace in 2016. The growth outlook, however, remains vulnerable to considerable downside risks arising from policy developments in the major economies, high uncertainties surrounding the direction of global commodity prices and abrupt financial market adjustments. Even with highly accommodative monetary

policies, the advanced economies are experiencing persistent economic slack stemming from weakness in domestic demand. For the emerging economies, growth is projected to recover from the shock to external demand experienced in 2015. Nevertheless, the extent of the recovery will be contingent on several factors, including commodity price developments, financial market conditions and the ability of economies to contain rising domestic vulnerabilities.

*(Source: Economic Report 2015/2016, Ministry of Finance)*

#### **Global Real Gross Domestic Product ("GDP"), 2012-2016<sup>f</sup>**

<b>Growth (%)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015<sup>e</sup></b>	<b>2016<sup>f</sup></b>
World GDP	3.1	3.3	3.4	3.1	3.4
US	2.2	1.5	2.4	2.4	2.6
Japan	1.7	1.4	0	0.5	1.0
euro area*	-0.8	-0.3	0.9	1.6	1.7
PRC	7.7	7.7	7.3	6.9	6.3

Notes:

\* Indicates member countries of the euro area (Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovak Republic, Slovenia and Spain).

e estimate

f forecast

*(Source: Ministry of Finance and Bank Negara Malaysia)*

The US economy is expected to remain on a steady growth path, underpinned by a continued expansion in private consumption. Private consumption, which accounts for about two-thirds of GDP, is projected to strengthen on account of favourable labour market conditions and improving household balance sheets.

In the euro area, while the gradual improvement in economic activities is expected to continue, the outlook for some of the crisis-affected economies remains fragile amid slow progress in structural reforms and reduction in public debt.

Economic activities in Japan are expected to expand at a very modest pace. Growth will be supported primarily by monetary and fiscal stimulus. The growth trajectory, however, remains contingent upon the effective transmission of these policy measures to real economic activities, the progress of structural reforms, the prospects for wage growth and increased capital expenditure.

Growth in the PRC is expected to moderate as domestic demand faces the immediate effects of the ongoing structural adjustments. While sustained growth in the services sector continues, this is expected to be offset by the slowdown in sectors with excess capacity, such as the industrial and property market sectors. In view of these challenges, domestic policy is likely to remain accommodative to support growth.

*(Source: Bank Negara Annual Report 2015)*

## 7.2 Overview of the global interconnect industry

An interconnect is a cable connection that seamlessly connects 2 or more devices. The 2 basic interconnect applications are signal, which is characterised by low current and voltage requirements; and power, which generally address higher current and often, higher voltage applications. In audio video applications, the roles of interconnects are to carry an audio and/or video signal from one device to another. An interconnect consists of 2 integrated components as follows:

- (i) Cable assembly - is a collection of wires banded into a single unit and covered by an exterior sheath. Cable assemblies are designed according to both electrical and geometric requirements so as to provide reliable electrical and mechanical integrity in demanding harsh environments; and
- (ii) Connectors - the plugs at the end of the cable assembly that connects the devices. Therefore, typically each interconnect has two connectors, 1 at each end of the cable assembly.

A functional definition of a connector is that it is an electromechanical device which provides a separable interface between 2 electronic devices, without an unacceptable effect on signal integrity or loss in power. A connector is an electromechanical device because it uses mechanical means to create an electrical interface.

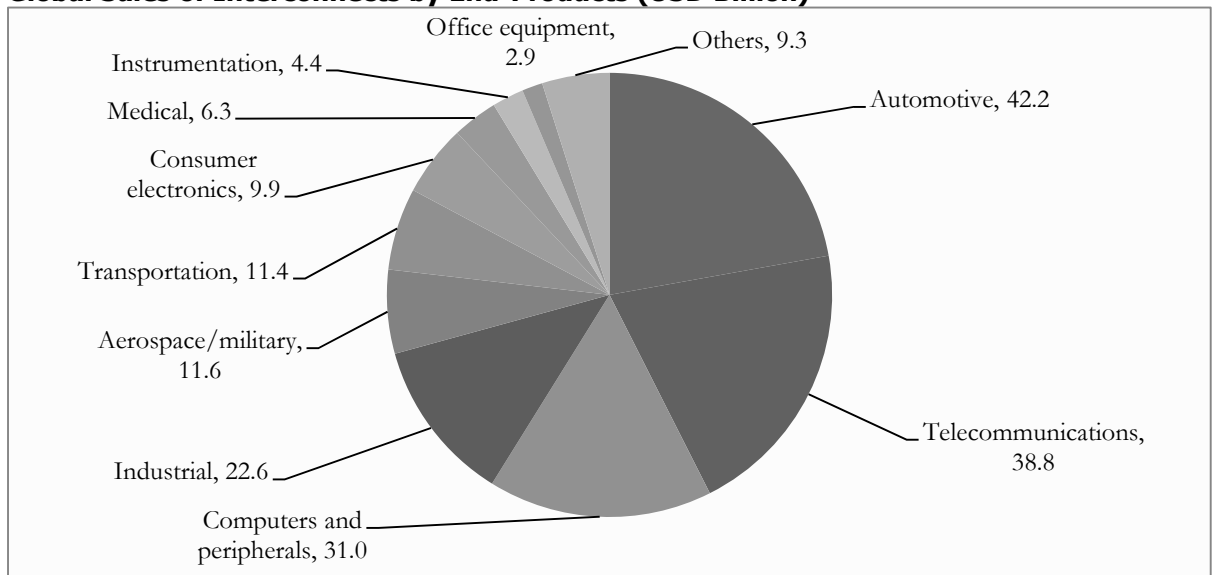
The most common interconnect in daily usage is the universal serial bus ("USB") ports. They began to appear on personal computers in 1997. Within a few years, USB became popular for connecting nearly every external peripheral device, such as digital cameras, printers, scanners, and external hard drives. USB has evolved into a standard technology for computers and peripherals and has become one of the most popular interconnects with several distinct connector types. Along with other desirable features, USB devices are "hot swappable", i.e. they can be connected without turning the personal computer off, enabling removable devices such as peripherals to be plugged and unplugged as needed. When an USB device is connected to the personal computer, Windows should be able detect the device and even install the drivers needed to use it.

In terms of geography, the PRC was the biggest market for interconnects in 2014, accounting for 25.8% of the global sales in the same year. This was followed by Europe (21.3%), North America (20.6%), rest of Asia (16.2%), Japan (10.6%) and rest of the world (5.5%) in the same year.

The interconnect industry and its underlying technologies support a wide range of markets such as illustrated in the figure below.

The automotive market was the biggest consumer of interconnects in 2014, accounting for about USD42.2 billion in global sales in that year. This market has consistently been one of the fastest growing segments, as a result of increasing vehicle production around the world and the growing broad-based application of electronics, to control and monitor functions throughout the vehicle, with an increasing demand on safety and security, telecommunications, environmental protection and energy-saving.

*(Source: Infobiz)*

**Global Sales of Interconnects by End-Products (USD Billion)**

(Source: Infobiz)

Global sales of interconnects reached approximately USD190 billion in 2014, an increase of 8.3% over the previous year. This includes both connectors and cable assemblies. The global interconnect industry is a very fragmented one, with approximately 7,000 middle and large-sized manufacturing companies in operations.

(Source: Infobiz)

### 7.3 Prospects of the global interconnect industry

The main markets for the CONNECT Group are the US, Singapore and the PRC, which commanded 57.6%, 23.1% and 17.8% of its revenue respectively, in FYE 2014. They collectively accounted for about 98.5% of its revenue in FYE 2014. On an industry basis, the PRC, North America and Singapore accounted for approximately 25.8%, 20.6% and 5.0%, respectively, of the global sales of interconnects in 2014.

The emergence of the PRC as a global manufacturing base since its entry into the World Trade Organization in 2001 has aided in the establishment of a robust supply chain for many manufacturing industries in the country. This assists to provide a stable supply of raw materials and other intermediate inputs for various manufacturing industries, including the manufacturing of interconnects. In turn, interconnect manufacturers gain a competitive edge by basing their manufacturing facilities in close proximity to the supply chain in the PRC, due to both cost and time considerations. As the Chinese economy continues its rapid growth, growth opportunities for interconnects are anticipated to increase in tandem. The PRC has become both a global production point and a key consumption point for interconnects.

Singapore is host to a number of original equipment manufacturers and contract manufacturers in a wide spectrum of industries such as aerospace/military, consumer electronics, computers and peripherals, industrial and medical, which provide the markets for interconnects imported into the country. It is known for a skilled workforce, excellent infrastructure, the rule of law, and enforcement of intellectual property rights. In addition, Singapore's strategic location makes it the nexus of major shipping routes and an important logistics hub, as well as a conduit for global trade. Being a transshipment hub, many small feeder vessels bring containers to Singapore, which are then subsequently loaded to larger vessels to carry the shipments to their final destinations. This includes products such as interconnects.

As interconnects are utilised across a wide range of markets, the industry has benefitted greatly from the improving and favourable macroeconomic conditions in North America, such as higher levels of consumption and investments, as well as increases in the number of automotive and telecommunications devices and equipment. North America is also in the forefront in the development of many consumer electronics products and along with its market, have also driven the sales of interconnects which are bundled together with the products. In particular, the US has the biggest defence budget in the world and interconnects are in widespread use in many military equipment. As they are mission-critical in nature, these military interconnects have higher specifications as compared to their civilian counterparts.

Infobiz is forecasting that the global sales of interconnects are anticipated to grow by about 4.3% and 5.8% to attain USD198.1 billion and USD209.6 billion in 2015 and 2016, respectively. It is expected to expand by a compounded annual growth rate of 6.1% between 2015 and 2020, reaching USD266.4 billion. Growth in the interconnect industry is driven by the constant pace of new product developments in the end-product markets.

Globally, each market has its own unique requirements which have evolved over time. Due to the numerous markets served, the interconnect industry as a whole is partly cushioned from any downturn in a particular market, as it is generally offset by the other markets that are growing and expanding in a typical business cycle. The product life cycle also play a key role as demand for interconnects is also affected by the growth and declining stages of an end-product in the market.

Due to rising affluence and changing lifestyles, consumer electronics are rapidly gaining prominence. Consumers are eager to improve their standard of living through daily entertainment provided by consumer electronics. Digitalisation, miniaturisation and mobility are the key elements for modern consumer electronics. There is a growing popularity of video-on-demand over home-interconnected devices. Interconnects are installed to access the multimedia content over various devices such as high definition televisions, laptops and gaming consoles. Music requires the hi-fi systems to deliver stereo sound, accurate pitch and tightly controlled bass, while movies require deep bass and high volume capability which can be fulfilled by home theatre systems. The interconnects play a vital role in the delivery of such audio and video signals.

Considering the fast developments in the automotive industry, the automotive industry have become the biggest end-product market for interconnects. These interconnects are used for various vehicle applications, including lighting, sensors, safety controls, battery connections and in-car entertainment connectivity. More and more automotive manufacturers have begun to adopt electronic systems in the automotive. The more comprehensive the electronics equipment in the car, the more the requirements for longer and more sophisticated interconnects. In addition, automotive electronics such as in-car entertainment systems have become a major differentiation tool among automotive manufacturers in competing for customers. Today's car audio enthusiast demands good sound quality, and often their vehicle is their primary listening system. The difference that interconnects make to the audio can be easily heard inside a vehicle.

*(Source: Infobiz)*

## 7.4 Prospects of our Group

Our Group will continue to invest in our existing interconnect business as our primary growth driver after taking into consideration that the improvement in our audited financial results for the FYE 2015. Our Group achieved a PAT of RM2.69 million in FYE 2015 as compared to a LAT of RM2.99 million in the previous year due to improvement in sales, strengthening of USD as well as cost savings. The improvement of sales in FYE 2015 was also contributed by customers in the home entertainment market who have generally experienced improved demand in their products.

Our Group has undertaken the initiative to expand further into our existing markets such as the US and the PRC by reaching into the local markets of these countries. Local sales teams have also been formed in the PRC in order to expand into this market. Additionally, efforts have been taken to diversify our Group's sales to include products for the automotive market which command higher margins. In this effort, our Group had received the first trial order for automotive related parts which is expected to be followed by more orders. Our Board is confident that based on the outlook and prospects of the interconnect industry, this positive momentum is poised to continue moving forward.

At this juncture, our Group will focus our efforts on selling interconnect products, which comprise mainly industry standard cables and connectors such as USB and High Definition Multimedia Interface cables used in the home entertainment market. This market constitutes approximately 70% of CONNECT's business which has enjoyed long term partnerships with some of our customers over the last 10 years. Our Group will also focus on selling the interconnect products to the white goods, automotive markets and telecommunications markets with particular emphasis on the white goods and automotive markets.

Existing and emerging products that utilise interconnect solutions include smartphones, tablets and wearables such as health and fitness devices, smartwatches and smart eyewear. In this regard, we have been working with key players in this industry to specially design and customise cables for these smart connected devices to penetrate new markets as well as expand our current portfolio. Additionally, we are currently developing the latest USB 3.1 Type C cable which provides faster speed and better reliability as compared to the current USB cables and which is expected to replace all current USB cables by 2016. The latest USB 3.1 Type C cable is expected to be commercialised within 6 months after the completion of the Rights Issue of ICPS.

The utilisation of proceeds from the Rights Issue of ICPS will be used mainly to upgrade machineries for the purposes of increasing production capacity and to expand our product line to cater for the automotive market. At this juncture, our Group is in the midst of a trial run of interconnect products for automotive window systems using our Group's existing machineries. Additionally, the upgraded machinery will improve the efficiency and quality of our Group's production process via automation in order to reduce labour costs which have been on the rise in recent times. This step is the beginning to a larger strategy over the long term in order to bolster our Group's competitiveness, where we are looking into becoming a fully vertical integrated cable house provider. These plans are expected to commence after the upgrade of RCC's machineries as detailed under Section 5 of this Abridged Prospectus.

We are a full cable assembly house. We produce interconnect products using raw cables and connectors which we currently purchase from our suppliers. Vertical integration would require the production of:

- (i) Raw cables that comprise:
  - (a) raw copper wire;
  - (b) plastic resins; and
- (ii) Connectors,

none of which are produced by our Group at this juncture. A full vertical integration would require a company to produce all of the above before assembling the final interconnect products.

As the set up and production of raw copper wire would require a large amount of funds, our Group has decided to take a prudent step towards producing plastic resins and connectors instead as the first step towards our Group's future vertical integration plan which is expected to be implemented over 3 years. The machinery used for producing plastic resins and connectors are expected to cost at least RM2.0 million. The profit margin of our Group will increase once we have begun to manufacture plastic resins and connectors instead of purchasing them.

Premised on the above, our Board is of the view that the prospects of our interconnect business are positive.

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## 8. FINANCIAL EFFECTS

The financial effects of the Rights Issue of ICPS are set out in the ensuing subsections.

### 8.1 Share capital

The pro forma effects of the Rights Issue of ICPS on our issued and paid-up share capital are as follows:

	Minimum Scenario			Maximum Scenario		
	No. of Shares	RM	No. of ICPS	RM	No. of Shares	RM
Existing issued and paid-up share capital as at the LPD	16,607,200	21,660,720	-	-	216,607,200	21,660,720
Full exercise of the Warrants-A	-	-	-	-	50,390,800	5,039,080
To be issued pursuant to the Rights Issue of ICPS	216,607,200	21,660,720	-	-	266,998,000	26,699,800
After the Rights Issue of ICPS			(1)320,000,000	8,000,000	-	-
Full conversion of ICPS	(3)80,000,000	8,000,000	(320,000,000)	(8,000,000)	(4)800,994,000	80,099,400
After full conversion of ICPS	296,607,200	29,660,720	-	-	1,067,992,000	106,799,200
Full exercise of Warrants-A	50,390,800	5,039,080	-	-	-	-
Full exercise of Warrants-B	(5)21,333,333	2,133,333	-	-	(6)53,399,600	5,339,960
<b>Enlarged share capital</b>	<b>368,331,333</b>	<b>36,833,133</b>	-	-	<b>1,121,391,600</b>	<b>112,139,160</b>



Notes:

- (1) Being the 60,000,000 ICPS issued pursuant to the Undertaking and 260,000,000 ICPS issued pursuant to the Underwriting.
- (2) Under the Maximum Scenario, assuming all shareholder subscribe for their respective entitlements of 3 ICPS per CONNECT Share held.
- (3) Assuming all ICPS are converted into CONNECT Shares based on a conversion price of RM0.10 and assuming conversion mode of surrendering 4 ICPS to be converted into 1 CONNECT Share with no additional cash payment.
- (4) Assuming all ICPS are converted into CONNECT Shares based on a conversion price of RM0.10 and assuming conversion mode of surrendering 1 ICPS to be converted into 1 CONNECT Share with an additional cash payment of RM0.075.
- (5) 21,333,333 issued pursuant to the 320,000,000 ICPS subscribed on the basis of 1 Warrant-B for every 15 ICPS subscribed.
- (6) 53,399,600 issued pursuant to the 800,944,000 ICPS subscribed on the basis of 1 Warrant-B for every 15 ICPS subscribed.

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## 8.2 NA and gearing

Based on our Group's audited consolidated statements of financial position as at 31 December 2015, a conversion price of RM0.10 per ICPS and exercise price of RM0.10 per Warrant-B, the pro forma effect of the Rights Issue of ICPS on the NA and gearing are set out below:

### Minimum Scenario

	Audited as at 31 December 2015 RM	(I) After the Rights Issue of ICPS RM	(II) After (I) and full conversion of ICPS <sup>(4)</sup> RM	(III) After (II) and full exercise of Warrants-A and Warrants-B <sup>(5)</sup> RM
Share capital				
- CONNECT Shares	21,660,720	21,660,720	29,660,720	36,833,133
- ICPS	-	7,299,863 <sup>(1)</sup>	-	-
Share premium	2,070,279	576,946	576,946	2,070,279
Foreign exchange reserves	1,479,679	1,479,679	1,479,679	1,479,679
Warrant reserve	-	1,493,333 <sup>(2)</sup>	1,493,333	-
Accumulated losses	(4,351,349)	(4,901,349) <sup>(3)</sup>	(4,901,349)	(4,901,349)
<b>Shareholders' equity</b>	<b>20,859,329</b>	<b>27,609,192</b>	<b>28,309,329</b>	<b>35,481,742</b>
No. of CONNECT Shares	216,607,200	216,607,200	296,607,200	328,331,333
NA per CONNECT Share (RM)	0.10	0.13	0.10	0.10
Interest bearing borrowings (RM)	331,159	1,264,675 <sup>(1)</sup>	331,159	331,159
Gearing (times)	0.02	0.05	0.01	0.01

Notes:

- (1) RM8.00 million raised under the Minimum Scenario is accounted for by: An equity component of RM7.30 million, a liability component of RM0.93 million and offset by a deferred tax assets component of RM0.23 million.
- (2) Based on the issuance of 21,333,333 Warrants-B at an estimated fair value of RM0.07 per Warrant-B, which was arrived at based on the Black-Scholes option valuation model.
- (3) After deducting estimated expenses in relation to the Corporate Exercises of RM0.55 million.
- (4) Assuming all ICPS are converted into CONNECT Shares on the basis of 4 ICPS into 1 CONNECT Share.
- (5) Not inclusive of Additional Warrants-A to be issued pursuant to the Rights Adjustments, if any.

**Maximum Scenario**

		(I)	(II)	(III)	(IV)
	Audited as at 31 December 2015 RM	Full exercise of Warrants-A RM	After (I) and the Rights Issue of ICPS RM	After (II) and assuming full conversion of ICPS <sup>(4)</sup> RM	After (III) and assuming full exercise of Warrants-B RM
Share capital					
- CONNECT Shares	21,660,720	26,699,800	26,699,800	106,799,200	112,139,160
- ICPS	-	-	18,272,332 <sup>(1)</sup>	-	-
Share premium	2,070,279	2,070,279	-	-	3,737,972
Foreign exchange reserves	1,479,679	1,479,679	1,479,679	1,479,679	1,479,679
Warrant reserve	-	-	3,737,972 <sup>(2)</sup>	3,737,972	-
Accumulated losses	(4,351,349)	(4,351,349)	(6,569,042) <sup>(3)</sup>	(6,569,042)	(6,569,042)
<b>Shareholders' equity</b>	<b>20,859,329</b>	<b>25,898,409</b>	<b>43,620,741</b>	<b>105,447,809</b>	<b>110,787,769</b>
No. of CONNECT Shares NA per CONNECT Share (RM)	216,607,200 0.10	266,998,000 0.10	266,998,000 0.16	1,067,992,000 0.10	1,121,391,600 0.10
Interest bearing borrowings (RM)	331,159	331,159	2,667,850 <sup>(1)</sup>	331,159	331,159
Gearing (times)	0.02	0.01	0.06	-	-

## Notes:

- (1) RM20.025 million raised under the Maximum Scenario is accounted for by: An equity component of RM18.27 million, a liability component of RM2.33 million and offset by a deferred tax assets component of RM0.58 million.
- (2) Based on the issuance of 53,399,600 Warrants-B at an estimated fair value of RM0.07 per Warrant-B, which was arrived at based on the Black-Scholes option valuation model.
- (3) After deducting estimated expenses in relation to the Corporate Exercises of RM0.55 million.
- (4) Assuming all ICPS holders converted the ICPS based on a conversion price of RM0.10 and assuming a conversion mode of surrendering 1 ICPS to be converted into 1 CONNECT Share with an additional cash payment of RM0.075.

### **8.3 Earnings and EPS**

The Rights Issue of ICPS is not expected to have any material effect on our Group's consolidated earnings and EPS for the FYE 2015 and FYE 2016. The Rights Issue of ICPS is expected to contribute positively to the future earnings and EPS of our Group due to the availability of additional funds for our Group's working capital and expansion of production capacity and capability.

However, the EPS of our Group is expected to be correspondingly diluted as a result of the increase in the number of CONNECT Shares to be issued pursuant to the conversion of ICPS, exercise of the Additional Warrants-A and Warrants-B.

### **8.4 Dividend**

A cumulative preference dividend rate per annum of 10.0 sen per 100 ICPS shall be payable out of post taxation profits of the Company. The dividends, if any, shall be paid within 14 days from every anniversary of the issue date of the ICPS. No dividends shall be paid on the ordinary shares of the Company unless the dividends on the ICPS have first been paid.

Save for the above, as at the LPD, our Company does not have any fixed dividend policy. Dividends to be declared by our Company in the future will depend on *inter alia*, the availability of distributed reserves and cash taking into consideration the business requirements of our Group.

### **8.5 Convertible securities**

As at the LPD, save for the 50,390,800 existing Warrants-A, our Company does not have any other convertible securities.

Adjustments to the Warrants-A as a result of the Rights Issue of ICPS will be made in accordance with the provisions of the Deed Poll 2011. The Deed Poll 2011 provides for an adjustment formula in an instance of a rights issue exercise that is computed based on a number of factors which includes, amongst others, the existing number of Warrants-A in issue, the market price of the CONNECT Share as at the date of the announcement of the Rights Issue of ICPS and the conversion price of the ICPS.

Premised on the provisions of the Deed Poll 2011, up to 9,223,316 additional Warrants-A shall be issued to the holders of the Warrants-A under the provisions of the Deed Poll 2011. No adjustment will be made to the exercise price of the Warrants-A.

The adjustments will be effective on the Entitlement Date of the Rights Issue of ICPS. A notification to the holders of the Warrants-A explaining the mechanism of the Rights Adjustments will be issued by our Company in due course.

## **9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS**

### **9.1 Working capital**

Our Board is of the opinion that after taking into consideration the proceeds of the Rights Issue of ICPS, cash in hand, cashflow generated from our operations and minimal banking facilities, our Group will have adequate working capital to meet our business requirements within a period of 12 months from the date of this Abridged Prospectus.

## 9.2 Borrowings

As at the 31 March 2016, our Group has total outstanding bank borrowings, all of which are interest bearing, as follows:

	Foreign		Total
	SGD	RM equivalent	RM
Hire purchase for a motor vehicle purchased in Singapore	102,114	295,049	295,049
<b>Total</b>	<b>102,114</b>	<b>295,049</b>	<b>295,049</b>

Our Board confirms that there has not been any default on payments of either interest or principal sums by our Group, in respect of any borrowings during the FYE 2015 and for the subsequent financial period up to the LPD.

## 9.3 Material commitments

As at the LPD, our Board confirms that there is no material commitment incurred by our Group.

## 9.4 Contingent liabilities

As at the LPD, our Board confirms that there is no contingent liability incurred by our Group.

## 10. TERMS AND CONDITIONS

The issuance of the ICPS with Warrants-B pursuant to the Rights Issue of ICPS is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll 2016, the NPA and the RSF enclosed herewith.

## 11. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,  
For and on behalf of our Board  
**CONNECTCOUNTY HOLDINGS BERHAD**

**ROY THEAN CHONG YEW**  
Independent Non-Executive Chairman

**CERTIFIED EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE OF ICPS PASSED AT OUR EGM HELD ON 8 APRIL 2016**

*(Prepared for inclusion in this Abridged Prospectus)*

**CONNECTCOUNTY HOLDINGS BERHAD**

(Company No. 618933-D)

(Incorporated in Malaysia)

Certified Extract of the Minutes of the Extraordinary General Meeting of the Company held at Function Room 2, Level 2, Hotel Sri Petaling, No. 30, Jalan Radin Anum, Bandar Baru Sri Petaling, Kuala Lumpur, Wilayah Persekutuan on Friday, 8 April 2016 at 10:00 a.m.

Resolved:-

**ORDINARY RESOLUTION 1**

**- PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 800,994,000 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") AT AN ISSUE PRICE OF RM0.025 PER ICPS ON THE BASIS OF 3 ICPS FOR EVERY 1 EXISTING ORDINARY SHARES OF RM0.10 EACH ("CONNECT SHARES") HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("ENTITLEMENT DATE") TOGETHER WITH UP TO 53,399,600 FREE DETACHABLE WARRANTS ("WARRANT(S)-B") ON THE BASIS OF 1 FREE WARRANT-B FOR EVERY 15 ICPS SUBSCRIBED ("PROPOSED RIGHTS ISSUE OF ICPS")**

**THAT** subject to the passing of Ordinary Resolution 2 and Special Resolution 1, and the approvals from relevant authorities being obtained where necessary, approval be and is hereby given for CONNECT to undertake the Proposed Rights Issue of ICPS as follows:

- (a) To provisionally issue and allot by way of renounceable rights issue of up to 800,994,000 ICPS on the basis of 3 ICPS for every 1 existing CONNECT Shares held at an issue price of RM0.025 per ICPS to the entitled shareholders of the Company whose names appear in the Record of Depositors on the Entitlement Date together with up to 53,399,600 Warrant(s)-B on the basis of 1 free Warrant-B for every 15 ICPS subscribed;
- (b) To issue and allot the Warrants-B and such additional Warrants-B as may be required or permitted to be issued as a consequence of the adjustments based on the salient terms of which are set out in Section 2.1.3 of the Circular to Shareholders dated 17 March 2016 ("**Circular**") and upon the terms and conditions of a deed poll to be executed by CONNECT ("**Deed Poll**");
- (c) To issue and allot such number of new CONNECT Shares arising from the conversion of the ICPS during the tenure of the ICPS and the exercise of the Warrants-B; and
- (d) To issue and allot such other additional warrants as maybe required or permitted to be issued as a result of any adjustment under the provision of the Deed Poll dated 24 June 2011 ("**Additional Warrants-A**") and the exercise of the Additional Warrants-A;

**THAT** the Directors be and are hereby authorised to allocate the excess ICPS in a fair and equitable manner on a basis to be determined by the Directors in their absolute discretion;

**THAT** the Directors be and are hereby entitled to deal with all or any of the fractional entitlement of the ICPS arising from the Proposed Rights Issue of ICPS, which are not validly taken up or which are not allotted for any reason whatsoever, in such manner as the Directors may in their absolute discretion deems fit and in the best interest of the Company;

**CONNECTCOUNTY HOLDINGS BERHAD**

(Company No. 618933-D)

(Incorporated in Malaysia)

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(Certified Extract of the Minutes of the Extraordinary General Meeting held on 8 April 2016 – cont'd)

**THAT** the new CONNECT Shares to be issued pursuant to the conversion of the ICPS and the exercise of Warrants-B and additional Warrants-A, shall upon allotment and issue, rank *pari passu* in all respects with the existing CONNECT Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment of the new CONNECT Shares (as the case may be);

**THAT** the proceeds from the Proposed Rights Issue of ICPS will be utilised for such purposes as set out in Section 2.1.6 of the Circular and the Directors be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Directors may deem fit, necessary or expedient, subject to (where applicable) the approval of the relevant authorities;

**THAT** the Directors be and are hereby authorised to enter into and execute the Deed Poll constituting the Warrants-B and to do all acts, deeds and things as they may deem fit and expedient in order to implement, finalise and give effect to the Deed Poll;

**AND THAT** the Directors be and are hereby authorised with full power to make any modifications, variations and/or amendments in any manner as may be in the best interest of the Company or as may be required by the relevant authority/authorities to give effect to the Proposed Rights Issue of ICPS, and to take all such steps as they may deem necessary or expedient in the best interests of the Company to implement, finalise and give full effect to the Proposed Rights Issue of ICPS.

**ORDINARY RESOLUTION 2**

**- PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL FROM RM50,000,000 COMPRISING 500,000,000 ORDINARY SHARES OF RM0.10 EACH TO RM200,000,000 COMPRISING 1,750,000,000 ORDINARY SHARES OF RM0.10 EACH AND 1,000,000,000 IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") OF RM0.025 EACH ("PROPOSED IASC")**

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**THAT**, subject to the passing of Special Resolution 1, the authorised share capital of the Company will be increased from RM50,000,000.00 comprising 500,000,000 CONNECT Shares to RM200,000,000.00 comprising 1,750,000,000 CONNECT Shares and 1,000,000,000 ICPS of RM0.025 each, by the creation of an additional 1,250,000,000 new CONNECT Shares and 1,000,000,000 new ICPS;

**AND THAT** the Directors of the Company be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents (including, without limitation, the affixing of the Company's common seal, where necessary) as the Directors may consider necessary, expedient or relevant to give effect to and complete the Proposed IASC with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed IASC.

**CONNECTCOUNTY HOLDINGS BERHAD**

(Company No. 618933-D)

(Incorporated in Malaysia)

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(Certified Extract of the Minutes of the Extraordinary General Meeting held on 8 April 2016 – cont'd)

**SPECIAL RESOLUTION 1**

**- PROPOSED AMENDMENT TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY FOR THE PROPOSED IASC**

**THAT**, subject to the passing of Ordinary Resolution 2, approval be and is hereby given to the Company to amend the Memorandum and Articles of Association of the Company, in the manner as set out in Appendix III of the Circular.

**AND THAT** the Directors of the Company be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents (including, without limitation, the affixing of the Company's common seal, where necessary) as the Directors may consider necessary, expedient or relevant to give effect to and complete the Proposed Amendment with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Amendment.

**CERTIFIED TRUE AND CORRECT**



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**CHAIRMAN  
ROY THEAN CHONG YEW**

Dated: 8 April 2016



**SALIENT TERMS OF THE ICPS**

<b>Terms</b>	<b>Details</b>
Issue size	: Up to 800,994,000 ICPS
Par Value	: RM0.025 per ICPS
Issue Price	: RM0.025 per ICPS
Issue Date	: The date on which the ICPS is issued under the Rights Issue of ICPS
Tenure	: 5 years commencing from and inclusive of the Issue Date
Maturity Date	: The day falling 5 years from the Issue Date unless the tenure of the ICPS, if permitted by law, is extended by the Company and the ICPS holder  If the maturity date is not a market day, then it shall fall on the market day immediately preceding the said non market day
Board lot	: The ICPS are tradable upon listing in board lots of 100 ICPS
Dividends	: A cumulative preference dividend rate per annum of 10.0 sen per 100 ICPS shall be payable out of post taxation profits. Dividends of ICPS holders of less than 100 ICPS shall be pro-rated based on such number of the ICPS held by the ICPS holder. The dividends, if any, shall be paid within 14 days from every anniversary of the Issue Date. No dividends shall be paid on the ordinary shares of the Company unless the dividends on the ICPS have first been paid  The right to receive dividends, including dividends in arrears, shall cease once the ICPS are converted into CONNECT Shares (including where the ICPS are automatically converted in accordance with the terms of the ICPS)
Form and denomination	: The ICPS are to be issued in registered form and constituted by the Company's Memorandum and Articles of Association
Conversion Right	: Each ICPS carries the entitlement to convert into new Shares at the Conversion Price and Conversion Mode
Conversion period	: The ICPS may be converted at any time beginning from the Issue Date at the option of the ICPS holder until the Maturity Date  Any remaining ICPS that are not converted by the Maturity Date shall be automatically converted into new CONNECT Shares

Fractional entitlements : Any fractional entitlements to the new CONNECT Share resulting from the conversion of the ICPS, if any, will be disregarded and dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company. The Company shall not be required to pay the value of such fraction to the ICPS holder(s)

Conversion Price : RM0.10 per CONNECT Share

Conversion Mode : The ICPS may be converted into new CONNECT Shares in the following manner:

- (i) By surrendering for cancellation the ICPS with an aggregate par value equivalent to the Conversion Price; or
- (ii) By surrendering for cancellation such number of ICPS with an aggregate par value below the Conversion Price, subject to a minimum of 1 ICPS, and paying the difference between the par value of ICPS surrendered and the Conversion Price in cash, for every 1 new CONNECT Share

Based on the Conversion Price, the following are the permutations of the Conversion Mode:

<b>No. of ICPS to surrender</b>	<b>Total par value of ICPS surrendered (RM)</b>	<b>Additional cash consideration (RM)</b>	<b>Conversion price (RM)</b>
4	0.100	-	0.100
3	0.075	0.025	0.100
2	0.050	0.050	0.100
1	0.025	0.075	0.100

Ranking of the ICPS : The ICPS shall rank *pari passu* amongst themselves. In the event of liquidation, dissolution, winding-up or other repayment of capital:

- (i) With the exception of holders of redeemable convertible preference shares (if any), the ICPS shall confer on the holders the right to receive in priority to the holders of other classes of shares in the Company, cash repayment in full of the amount (and the premium payable and the amount of any dividend that has been declared and remaining in arrears) of that ICPS provided that there shall be no further right to participate in any surplus capital or surplus profits of the Company; and
- (ii) In the event that the Company has insufficient assets to permit payment of the full Issue Price to the ICPS holder, the assets of the Company shall be distributed rateably to the ICPS holder in proportion to the amount that each ICPS holder would otherwise be entitled to receive

Ranking of new shares to be issued pursuant to the conversion of the ICPS : All new CONNECT Shares to be issued pursuant to the conversion of the ICPS shall, upon allotment and issue, rank *pari passu* in all respects with the existing CONNECT Shares except that such new CONNECT Shares shall not entitle its holders to any dividends, rights, allotments, and/or other distributions on or prior to the relevant date of allotment of the new CONNECT Shares arising from the conversion of the ICPS

Adjustment to Conversion Price, Conversion Mode and Conversion Right : The Conversion Price, Conversion Mode and/or Conversion Right will be adjusted, at the determination of the Company, in all or any of the following cases:

- (i) An alteration of the par value of the ordinary shares of the Company by reason of consolidation or subdivision;
- (ii) A bonus issue of fully paid-up ordinary shares by the Company;
- (iii) A capital distribution to shareholders made by the Company whether on a reduction of capital or otherwise, but excluding any cancellation of capital which is lost or unrepresented by assets;
- (iv) A rights issue of ordinary shares or convertible securities by the Company; or
- (v) Any other circumstances deemed necessary by the Board

No adjustment to the Conversion Price, Conversion Mode and/or Conversion Right will be made unless the computation has been certified by the auditors of the Company

Rights of the ICPS holders : The ICPS holders shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited financial statements and attending general meetings of the Company. However, the ICPS holders are not entitled to any voting rights or participation in any rights, allotments and/or other distributions in the Company except in the following circumstances until and unless such holder converts his ICPS into new CONNECT Shares:

- (i) Upon any resolution which varies or is deemed to vary the rights and privileges of the ICPS;
- (ii) On a proposal to reduce the Company's share capital;
- (iii) On a proposal for the disposal of a substantial (as defined in Section 132C(1A) of the Act) portion of the Company's property, business and undertaking;
- (iv) On a proposal for the winding-up, liquidation, compromise and/or arrangement of the Company for the winding-up, liquidation, compromise and/or arrangement of the Company and during the winding-up, liquidation, compromise and/or arrangement of the Company; and
- (v) Other circumstances as may be provided under law and applicable to preference shares and/or preference shareholders from time to time

- Transfer : The ICPS shall be transferable only by instrument in writing in the usual or common form or such other form as the Board or the relevant authorities may approve. As the ICPS will be listed, they will be deposited with the CDS of Bursa Securities and will be subject to the Rules of Bursa Depository
- Modification of rights : The Company may from time to time with the consent or sanction of all the ICPS holders make modifications to the terms of which in the opinion of the Company are not materially prejudicial to the interest of the ICPS holders or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia and the relevant regulations
- Listing status : The ICPS will be listed on the ACE Market of Bursa Securities
- Governing law : Laws of Malaysia

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**SALIENT TERMS OF THE WARRANTS-B**

<b>Terms</b>	<b>Details</b>
Number of Warrants-B	: Up to 53,399,600 Warrants-B to subscribe for up to 53,399,600 new CONNECT Shares
Form and denomination	: The Warrants-B which are free will be issued, registered and in the form of definitive warrant certificates and will be constituted by the Deed Poll 2016
Exercise Price	: The exercise price of the Warrants-B is fixed at RM0.10  The exercise price and the number of outstanding Warrants-B shall be subject to the adjustments in accordance with the terms and provisions of the Deed Poll 2016 during the Exercise Period
Issue Date	: The first date on which the Warrants-B are issued pursuant to the Rights Issue of ICPS
Exercise Period	: The period commencing on, and inclusive of, the Issue Date and ending at 5.00 p.m. on the date preceding the 5th anniversary of the Issue Date, or if such date is not a market day, then it shall be the market day immediately preceding the said non market day, but excluding those days during that period on which the record of depositors and/or the Warrants-B register is or are closed  Any Warrants-B not exercised during the exercise period will thereafter lapse and cease to be valid
Exercise Rights	: The rights of a Warrant-B holder to subscribe for the CONNECT Share under a Warrant-B at the Exercise Price and shall be subject to the provisions of the Deed Poll 2016
Mode of exercise	: A Warrant-B holder must complete and sign the exercise notice (which shall be irrevocable) and deliver the duly completed and executed exercise notice to the registrar together with a remittance by way of banker's draft or cashier's order or money order or postal order drawn on a bank or post office operating in Malaysia

Modification of rights of the Warrants-B holders : The Company may, from time to time, without the consent of the Warrants-B holders, effect:

- (i) Any modification to the Warrants-B or the Deed Poll 2016 which, in the opinion of the Company, is not materially prejudice the interests of the Warrants-B holders;
- (ii) Any modification of the Warrants-B or the Deed Poll 2016 which in its opinion, is to correct a manifest error or to comply with mandatory provisions of Malaysian law; or
- (iii) Any modification of the Warrants-B or the Deed Poll 2016 which in its opinion is necessary or expedient to take into account changes to the Securities Industry (Central Depositories) Act, 1991, the business rules or any other changes in the law or any change in central depository from Bursa Malaysia Depository Sdn Bhd or in the nominee company of the central depository for the time being or the LR of Bursa Securities in force from time to time

Subject to the approval of any relevant authority, any modification, alteration or abrogation of the covenants or provisions contained in the Deed Poll 2016 proposed or agreed to by the Company must be sanctioned by special resolution of the holders of the Warrants-B, effected by the Deed Poll, executed by the Company and expressed to be supplemental and comply with the requirements of the Deed Poll

Board lot : For the purposes of trading on Bursa Securities, a board lot for the Warrants-B shall be 100 Warrants-B or as varied from time to time by any relevant authorities carrying the right to subscribe for 100 Shares

Adjustments in the Exercise Price and/or number of the Warrants-B : Subject to the provisions of the Deed Poll 2016, the Exercise Price and/or number of Warrants-B shall be adjusted by the Board in consultation with an approved adviser appointed by the Company and certified by the auditors of the Company in the event of alteration to the share capital of the Company

Rights of the Warrant-B holders : The Warrant-B holders shall not participate in any rights, allotments, dividends and/or other distributions, the entitlement date of which precedes the date of allotment of the new Shares issued pursuant to the exercise of the Warrants-B. The Warrant-B holders are not entitled to any voting rights in any general meeting of the Company or to participate in any form of distribution and/or offer of securities in the Company until and unless the new Shares have been allotted to them upon the exercise of the Warrants-B

- Rights in the event of winding-up, liquidation, compromise and/or arrangement : If a resolution is passed for a members' voluntary winding-up of the Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies, then:
- (i) For the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant-B holders, or some other persons designated by them for such purposes by a special resolution, will be a party, the terms of such winding-up, compromise and arrangement shall be binding on all the Warrants-B holders; or
  - (ii) Every Warrant-B holder shall be entitled (subject to the conditions as set out in the Deed Poll 2016) at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of the Company or 6 weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his Warrants-B to the Company, elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Exercise Rights represented by such Warrants-B to the extent specified in the exercise notice(s) and be entitled to receive out of the assets of the Company which would be available in liquidation as if he had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly
- Ranking of new CONNECT Shares to be issued pursuant to the exercise of the Warrants-B : The new CONNECT Shares to be issued upon the exercise of the Warrants-B shall, upon allotment and issue, rank *pari passu* in all respects with the then existing CONNECT Shares save and except that the holders shall not be entitled to participate in any rights, allotments, dividends and/or other distributions, the entitlement date of which precedes the date of allotment of the new Shares issued pursuant to the exercise of the Warrants-B
- Further issues : Subject to the provisions of the Deed Poll 2016, the Company will be at liberty to issue shares or other securities convertible into shares to shareholders either for cash or as bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit. Warrant-B holders will not have any participating rights in such issue unless the Warrant-B holder becomes a shareholder by exercising his Exercise Rights or otherwise resolved by the Company in general meeting
- Listing status : The Warrants-B will be listed and traded on the ACE Market of Bursa Securities
- Governing law : Laws of Malaysia

**INFORMATION ON OUR COMPANY****1. HISTORY AND BUSINESS**

We were incorporated in Malaysia under the Act on 18 June 2003 as a private limited company under the name Better Span Sdn Bhd. On 31 July 2003, we changed our name to ConnectCounty Holdings Sdn Bhd. Subsequently, on 19 December 2003, we were converted into a public company and assumed our present name.

We were listed on the then MESDAQ Market (now known as ACE Market) of Bursa Securities on 20 October 2005.

Our Company's principal activity is that of investment holding. Our Group is a provider of cable, wire and connector to the interconnect industry.

Further details of our subsidiaries as at the LPD are set out in Section 5 of this Appendix. We do not have any associated companies as at the LPD.

**2. SHARE CAPITAL**

As at the LPD, our authorised and issued and paid-up share capital is as follows:

<b>Type</b>	<b>No. of Shares</b>	<b>Par value</b>	<b>Total</b>
<b>Ordinary shares</b>		<b>RM</b>	<b>RM</b>
Authorised	1,750,000,000	0.10	175,000,000
Issued and fully paid-up	216,607,200	0.10	21,660,720
<b>ICPS</b>			
Authorised	1,000,000,000	0.025	25,000,000
Issued and fully paid-up	-	-	-

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### Changes in Issued and Paid-Up Share Capital

The changes in our Company's issued and paid-up share capital for the last 3 years are as follows:

<b>Date of allotment</b>	<b>No. of Shares issued</b>	<b>Par value (RM)</b>	<b>Consideration</b>	<b>Cumulative Total (RM)</b>
12.03.2012	14,197,000	0.10	Private Placement	15,617,540
28.10.2013	15,617,500	0.10	Private Placement	17,179,290
19.06.2014	16,902,900	0.10	Private Placement	18,869,580
03.11.2014	17,455,600	0.10	Private Placement	20,615,140
02.06.2015	760,000	0.10	Exercise of Warrants-A	20,691,140
09.06.2015	2,258,800	0.10	Exercise of Warrants-A	20,917,020
16.06.2015	3,040,000	0.10	Exercise of Warrants-A	21,221,020
23.06.2015	530,000	0.10	Exercise of Warrants-A	21,274,020
01.07.2015	2,875,900	0.10	Exercise of Warrants-A	21,561,610
10.07.2015	551,100	0.10	Exercise of Warrants-A	21,616,720
30.09.2015	60,000	0.10	Exercise of Warrants-A	21,622,720
23.10.2015	50,000	0.10	Exercise of Warrants-A	21,660,720

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### 3. SUBSTANTIAL SHAREHOLDERS

Based on our Register of Substantial Shareholders as at the LPD, the pro forma effects of the Rights Issue of ICPS on the shareholdings of our substantial shareholders are as follows:

**Minimum Scenario (Assuming that save for the Undertaking and Underwriting, none of the other Entitled Shareholders subscribe for the Rights Issue of ICPS and the ICPS holders convert their ICPS into CONNECT Shares based on a conversion price of RM0.10 and assuming a conversion mode of surrendering 4 ICPS to be converted into 1 CONNECT Share with no additional cash payment)**

	As at the LPD			(I) After the Rights Issue of ICPS and assuming full conversion of ICPS			(II) After (I) and assuming full exercise of Warrants-A and Warrants-B		
	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%
Dato' Ng Aik Kee	27,000,000	-	12.46	27,000,000	-	9.10	28,101,300	-	7.63
Chng Seng Chye @ Chng Hung Seng	18,287,382	-	8.44	18,287,382	-	6.17	22,753,452	-	6.18
Ang	15,665,752	-	7.23	30,665,752	-	10.34	34,665,752	-	9.41
Yap Shuh Jian	11,863,900	-	5.48	11,863,900	-	4.00	17,173,900	-	4.66

**Maximum Scenario (Assuming the Warrants-A are exercised prior to the Entitlement Date and all Entitled Shareholders subscribe for the Rights Issue of ICPS in full and the ICPS holders convert their ICPS into CONNECT Shares based on a conversion price of RM0.10 and assuming a conversion mode of surrendering 1 ICPS to be converted into 1 CONNECT Share with an additional cash payment of RM0.075)**

	As at the LPD			(I) Assuming full exercise of Warrants-A			(II) After (I), the Rights Issue of ICPS and assuming full conversion of ICPS		
	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%
Dato' Ng Aik Kee	27,000,000	-	12.46	28,101,300	-	10.52	112,405,200	-	10.52
Chng Seng Chye @ Chng Hung Seng	18,287,382	-	8.44	22,753,452	-	8.52	91,013,808	-	8.52
Ang	15,665,752	-	7.23	15,665,752	-	5.87	62,663,008	-	5.87
Yap Shuh Jian	11,863,900	-	5.48	17,173,900	-	6.43	68,695,600	-	6.43

	(II) After (II) and assuming full exercise of Warrants-B		
	Direct No. of Shares	%	Indirect No. of Shares
Dato' Ng Aik Kee	118,025,460	10.52	-
Chng Seng Chye @ Chng Hung Seng	95,564,498	8.52	-
Ang	65,796,158	5.87	-
Yap Shuh Jian	72,130,380	6.43	-

#### 4. BOARD OF DIRECTORS

The age, designation, nationalities and addresses of our Board are set out under the Corporate Directory on page (vii) of this Abridged Prospectus. The pro forma effects of the Rights Issue of ICPS on the shareholding of our Directors, assuming all Directors subscribe for their respective entitlements under the Rights Issue of ICPS (under the Maximum Scenario), are set out below:

**Minimum Scenario (Assuming that save for the Undertaking and Underwriting, none of the other Entitled Shareholders subscribe for the Rights Issue of ICPS and the ICPS holders convert their ICPS into CONNECT Shares based on a conversion price of RM0.10 and assuming a conversion mode of surrendering 4 ICPS to be converted into 1 CONNECT Share with no additional cash payment)**

	As at the LPD			(I) After the Rights Issue of ICPS and assuming full conversion of ICPS			(II) After (I) and assuming full exercise of Warrants-A and Warrants-B		
	Direct No. of Shares	%	Indirect No. of Shares	Direct No. of Shares	%	Indirect No. of Shares	Direct No. of Shares	%	Indirect No. of Shares
Roy Thean Chong	-	-	-	-	-	-	-	-	-
Yew Ang	15,665,752	7.23	-	18,287,382	6.17	-	22,753,452	6.18	-
Goh Kok Boon	-	-	-	-	-	-	-	-	-
Hong Cheong Liang	-	-	-	-	-	-	-	-	-
Lee Choon Kwong	234,400	0.11	-	234,400	0.08	-	1,335,700	0.36	-

**Maximum Scenario (Assuming the Warrants-A are exercised prior to the Entitlement Date and all Entitled Shareholders subscribe for the Rights Issue of ICPS in full and the ICPS holders convert their ICPS into CONNECT Shares based on a conversion price of RM0.10 and assuming a conversion mode of surrendering 1 ICPS to be converted into 1 CONNECT Share with an additional cash payment of RM0.075)**

	As at the LPD			(I) Assuming full exercise of Warrants-A			(II) After (I), the Rights Issue of ICPS and assuming full conversion of ICPS		
	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%
Roy Thean Chong	-	-	-	-	-	-	-	-	-
Yew	-	-	-	-	-	-	-	-	-
Ang	15,665,752	7.23	-	15,665,752	5.87	-	62,663,008	5.87	-
Goh Kok Boon	-	-	-	-	-	-	-	-	-
Hong Cheong Liang	-	-	-	-	-	-	-	-	-
Lee Choon Kwong	234,400	0.11	-	1,335,700	0.50	-	5,342,800	0.50	-

**(III)  
After (II) and assuming full exercise of  
Warrants-B**

	Direct No. of Shares	%	Indirect No. of Shares	%
Roy Thean Chong	-	-	-	-
Yew	-	-	-	-
Ang	65,796,158	5.87	-	-
Goh Kok Boon	-	-	-	-
Hong Cheong Liang	-	-	-	-
Lee Choon Kwong	5,609,940	0.50	-	-

## 5. SUBSIDIARY AND ASSOCIATED COMPANIES

Our subsidiaries as at the LPD are as follows:

<b>Subsidiaries</b>	<b>Date / Country of incorporation</b>	<b>Issued and paid-up share capital</b>	<b>Effective ownership (%)</b>	<b>Principal activities</b>
Rapid Conn Interconnect (M) Sdn. Bhd.	17.05.2000 / Malaysia	RM3,410,000	100.0	Export and import of a variety of goods
Borderless Fame Sdn. Bhd.	03.01.2014 / Malaysia	RM100,000	100.0	Dormant
Rapid Conn Inc.	05.09.2000 / US	USD731,580	100.0	Design, manufacture, sales, marketing and services of cables, connectors and related products
Rapid Conn (S) Pte. Ltd.	22.02.1994 / Singapore	SGD3,661,827	100.0	Trading and marketing of cables, connectors and related products
RCC	24.12.2004 / PRC	USD2,888,274	100.0	Manufacture and trading of cables, connectors and related products
<b>Held through Rapid Conn (Shen Zhen) Co., Ltd.</b>				
Rapid Power (Shen Zhen) Co., Ltd	12.02.2015 / PRC	-	100.0	Dormant

We do not have any associated company as at LPD.

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## 6. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements for the past 3 FYEs 2013 to 2015 as follows:

	<b>Audited</b>		
	<b>FYE 2013</b>	<b>FYE 2014</b>	<b>FYE 2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	52,792	52,610	64,877
PBT/ (LBT)	(457)	(2,719)	2,816
<i>Add:</i>			
Finance costs	78	87	81
Depreciation and amortisation	1,091	1,214	1,635
<i>Less:</i>			
Interest income	4	2	5
<b>Earnings/ (Loss) before interest, depreciation and amortisation</b>	<b>708</b>	<b>(1,420)</b>	<b>4,527</b>
Other income	1,225	1,969	2,110
Taxation	(644)	(273)	(125)
PAT/ (LAT)	(1,101)	(2,993)	2,692
PAT/ (LAT) attributable to the owners of the Company	(1,101)	(2,993)	2,692
Number of ordinary shares in issue ('000)	171,793	206,151	216,607
Gross profit	12,349	11,827	15,771
Gross profit margin (%)	23.39	22.48	24.31
Basic EPS/ (LPS) (sen)	(0.69)	(1.44)	1.27
Diluted EPS/ (LPS) (sen)	(0.67)	(1.37)	1.15
Share of loss of associate	(50)	-	-
Dividend per Share (sen)	-	-	-

## Financial commentary

### FYE 2013

For the FYE 2013, we have recorded revenue of RM52.79 million and LAT of RM1.10 million as compared to the preceding year's corresponding revenue of RM53.53 million and LAT of RM3.47 million respectively. This represents approximately a 1.4% decrease in revenue and 68.3% reduction in LAT for the FYE 2013 as compared to the corresponding FYE 2012.

The drop in revenue was mainly due to the consolidation of players in the Set-Top Box and Gateway markets which were 2 of our Company's core markets.

A Gateway is a type of hardware/software device, (such as router) that connects and transfers data between 2 networks employing different communication protocols. A Set-Top Box is an information appliance device that is used in cable television, satellite television and broadcast television. CONNECT manufactures cables to these 2 markets.

The consolidation of Set-Top Box and Gateway players indirectly affected us mainly through the following factors:

- (i) These consolidated players reduced the level of inventory needed, which in turn reduced the demand for our interconnect components used in their products. This drop in demand was exacerbated by a slow European economy at the time.
- (ii) Additionally, a shift in buying trends saw Set-Top Box and Gateway accessories (which are accompanied with our interconnect components) being sold directly to the end customer instead of through these Set-Top Box and Gateway players.

The reduction in LAT was due to a higher sales margin from our Group of about 23.4% as compared to about 18.1% in the previous year. This was largely contributed by our subsidiary, RCC's improved margins due to efforts in diversifying into higher margin products such as cables for smart devices and security devices. In addition, we were able to shed some of its production costs through progressive production automation and outsourcing part of our manufacturing activities. However, the improvement was offset by deferred tax adjustments of about RM0.35 million, net impairment of receivables of about RM0.64 million and realisation of a net foreign exchange currency translation loss of RM0.37 million during the FYE 2013.

### FYE 2014

For the FYE 2014, our Group's revenue reduced from RM52.79 million to RM52.61 million representing a reduction of 0.34% as compared to the preceding financial year. The lower revenue recorded was mainly due to lower demand caused by uncertainty over the recovery pace of the global economy. This caused a reduction in demand for the Set-Top Box and Gateway products in PRC.

The Group also recorded higher LAT as compared to the preceding financial year from RM1.10 million to RM2.99 million representing an increase of 171.82%. This was due to the escalating direct manufacturing costs such as increases in the minimum wage rate, labour shortages and the cost of rental in Shenzhen, where our Group's major manufacturing facility is located. Additionally, the LAT was worsened after accounting for a loss on deemed disposal of a subsidiary of RM1.20 million, a deposit of RM0.50 million for a failed business venture and a bad debt of RM0.89 million both of which were written off during the year.

## **FYE 2015**

For the FYE 2015, our Group recorded revenue of RM64.88 million, an increase of 23.3% as compared to the FYE 2014's revenue of RM52.61 million. The increase was contributed by customers in the home entertainment market who have generally experienced improved demand in their products. The increase was also due to the strengthening of USD as CONNECT's sales were mainly transacted in USD. Additionally, the gain in the unrealised foreign exchange of RM1.07 million as compared to the preceding year of RM0.36 million has overall improved the financial position of our Group.

Our Group managed to record a PAT of RM2.69 million for the FYE 2015 as compared to LAT of RM2.99 million in the FYE 2014. The turnaround was largely due to our efforts in diversifying into higher margin products as well as the overall improvement in variable costs arising from more stringent control over input costs. Additionally, the non-operating losses in FYE 2014 totalling RM2.59 million did not recur in FYE 2015.

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## 7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of CONNECT's Shares as traded on Bursa Securities for the past 12 months are as follows:

	<b>Highest (RM)</b>	<b>Lowest (RM)</b>
<b>2015</b>		
May	0.25	0.21
June	0.31	0.23
July	0.32	0.21
August	0.26	0.21
September	0.24	0.22
October	0.30	0.19
November	0.20	0.17
December	0.19	0.17
<b>2016</b>		
January	0.19	0.16
February	0.17	0.11
March	0.14	0.11
April	0.16	0.13

The last transacted price of CONNECT Shares on Bursa Securities on 16 October 2015, being the trading day immediately prior to the date of the announcement of the Corporate Exercises was RM0.28.

The last transacted price of CONNECT Shares as at LPD was RM0.14 per Share.

The last transacted price of CONNECT Shares on 12 May 2016, being the Market Day prior to the ex-date of the Rights Issue of ICPS was RM0.135 per Share.

*(Source: M&A Securities)*

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**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON**

*(Prepared for inclusion in this Abridged Prospectus)*



**SIEW BOON YEONG & ASSOCIATES**

Chartered Accountants [AF: 0660]

9-C, Jalan Medan Tuanku, Medan Tuanku, 50300 Kuala Lumpur, Malaysia.

Tel: 03-2693 8837 Fax: 03-2693 8836 Website: www.sby.com.my E-mail: audit@sby.com.my



Date: 9 May 2016

The Board of Directors

**Connectcounty Holdings Berhad**

No. 12-1 (1<sup>st</sup> Floor), Jalan Radin Bagus 9,

Sri Petaling,

57000 Kuala Lumpur.

Dear Sirs,

**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT” OR “COMPANY”)**

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 800,994,000 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES OF RM0.025 EACH IN CONNECT (“ICPS”) ON THE BASIS OF 3 ICPS FOR EVERY EXISTING ORDINARY SHARE OF RM0.10 EACH IN CONNECT TOGETHER WITH UP TO 53,399,600 FREE DETACHABLE WARRANTS (“WARRANT(S)-B”) ON THE BASIS OF 1 FREE WARRANT-B FOR EVERY 15 ICPS SUBSCRIBED AT 5.00 P.M. ON BOOK CLOSURE DATE AT AN ISSUE PRICE OF RM0.025 PER ICPS PAYABLE IN FULL UPON ACCEPTANCE**

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of Connect and its subsidiaries (“the Group”) as at 31 December 2015 for which the Directors are solely responsible. The Pro Forma Consolidated Statements of Financial Position consists of the Pro Forma Consolidated Statements of Financial Position as at 31 December 2015 together with the accompanying notes thereon (which we have stamped for the purpose of identification), as set out in the accompanying statements. The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statements of Financial Position are described in the notes to the Pro Forma Consolidated Statements of Financial Position (“Applicable Criteria”).

The Pro Forma Consolidated Statements of Financial Position has been compiled by the Directors to illustrate the effects of the rights issue of up to 800,994,000 new ICPS at an issue price of RM0.025 per ICPS on the basis of three (3) ICPS for every one (1) existing ordinary share of RM0.10 each held in Connect (“Connect Share(s)” or “Share(s)”) together with up to 53,399,600 free detachable Warrant(s)-B on the basis of one (1) free Warrant-B for every fifteen (15) ICPS subscribed at 5.00 p.m. on book closure date at an issue price of RM0.025 per ICPS payable in full upon acceptance.

As part of this process, information about the Group’s financial position has been extracted by the Directors from the audited financial statements of the Group for the financial year ended 31 December 2015, which have been published.

*Directors’ Responsibility for the Pro Forma Consolidated Statements of Financial Position*

The Directors are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis of the Applicable Criteria as described in the notes thereto.

### *Reporting Accountants' Responsibilities*

Our responsibility is to express an opinion, whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material aspects, by the Directors on the basis of the Applicable Criteria as described in the notes thereto.

We conducted our engagement in accordance with International Standard on Assurance Engagements, (ISAE) 3420 - *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material aspects, the Pro Forma Consolidated Statements of Financial Position on the basis of the Applicable Criteria as described in the notes thereto.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position included in the Abridged Prospectus to shareholders is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2015 would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:-

- (i) The related Pro Forma adjustments give appropriate effect to those criteria; and
- (ii) The Pro Forma Consolidated Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



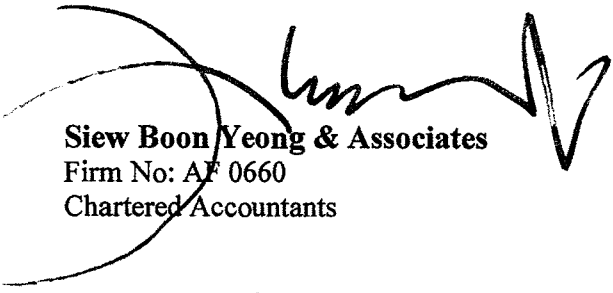
*Opinion*

In our opinion,


- (i) the Pro Forma Consolidated Statements of Financial Position as at 31 December 2015 have been properly compiled on the basis set out in the accompanying notes to the Pro Forma Consolidated Statements of Financial Position using financial statements prepared by the Directors in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies of the Connect unless otherwise stated; and
- (ii) the adjustments made to the information used in the preparation of the Pro Forma Consolidated Statements of Financial Position are appropriate for the purposes of preparing the Pro Forma Consolidated Statements of Financial Position.

We understand that this letter will be used solely for the purpose of inclusion in the Abridged Prospectus to shareholders of Connect in connection with the Renounceable Rights Issue of up to 800,994,000 new ICPS on the basis of three ICPS for every existing ordinary share of RM0.10 each held in Connect together with up to 53,399,600 free detachable Warrants-B on the basis of one free Warrant-B for every 15 ICPS subscribed at 5.00 p.m. on book closure date at an issue of RM0.025 per ICPS payable in full upon acceptance. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully



**Siew Boon Yeong & Associates**  
Firm No: AF 0660  
Chartered Accountants



**Dato' Siew Boon Yeong**  
Approved Number: 1321/7/16 (J)  
Partner of Firm

**CONNECTCOUNTRY HOLDINGS BERHAD ("CONNECT")  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015  
MINIMUM SCENARIO**

	Audited Consolidated Financial Position as at 31 December 2015 RM	Adjustments for Rights Issue of ICPS RM	Pro Forma I After Rights Issue of ICPS RM	Adjustments for full conversion of ICPS RM	Pro Forma II After Pro Forma I and full conversion of ICPS RM	Adjustments for full exercise of Warrants-A and Warrants-B RM	Pro Forma III After Pro Forma I, II and full exercise of Warrants-A and Warrants-B RM
<b>ASSETS</b>							
<b>Non-current Assets</b>							
Property, plant and equipment	4,839,634	1,700,000	6,539,634	-	6,539,634	-	6,539,634
Deferred tax assets	49,315	233,379	282,694	(233,379)	49,315	-	49,315
	4,888,949	1,933,379	6,822,328	(233,379)	6,588,949	-	6,588,949
<b>Current Assets</b>							
Inventories	7,548,965	-	7,548,965	-	7,548,965	-	7,548,965
Trade receivables	17,184,359	-	17,184,359	-	17,184,359	-	17,184,359
Other receivables	2,525,174	-	2,525,174	-	2,525,174	-	2,525,174
Cash and bank balances	4,859,231	5,750,000	10,609,231	-	10,609,231	7,172,413	17,781,644
	32,117,729	5,750,000	37,867,729	-	37,867,729	7,172,413	45,040,142
<b>Total Assets</b>	37,006,678	7,683,379	44,690,057	(233,379)	44,456,678	7,172,413	51,629,091
<b>EQUITY AND LIABILITIES</b>							
<b>Equity attributable to owners of the Company</b>							
Share capital	21,660,720	-	21,660,720	8,000,000	29,660,720	7,172,413	36,833,133
ICPS - equity component	-	7,299,863	7,299,863	(7,299,863)	-	-	-
Share premium	2,070,279	(1,493,333)	576,946	-	576,946	1,493,333	2,070,279
Warrant reserve	-	1,493,333	1,493,333	-	1,493,333	(1,493,333)	-
Foreign exchange translation reserve	1,479,679	-	1,479,679	-	1,479,679	-	1,479,679
Accumulated losses	(4,351,349)	(550,000)	(4,901,349)	-	(4,901,349)	-	(4,901,349)
<b>Total equity attributable to owners of the Company</b>	20,859,329	6,749,863	27,609,192	700,137	28,309,329	7,172,413	35,481,742
<b>Total Equity</b>	20,859,329	6,749,863	27,609,192	700,137	28,309,329	7,172,413	35,481,742


**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT”)  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015  
MINIMUM SCENARIO (CONT'D)**

	Audited Consolidated Financial Position as at 31 December 2015 RM	Adjustments for Rights Issue of ICPS RM	Pro Forma I After Rights Issue of ICPS RM	Adjustments for full conversion of ICPS RM	Pro Forma II After Pro Forma I and full conversion of ICPS RM	Adjustments for full exercise of Warrants-A and Warrants-B RM	Pro Forma III After Pro Forma I, II and full exercise of Warrants-A and Warrants-B RM
<b>Non-Current Liabilities</b>							
Borrowings	251,928	-	251,928	-	251,928	-	251,928
Other payables	27,742	-	27,742	-	27,742	-	27,742
ICPS - liability component	-	933,516	933,516	(933,516)	-	-	-
	279,670	933,516	1,213,186	(933,516)	279,670	-	279,670
<b>Current Liabilities</b>							
Trade payables	12,415,521	-	12,415,521	-	12,415,521	-	12,415,521
Other payables	3,372,927	-	3,372,927	-	3,372,927	-	3,372,927
Borrowings	79,231	-	79,231	-	79,231	-	79,231
	15,867,679	-	15,867,679	-	15,867,679	-	15,867,679
	16,147,349	933,516	17,080,865	(933,516)	16,147,349	-	16,147,349
<b>Total Liabilities</b>	37,006,678	7,683,379	44,690,057	(233,379)	44,456,678	7,172,413	51,629,091
Par value per ordinary share (RM)	0.10		0.10		0.10		0.10
Number of Shares	216,607,200		216,607,200	80,000,000	296,607,200	71,724,133	368,331,333
Net assets per Share (RM)	0.10		0.13		0.10		0.10
Total borrowings (RM)*	331,159	933,516	1,264,675	(933,516)	331,159		331,159
Gearing ratio (times)	0.02		0.05		0.01		0.01

Note: \* - Comprise of all interest bearing borrowings and liability component of ICPS.

**CONNECTCOUNTRY HOLDINGS BERHAD (“CONNECT”)  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015  
MAXIMUM SCENARIO**

	Audited Consolidated Financial Position as at 31 December 2015 RM	Adjustments for full exercise of Warrants-A RM	Pro Forma I After full exercise of Warrants-A RM	Adjustments for Rights Issue of ICPS RM	Pro Forma II After Proforma I and Rights Issue of ICPS RM	Adjustments for full conversion of ICPS RM	Pro Forma III After Pro Forma I, II and full conversion of ICPS RM	Adjustments for full exercise of Warrants-B RM	Pro Forma IV After Pro Forma I, II, III and full exercise of Warrants-B. RM
<b>ASSETS</b>									
<b>Non-current Assets</b>									
Property, plant and equipment	4,839,634	-	4,839,634	2,500,000	7,339,634	-	7,339,634	-	7,339,634
Deferred tax assets	49,315	-	49,315	584,173	633,488	(584,173)	49,315	-	49,315
	4,888,949	-	4,888,949	3,084,173	7,973,122	(584,173)	7,388,949	-	7,388,949
<b>Current Assets</b>									
Inventories	7,548,965	-	7,548,965	-	7,548,965	-	7,548,965	-	7,548,965
Trade receivables	17,184,359	-	17,184,359	-	17,184,359	-	17,184,359	-	17,184,359
Other receivables	2,525,174	-	2,525,174	-	2,525,174	-	2,525,174	-	2,525,174
Cash and bank balances	4,859,231	5,039,080	9,898,311	16,974,850	26,873,161	60,074,550	86,947,711	5,339,960	92,287,671
	32,117,729	5,039,080	37,156,809	16,974,850	54,131,659	60,074,550	114,206,209	5,339,960	119,546,169
<b>Total Assets</b>	37,006,678	5,039,080	42,045,758	20,059,023	62,104,781	59,490,377	121,595,158	5,339,960	126,935,118
<b>EQUITY AND LIABILITIES</b>									
<b>Equity attributable to owners of the Company</b>									
Share capital	21,660,720	5,039,080	26,699,800	-	26,699,800	80,099,400	106,799,200	5,339,960	112,139,160
ICPS - equity component	-	-	-	18,272,332	18,272,332	(18,272,332)	-	-	-
Share premium	2,070,279	-	2,070,279	(2,070,279)	-	-	-	3,737,972	3,737,972
Warrant reserve	-	-	-	3,737,972	3,737,972	-	3,737,972	(3,737,972)	-
Foreign exchange translation reserve	1,479,679	-	1,479,679	-	1,479,679	-	1,479,679	-	1,479,679
Accumulated losses	(4,351,349)	-	(4,351,349)	(2,217,693)	(6,569,042)	-	(6,569,042)	-	(6,569,042)
<b>Total equity attributable to owners of the Company</b>	20,859,329	5,039,080	25,898,409	17,722,332	43,620,741	61,827,068	105,447,809	5,339,960	110,787,769
<b>Total Equity</b>	20,859,329	5,039,080	25,898,409	17,722,332	43,620,741	61,827,068	105,447,809	5,339,960	110,787,769

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**SIEW BOON YEONG & ASSOCIATES**  
 Chartered Accountants [AF: 0660]

**CONNECTCOUNTRY HOLDINGS BERHAD (“CONNECT”)  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015  
MAXIMUM SCENARIO (CONT'D)**

Audited Consolidated Financial Position as at 31 December 2015 RM	Adjustments for full exercise of Warrants-A RM	Pro Forma I After full exercise of Warrants-A RM	Adjustments for Rights Issue of ICPS RM	Pro Forma II After Proforma I and Rights Issue of ICPS RM	Adjustments for full conversion of ICPS RM	Pro Forma III After Pro Forma I, II and full conversion of ICPS RM	Adjustments for full exercise of Warrants-B RM	Pro Forma IV After Pro Forma I, II, III and full exercise of Warrants-B RM
251,928	-	251,928	-	251,928	-	251,928	-	251,928
27,742	-	27,742	-	27,742	-	27,742	-	27,742
-	-	-	2,336,691	2,336,691	(2,336,691)	-	-	-
279,670	-	279,670	2,336,691	2,616,361	(2,336,691)	279,670	-	279,670
<b>Non-Current Liabilities</b>								
Borrowings	-	12,415,521	-	12,415,521	-	12,415,521	-	12,415,521
Other payables	-	3,372,927	-	3,372,927	-	3,372,927	-	3,372,927
ICPS - liability component	-	79,231	-	79,231	-	79,231	-	79,231
15,867,679	-	15,867,679	-	15,867,679	-	15,867,679	-	15,867,679
16,147,349	-	16,147,349	2,336,691	18,484,040	(2,336,691)	16,147,349	-	16,147,349
37,006,678	5,039,080	42,045,758	20,059,023	62,104,781	59,490,377	121,595,158	5,339,960	126,935,118
<b>Total Equity and Liabilities</b>								
Par value per ordinary share (RM)	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Number of Shares	216,607,200	50,390,800	266,998,000	266,998,000	800,994,000	1,067,992,000	53,399,600	1,121,391,600
Net assets per Share (RM)	0.10	0.10	0.16	0.16	0.10	0.10	0.10	0.10
Total borrowings (RM)*	331,159	331,159	2,336,691	2,667,850	(2,336,691)	331,159	-	331,159
Gearing ratio (times)	0.02	0.01	0.06	0.06	0.00	0.00	-	0.00

Note: \* - Comprise of all interest bearing borrowings and liability component of ICPS.



**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT”)  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT  
31 DECEMBER 2015**

**1. BASIS OF PREPARATION**

The Pro Forma Consolidated Statements of Financial Position have been prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards in Malaysia and based on the audited Consolidated Statements of Financial Position of Connect as at 31 December 2015. The Pro Forma Consolidated Statements of Financial Position have been prepared solely for illustrative purposes, to show the effects of The Pro Forma Consolidated Statements of Financial Position has been compiled by the Directors to illustrate the effects of the rights issue of up to 800,994,000 new ICPS at an issue price of RM0.025 per ICPS on the basis of three (3) ICPS for every one (1) existing ordinary share of RM0.10 each held in Connect (“Connect Share(s)” or “Share(s)”) together with up to 53,399,600 free Warrant(s)-B on the basis of one (1) free Warrant-B for every fifteen (15) ICPS subscribed at 5.00 p.m. on book closure date at an issue price of RM0.025 per ICPS payable in full upon acceptance.

As part of this process, information about the Group’s financial position has been extracted by the Directors from the audited financial statements of the Group for the financial year ended 31 December 2015, which have been published.

The Pro Forma Consolidated Statements of Financial Position have been prepared based on the accounting policies and bases consistent with those normally adopted by Connect in the preparation of its audited financial statements in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

The Pro Forma Consolidated Statements of Financial Position is presented in Ringgit Malaysia (“RM”).

The Pro Forma Consolidated Statements of Financial Position, because of its nature, may not be reflective of the Group’s actual financial position. Furthermore, such information does not purport to predict the future financial position of the Group.

**1.1 The details of the Minimum and Maximum Scenarios are set out below:**

**(i) Minimum Scenario**

Minimum Scenario representing the scenario on the following assumptions:-

- (a) None of the remaining 50,390,800 Warrants-A of the Group are exercised prior to the Entitlement Date.
- (b) Issuance of 320,000,000 ICPS together with 21,333,333 Warrants-B based on the minimum subscription level.
- (c) Full conversion of 320,000,000 of ICPS issued pursuant to Rights Issue of ICPS into 80,000,000 new Connect Shares on the basis of four (4) ICPS to be converted into one (1) fully paid Connect Share at conversion price of RM0.10 per Connect Share.
- (d) Full exercise of all outstanding 50,390,800 Warrants-A and 21,333,333 Warrants-B at an exercise price of RM0.10 per Warrants-A and Warrants-B, into 71,724,133 new Connect Shares.

**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT”)  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT  
31 DECEMBER 2015**

(ii) **Maximum Scenario**

Maximum Scenario representing the scenario on the following assumptions:-

- (a) Full exercise of all the remaining 50,390,800 Warrants-A into 50,390,800 new Connect Shares prior to the Entitlement Date.
- (b) Issuance of 800,994,000 ICPS together with 53,399,600 Warrants-B based on the maximum subscription level.
- (c) Full conversion of 800,994,000 of ICPS issued pursuant to Rights Issue of ICPS into 800,994,000 new Connect Shares where each ICPS is converted into a new Connect Share with an additional cash consideration of RM0.075, at conversion price of RM0.10 per Connect Share.
- (d) Full exercise of all outstanding 53,399,600 Warrants-B at an exercise price of RM0.10 per Warrant-B into 53,399,600 new Connect Shares.

1.2 **Fair value of ICPS**

Pursuant to the Rights Issue of ICPS described in Note 1 above, the fair value of the ICPS is assessed and allocated into its liability and equity components.

The liability component of the ICPS is recognised initially at the fair value. Deferred tax assets are recognised using the statutory tax rate of 25% arising on the liability component of the ICPS. The discount rate used was 9%, based on the Company’s weighted average cost of capital derived from Bloomberg.

The equity component of the ICPS is recognised initially as the difference between the fair value of the ICPS instrument as a whole and the fair value of the liability component of the ICPS.

1.3 **Fair value of Warrants-B**

The allocated fair value of Warrants-B is credited to warrant reserve which is non-distributable.

The Directors of Connect have allocated a fair value of RM0.07 for each of the Warrants-B. The fair value of the Warrants-B is derived at using the Black-Scholes option pricing model. The assumptions used to arrive at this fair value are as follows:

Exercise price	:	RM0.10
Time to expire	:	Five (5) years
Share price of Connect as at LPD	:	RM0.1206
Volatility rate	:	85.01%
Risk free rate	:	3.516%

**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT”)  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT  
31 DECEMBER 2015**

**2. MINIMUM SCENARIO**

**2.1 PRO FORMA I**

Pro Forma I incorporates the effects of Rights Issue of ICPS and the following utilisation of proceeds on the Consolidated Statements of Financial Position as at 31 December 2015:

	RM
Capital expenditure	1,700,000
Working capital	5,750,000
Estimated expenses for the Rights Issue of ICPS	550,000
	8,000,000

The proceeds earmarked for capital expenditure and working capital of RM1.70 million and RM5.75 million respectively of which the working capital will be included in cash and bank balances. The estimated expenses in relation to the corporate exercise of RM0.55 million will be recognised as expenses.

The Rights Issue of ICPS has the following impact on the Pro Forma Consolidated Statements of Financial Position:-

	<b>Increase/(Decrease)</b>	
	<b>Effect on Total Assets RM</b>	<b>Effect on Total Equity and Liabilities RM</b>
Property, plant and equipment	1,700,000	-
Deferred tax assets	233,379	-
Cash and bank balances	5,750,000	-
ICPS - equity component	-	7,299,863
Share premium	-	(1,493,333)
Warrant reserve	-	1,493,333
Accumulated losses	-	(550,000)
ICPS - liability component	-	933,516
	7,683,379	7,683,379

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**SU** SIEW BOON YEONG & ASSOCIATES  
Chartered Accountants [AF: 0660]

**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT”)  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT  
31 DECEMBER 2015**

**2.2 PRO FORMA II**

Pro Forma II incorporates the effects of Pro Forma I and full conversion of ICPS.

The full conversion of ICPS has the following impact on the Pro Forma Consolidated Statements of Financial Position:-

	<b>Increase/(Decrease)</b>	
	<b>Effect on Total Assets RM</b>	<b>Effect on Total Equity and Liabilities RM</b>
Deferred tax assets	(233,379)	-
Share capital	-	8,000,000
ICPS - equity component	-	(7,299,863)
ICPS - liability component	-	(933,516)
	(233,379)	(233,379)
	(233,379)	(233,379)

**2.3 PRO FORMA III**

Pro Forma III incorporates the effects of Pro Forma I, II and full exercise of Warrants-A and Warrants-B.

The full exercise of Warrants-A and Warrants-B has the following impact on the Pro Forma Consolidated Statements of Financial Position:-

	<b>Increase/(Decrease)</b>	
	<b>Effect on Total Assets RM</b>	<b>Effect on Total Equity RM</b>
Cash and bank balances	7,172,413	-
Share capital	-	7,172,413
Share premium	-	1,493,333
Warrant reserve	-	(1,493,333)
	7,172,413	7,172,413
	7,172,413	7,172,413

**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT”)  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT  
31 DECEMBER 2015**

**4. MAXIMUM SCENARIO**

**4.1 PRO FORMA I**

Pro Forma I incorporates the effects of full exercise of Warrants-A prior to the Entitlement Date.

The full exercise of Warrants-A has the following impact on the Pro Forma Consolidated Statements of Financial Position:-

	<b>Increase/(Decrease)</b>	
	<b>Effect on Total Assets RM</b>	<b>Effect on Total Equity RM</b>
Cash and bank balances	5,039,080	-
Share capital	-	5,039,080
	5,039,080	5,039,080

**4.2 PRO FORMA II**

Pro Forma II incorporates the effects of Pro Forma I and the Rights Issue of ICPS and the following utilisation of proceeds on the Consolidated Statements of Financial Position as at 31 December 2015:

	<b>RM</b>
Capital expenditure	2,500,000
Working capital	6,000,000
Future working capital / investments *	10,975,000
Estimated expenses for the Rights Issue of ICPS	550,000
	20,025,000

*\* For presentation purpose, this is to be included in cash and bank balances.*

**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT”)  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT  
31 DECEMBER 2015**

The proceeds earmarked for capital expenditure and working capital of RM2.50 million and RM16.97 million respectively of which the working capital will be included in cash and bank balances. The estimated expenses in relation to the corporate exercise of RM0.55 million will be recognised as expenses.

The Rights Issue of ICPS has the following impact on the Pro Forma Consolidated Statements of Financial Position:-

	<b>Increase/(Decrease)</b>	
	<b>Effect on Total Assets RM</b>	<b>Effect on Total Equity and Liabilities RM</b>
Property, plant and equipment	2,500,000	-
Deferred tax assets	584,173	-
Cash and bank balances	16,974,850	-
ICPS - equity component	-	18,272,332
Share premium	-	(2,070,279)
Warrant reserve	-	3,737,972
Accumulated losses	-	(2,217,693)
ICPS - liability component	-	2,336,691
	<b>20,059,023</b>	<b>20,059,023</b>

#### 4.3 PRO FORMA III

Pro Forma III incorporates the effects of Pro Forma I, II and full conversion of ICPS where each ICPS is converted into a new Connect Share with an additional cash consideration of RM0.075 per Connect Share.

The full conversion of ICPS has the following impact on the Pro Forma Consolidated Statements of Financial Position:-

	<b>Increase/(Decrease)</b>	
	<b>Effect on Total Assets RM</b>	<b>Effect on Total Equity and Liabilities RM</b>
Deferred tax assets	(584,173)	-
Cash and bank balances	60,074,550	-
Share capital	-	80,099,400
ICPS - equity component	-	(18,272,332)
ICPS - liability component	-	(2,336,691)
	<b>59,490,377</b>	<b>59,490,377</b>

**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT”)  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT  
31 DECEMBER 2015**

**4.4 PRO FORMA IV**

Pro Forma IV incorporates the effects of Pro Forma I, II, III and full exercise of Warrants-B.

The full exercise of Warrants-B has the following impact on the Pro Forma Consolidated Statements of Financial Position:-


	<b>Increase/(Decrease)</b>	
	<b>Effect on Total Assets RM</b>	<b>Effect on Total Equity RM</b>
Cash and bank balances	5,339,960	-
Share capital	-	5,339,960
Share premium	-	3,737,972
Warrant reserve	-	(3,737,972)
	5,339,960	5,339,960

**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT”)  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT  
31 DECEMBER 2015**

**APPROVAL BY THE BOARD OF DIRECTORS**

Approved and adopted by the Board of Directors in accordance with a resolution dated  
9 MAY 2016

On behalf of the Board,



Goh Kok Boon  
Executive Director



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31  
DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON**  
*(Prepared for inclusion in this Abridged Prospectus)*

**MOORE STEPHENS**

**CONNECTCOUNTY HOLDINGS BERHAD**  
**(618933-D)**  
*(Incorporated in Malaysia)*

**FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015  
TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS**

**CONNECTCOUNTY HOLDINGS BERHAD**  
*(Incorporated in Malaysia)*

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**CONNECTCOUNTY HOLDINGS BERHAD**  
*(Incorporated in Malaysia)*

**DIRECTORS' REPORT**

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

**PRINCIPAL ACTIVITIES**

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are that of design, manufacture, sales, marketing, services and trading of cables, connectors and related products.

There have been no significant changes in the nature of these principal activities during the financial year.

**RESULTS**

	<b>Group RM</b>	<b>Company RM</b>
Profit/(Loss) net of tax	<u>2,691,965</u>	<u>(491,116)</u>
Profit/(Loss) attributable to:		
Owners of the Company	2,691,965	(491,116)
Non-controlling interest	-	-
	<u>2,691,965</u>	<u>(491,116)</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

**DIVIDENDS**

No dividend has been paid or declared by the Company since the end of the previous financial year.

**CONNECTCOUNTY HOLDINGS BERHAD**  
*(Incorporated in Malaysia)*

**DIRECTORS' REPORT**

**ISSUE OF SHARES**

During the financial year, 10,455,800 new ordinary shares of RM0.10 each were issued by virtue of the exercise of 10,455,800 warrants to subscribe for 10,455,800 ordinary shares of RM0.10 each in the capital of the Company at an exercise price of RM0.10 per ordinary share.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

**DETACHABLE WARRANTS**

The warrants 2011/2021 represent detachable warrants which are constituted under Deed Poll dated 24 June 2011. As at 31 December 2015, the total numbers of warrants that remained unexercised were 50,390,800.

Details of the warrants are set out in Note 21 to the financial statements.

**DIRECTORS**

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Ang Chuang Juay  
Roy Thean Chong Yew  
Goh Kok Boon  
Hong Cheong Liang  
Lee Choon Kwong

**CONNECTCOUNTY HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

**DIRECTORS' BENEFITS**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

**DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over the shares in the Company and its related corporations during the financial year were as follows:

<b>Direct interest</b>	<u>Number of Ordinary Shares of RM0.10 Each</u>			
	1.1.2015	Bought	Sold	31.12.2015
Ang Chuang Juay	11,665,752	4,000,000	-	15,665,752
Lee Choon Kwong	237,400	-	-	237,400

Other than as disclosed above, the other directors do not have any interest in the shares or options over shares of the Company or of its related companies during and at the end of the financial year.

**CONNECTCOUNTY HOLDINGS BERHAD**  
*(Incorporated in Malaysia)*

**DIRECTORS' REPORT**

**OTHER STATUTORY INFORMATION**

- (a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

**CONNECTCOUNTY HOLDINGS BERHAD**  
*(Incorporated in Malaysia)*

**DIRECTORS' REPORT**

**OTHER STATUTORY INFORMATION (CONT'D)**

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

**SIGNIFICANT EVENTS**

Details of significant events are disclosed in Note 33 to the financial statements.

**SUBSEQUENT EVENTS**

Details of subsequent events are disclosed in Note 34 to the financial statements.


**CONNECTCOUNTY HOLDINGS BERHAD**  
*(Incorporated in Malaysia)*

**DIRECTORS' REPORT**

**AUDITORS**

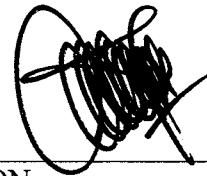
The auditors, Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors



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ANG CHUANG JUAY



---

GOH KOK BOON

Kuala Lumpur  
8 April 2016



**CONNECTCOUNTY HOLDINGS BERHAD**  
*(Incorporated in Malaysia)*

**STATEMENT BY DIRECTORS**  
**PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, ANG CHUANG JUAY and GOH KOK BOON, being two of the directors of CONNECTCOUNTY HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 11 to 90 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and the cash flows of the Group and of the Company for the year then ended.

The information set out on page 91 have been prepared in accordance with the Guidance on Special Matter No. 1. Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors



ANG CHUANG JUAY



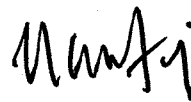
GOH KOK BOON

Kuala Lumpur  
8 April 2016

**STATUTORY DECLARATION**  
**PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

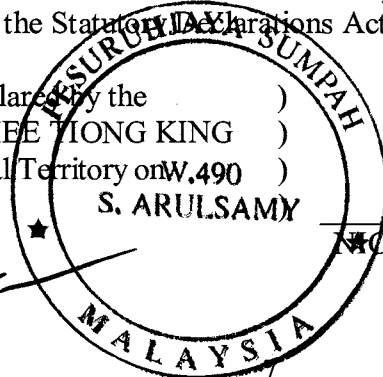
I, NICHOLAS CHEE TIONG KING, being the officer primarily responsible for the financial management of CONNECTCOUNTY HOLDINGS BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 91 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the )  
abovenamed NICHOLAS CHEE TIONG KING )  
at Kuala Lumpur in the Federal Territory on W.490 )  
8 April 2016 )  
S. ARULSAM Y



NICHOLAS CHEE TIONG KING

Before me:  
Commissioner for Oaths



16 - Tingkat Bawah Jalan Pudu,  
55100 Kuala Lumpur.

**Moore Stephens Associates PLT**

(LLP0000963-LCA &amp; AF002096)

Chartered Accountants

Unit 3.3A, 3rd Floor, Surian Tower

No 1 Jalan PJU 7/3, Mutiara Damansara

47810 Petaling Jaya, Selangor, Malaysia

T 603 7728 1800 (General) ; 7724 1033 (Assurance)

F 603 7728 9800 (General) ; 7733 1033 (Assurance)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS  
OF CONNECTCOUNTY HOLDINGS BERHAD****Report on the Financial Statements**

We have audited the financial statements of ConnectCounty Holdings Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 90.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' report of a subsidiary of which we have not acted as auditors, which is indicated in Note 15 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**Other Reporting Responsibilities**

The supplementary information set out on page 91 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Other Matter**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

*MooreStephens*

MOORE STEPHENS ASSOCIATES PLT  
LLP0000963 – LCA & AF002096  
Chartered Accountants



LO KUAN CHE  
3016/11/16(J)  
Chartered Accountant

Petaling Jaya, Selangor  
8 April 2016

**CONNECTCOUNTY HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**INCOME STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	NOTE	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Revenue	3	64,877,247	52,609,613	-	-
Cost of sales	4	<u>(49,105,919)</u>	<u>(40,782,764)</u>	-	-
<b>Gross profit</b>		15,771,328	11,826,849	-	-
<b>Other items of income</b>	5	2,110,100	1,969,283	1,372,448	671,835
<b>Other items of expenses</b>					
Administration expenses		(11,016,943)	(10,796,939)	(1,419,559)	(1,595,532)
Distribution and selling expenses		(3,199,268)	(3,056,678)	-	-
Other expenses	6	(767,951)	(2,574,767)	(443,653)	(2,013,745)
Finance cost, net	7	<u>(80,776)</u>	<u>(87,328)</u>	<u>(352)</u>	<u>(598)</u>
<b>Profit/(Loss) before tax</b>	8	2,816,490	(2,719,580)	(491,116)	(2,938,040)
Income tax expense	11	(124,525)	(273,073)	-	-
<b>Profit/(Loss) net of tax</b>		<u>2,691,965</u>	<u>(2,992,653)</u>	<u>(491,116)</u>	<u>(2,938,040)</u>
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		2,691,965	(2,659,732)	(491,116)	(2,938,040)
Non-controlling interest		-	(332,921)	-	-
		<u>2,691,965</u>	<u>(2,992,653)</u>	<u>(491,116)</u>	<u>(2,938,040)</u>
<b>Earnings/(Loss) per share</b>					
attributable to owners of the Company (sen)					
Basic	12(a)	1.27	(1.44)		
Diluted	12(b)	<u>1.15</u>	<u>(1.37)</u>		

The accompanying notes form an integral part of the financial statements.

**CONNECTCOUNTRY HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Profit/(Loss) net of tax</b>	2,691,965	(2,992,653)	(491,116)	(2,938,040)
<b>Other comprehensive income</b>				
Foreign currency translation	1,285,352	214,194	-	-
<b>Total comprehensive income/ (expenses) for the year</b>	<u>3,977,317</u>	<u>(2,778,459)</u>	<u>(491,116)</u>	<u>(2,938,040)</u>
<b>Total comprehensive income/ (expenses) attributable to:</b>				
Owners of the Company	3,977,317	(2,445,538)	(491,116)	(2,938,040)
Non-controlling interest	-	(332,921)	-	-
	<u>3,977,317</u>	<u>(2,778,459)</u>	<u>(491,116)</u>	<u>(2,938,040)</u>

The accompanying notes form an integral part of the financial statements.

**CONNECTCOUNTY HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

	NOTE	2015 RM	2014 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	13	4,839,634	4,046,899
Investment in associate	14	-	-
Deferred tax assets	16	49,315	194,234
		<u>4,888,949</u>	<u>4,241,133</u>
<b>Current assets</b>			
Inventories	17	7,548,965	5,612,461
Trade receivables	18	17,184,359	9,666,351
Other receivables	19	2,525,174	2,821,223
Cash and bank balances	20	4,859,231	4,847,058
		<u>32,117,729</u>	<u>22,947,093</u>
<b>TOTAL ASSETS</b>		<u>37,006,678</u>	<u>27,188,226</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	21	21,660,720	20,615,140
Share premium	22	2,070,279	2,170,979
Foreign exchange reserve	23	1,479,679	194,327
Accumulated losses		(4,351,349)	(7,043,314)
<b>TOTAL EQUITY</b>		<u>20,859,329</u>	<u>15,937,132</u>
<b>Non-current liabilities</b>			
Borrowings	24	251,928	266,715
Other payable	27	27,742	38,466
Deferred tax liabilities	16	-	39,799
		<u>279,670</u>	<u>344,980</u>
<b>Current liabilities</b>			
Borrowings	24	79,231	60,760
Trade payables	26	12,415,521	7,884,125
Other payables	27	3,372,927	2,961,229
		<u>15,867,679</u>	<u>10,906,114</u>
<b>TOTAL LIABILITIES</b>		<u>16,147,349</u>	<u>11,251,094</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>37,006,678</u>	<u>27,188,226</u>

The accompanying notes form an integral part of the financial statements.

**CONNECTCOUNTY HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

	NOTE	2015 RM	2014 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	13	80,396	11,537
Investments in subsidiaries	15	4,236,034	3,636,358
		<u>4,316,430</u>	<u>3,647,895</u>
<b>Current assets</b>			
Other receivables	19	6,469,066	6,080,302
Cash and bank balances	20	340,801	909,661
		<u>6,809,867</u>	<u>6,989,963</u>
<b>TOTAL ASSETS</b>		<u><u>11,126,297</u></u>	<u><u>10,637,858</u></u>
<b>EQUITY AND LIABILITIES</b>			
Share capital	21	21,660,720	20,615,140
Share premium	22	2,070,279	2,170,979
Accumulated losses		(12,824,988)	(12,333,872)
<b>TOTAL EQUITY</b>		<u>10,906,011</u>	<u>10,452,247</u>
<b>Current liability</b>			
Other payables	27	220,286	185,611
<b>TOTAL LIABILITY</b>		<u>220,286</u>	<u>185,611</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>11,126,297</u></u>	<u><u>10,637,858</u></u>

The accompanying notes form an integral part of the financial statements.



**CONNECTICOUNTY HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

Note	Attributable to owners of the Company				Total RM	Non- controlling interest RM	Total Equity RM
	Share Capital RM	Share Premium RM	Foreign Exchange Reserve RM	Accumulated Losses RM			
<b>At 1 January 2014</b>	17,179,290	665,621	(19,867)	(4,383,582)	13,441,462	-	13,441,462
Loss for the year	-	-	-	(2,659,732)	(2,659,732)	(332,921)	(2,992,653)
Other comprehensive income for the year	-	-	214,194	-	214,194	-	214,194
<b>Total comprehensive income/(expenses)</b>	-	-	214,194	(2,659,732)	(2,445,538)	(332,921)	(2,778,459)
<b>Transactions with owners of the Company</b>							
Issuance of ordinary shares pursuant to private placement	3,435,850	1,505,358	-	-	4,941,208	-	4,941,208
Dilution of equity interest in subsidiary	-	-	-	-	-	332,921	332,921
<b>Total transactions with owners of the Company</b>	3,435,850	1,505,358	-	-	4,941,208	332,921	5,274,129
<b>At 31 December 2014</b>	20,615,140	2,170,979	194,327	(7,043,314)	15,937,132	-	15,937,132

The accompanying notes form an integral part of the financial statements.

**CONNECTCOUNTRY HOLDINGS BERHAD**  
*(Incorporated in Malaysia)*

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

Note	←----- Attributable to owners of the Company ----->>>					Total Equity RM
	Share Capital RM	Share Premium RM	Foreign Exchange Reserve RM	Accumulated Losses RM	Total RM	
<b>At 1 January 2015</b>	20,615,140	2,170,979	194,327	(7,043,314)	15,937,132	15,937,132
Profit for the year	-	-	-	2,691,965	2,691,965	2,691,965
Other comprehensive income for the year	-	-	1,285,352	-	1,285,352	1,285,352
<b>Total comprehensive income</b>	-	-	1,285,352	2,691,965	3,977,317	3,977,317
<b>Transactions with owners of the Company</b>						
Issuance of ordinary shares pursuant to exercise of warrants	1,045,580	(100,700)	-	-	944,880	944,880
<b>Total transactions with owners of the Company</b>	1,045,580	(100,700)	-	-	944,880	944,880
<b>At 31 December 2015</b>	<u>21,660,720</u>	<u>2,070,279</u>	<u>1,479,679</u>	<u>(4,351,349)</u>	<u>20,859,329</u>	<u>20,859,329</u>

The accompanying notes form an integral part of the financial statements.

**CONNECTCOUNTRY HOLDINGS BERHAD**  
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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	Non-distributable			Total Equity RM
		Share Capital RM	Share Premium RM	Accumulated Losses RM	
<b>At 1 January 2014</b>		17,179,290	665,621	(9,395,832)	8,449,079
Total comprehensive expense for the year		-	-	(2,938,040)	(2,938,040)
		17,179,290	665,621	(12,333,872)	5,511,039
Issuance of ordinary shares pursuant to private placement	21 & 22	3,435,850	1,505,358	-	4,941,208
<b>At 31 December 2014</b>		20,615,140	2,170,979	(12,333,872)	10,452,247
<b>At 1 January 2015</b>		20,615,140	2,170,979	(12,333,872)	10,452,247
Total comprehensive expense for the year		-	-	(491,116)	(491,116)
		20,615,140	2,170,979	(12,824,988)	9,961,131
Issuance of ordinary shares pursuant to exercise of warrants	21 & 22	1,045,580	(100,700)	-	944,880
<b>At 31 December 2015</b>		21,660,720	2,070,279	(12,824,988)	10,906,011

The accompanying notes form an integral part of the financial statements.

**CONNECTCOUNTY HOLDINGS BERHAD**  
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**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(Loss) before tax	2,816,490	(2,719,580)	(491,116)	(2,938,040)
Adjustments for:				
Allowance for impairment loss on investment in subsidiary	-	-	99,999	-
Bad debts written off	629,812	892,244	-	-
Deposit written off	-	500,000	-	500,000
Depreciation of plant and equipment	1,634,530	1,213,950	10,842	19,516
Gain on disposal of plant and equipment	(5,983)	(87,767)	-	-
Gain on disposal of associates	(1)	(531)	(1)	-
Gain on foreign exchange – unrealised	(1,066,513)	(354,794)	(1,159,462)	(269,174)
Interest expenses	14,259	25,799	-	-
Interest income	(4,786)	(1,796)	(69)	(1,367)
Loss on deemed disposal of a subsidiary	-	1,153,490	-	1,500,000
Reversal of impairment loss on – other receivables	(629,812)	(1,088,451)	-	-
Share of post-acquisition loss of a subsidiary	-	346,510	-	-
Plant and equipment written off	73,745	16,152	-	10,040
Operating profit/(loss) before working capital changes	3,461,741	(104,774)	(1,539,807)	(1,179,025)
Inventories	(1,936,504)	(242,449)	-	-
Receivables	(5,934,279)	343,239	790,950	564,557
Payables	4,698,286	199,338	34,675	(39,799)
Cash generated from/(used in) operations	289,244	195,354	(714,182)	(654,267)
Interest paid	(14,259)	(25,799)	-	-
Tax paid	(371)	(16,256)	-	-
Net cash generated from/(used in) operating activities	274,614	153,299	(714,182)	(654,267)

The accompanying notes form an integral part of the financial statements.

**CONNECTCOUNTY HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of interest in subsidiaries	-	(1,000,000)	(699,675)	(2,450,000)
Acquisition of interest in an associate	-	-	-	(1,000,000)
Acquisition of redeemable convertible preference shares in a subsidiary	-	(1,400,000)	-	(1,400,000)
Interest received	4,786	1,796	69	1,367
Net cash outflow on dilution of equity interest in a subsidiary	-	(12,748)	-	-
Proceeds from disposal of plant and equipment	6,405	183,936	-	-
Proceeds from disposal of redeemable convertible preference shares in a subsidiary	-	900,000	-	900,000
Proceeds from disposal of associates	1	531	1	-
Purchase of plant and equipment	(1,826,770)	(2,250,151)	(79,701)	(38,139)
Net cash used in investing activities	<u>(1,815,578)</u>	<u>(3,576,636)</u>	<u>(779,306)</u>	<u>(3,986,772)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Non-controlling interest arising from dilution of interest in subsidiary	-	332,921	-	-
Proceeds from issuance of shares pursuant to private placement	-	5,161,282	-	5,161,282
Proceeds from issue of shares upon exercise of warrants	1,045,580	-	1,045,580	-
Exercise of warrants expenses	(100,700)	-	(100,700)	-
Private placement expenses	-	(220,074)	-	(220,074)
Repayment of hire purchase	(71,694)	(179,256)	-	-
Net cash generated from financing activities	<u>873,186</u>	<u>5,094,873</u>	<u>944,880</u>	<u>4,941,208</u>

The accompanying notes form an integral part of the financial statements.

**CONNECTCOUNTY HOLDINGS BERHAD**  
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**STATEMENTS OF CASH FLOWS (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(667,778)	1,671,536	(548,608)	300,169
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	679,951	80,264	(20,252)	76,918
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	<u>4,847,058</u>	<u>3,095,258</u>	<u>909,661</u>	<u>532,574</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (NOTE 20)</b>	<u><u>4,859,231</u></u>	<u><u>4,847,058</u></u>	<u><u>340,801</u></u>	<u><u>909,661</u></u>

The accompanying notes form an integral part of the financial statements.

**CONNECTCOUNTY HOLDINGS BERHAD**  
*(Incorporated in Malaysia)*

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**1. CORPORATE INFORMATION**

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are that of design, manufacture, sales, marketing, services and trading of cables, connectors and related products. There have been no significant changes in the nature of these principal activities during the financial year.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise stated below.

The financial statements are presented in Ringgit Malaysia (“RM”).

**(b) New and amended Standards and Interpretations**

At the beginning of the financial year, the Group and the Company adopted the following Amendments to MFRSs and Annual Improvements which are mandatory for the financial periods beginning on or after 1 January 2015:

Amendments to MFRS 119 Employee Benefits - Defined Benefit Plans:  
Employee Contributions  
Annual improvements to MFRSs 2010 - 2012 Cycle  
Annual improvements to MFRSs 2011 - 2013 Cycle

The adoption of the above pronouncements did not have any impact on the financial statements of the Group and of the Company.

**CONNECTCOUNTRY HOLDINGS BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(c) Standards and Interpretations Issued but Not Yet Effective**

The Group and the Company have not adopted the following accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board (“MASB”) but not yet effective:

**Effective for financial periods beginning on or after 1 January 2016**

MFRS 14: Regulatory Deferral Accounts\*

Amendments to MFRS 5: Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to MFRSs 2012-2014 Cycle)\*

Amendments to MFRS 7: Financial Instruments – Disclosures (Annual Improvements to MFRSs 2012-2014 Cycle)

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 11: Joint Arrangements – Accounting for Acquisitions of Interest in Joint Operations\*

Amendments to MFRS 101: Disclosure Initiative

Amendments to MFRS 116: Property, Plant and Equipment and MFRS 138: Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116: Property, Plant and Equipment and MFRS 141: Agriculture – Agriculture: Bearer Plants\*

Amendments to MFRS 119: Employee Benefits (Annual Improvements to MFRSs 2012-2014 Cycle)

Amendments to MFRS 127: Separate Financial Statements: Equity Method in Separate Financial Statements

Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements to MFRSs 2012-2014 Cycle)

**Effective for financial periods beginning on or after 1 January 2018**

MFRS 9: Financial Instruments (2014)

MFRS 15: Revenue from Contracts with Customers

\* Not applicable to the Group and the Company

**Effective date yet to be confirmed**

Amendments to MFRS 10 and MFRS 128: Consolidated Financial Statements – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture



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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(c) Standards and Interpretations Issued but Not Yet Effective (Cont'd)**

The Group and the Company are expected to apply the abovementioned pronouncement beginning from the respective date the pronouncement become effective

The directors expect that the adoption of the above standards and interpretations will have no material effect on the financial statements in the period of initial application except as those described below:

**(i) Amendments to MFRS 101: Disclosure Initiative**

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- (a) Materiality
- (b) Disaggregation and subtotals
- (c) Notes structure
- (d) Disclosure of accounting policies
- (e) Presentation of items of other comprehensive income arising from equity accounted investments

The Group and the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

**(ii) Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation**

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group and the Company as the Group and the Company have not used a revenue-based method to depreciate its non-current assets.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(c) Standards and Interpretations Issued but Not Yet Effective (Cont'd)**

(iii) Amendments to MFRS 127 : Separate Financial Statements – Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiary companies, joint ventures and associated companies in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply to this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS.

The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Company elects not to apply equity method to account for investments in subsidiary companies, joint ventures and associated companies in its separate financial statements. These amendments will not have any impact on the Company's financial statements.

(iv) Annual Improvements to MFRSs 2012-2014 Cycle

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various MFRSs, which are summarised below. The Group and the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

(a) Amendments to MFRS 7 : Financial Instruments – Disclosures

The amendments clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(c) Standards and Interpretations Issued but Not Yet Effective (Cont'd)**

(v) MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Retrospective application is required, but comparative information is not compulsory.

The Group and the Company do not anticipate a material effect on the classification and measurement of the Group's and the Company's financial assets and financial liabilities.

(vi) MFRS 15: Revenue from Contract with Customers

MFRS 15 Revenue from Contracts with Customers was issued in September 2014 and established a five-step model that will apply to recognition of revenue arising from contracts with customers. Under this Standard, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principle of this Standard is to provide a more structured approach to measuring and recognising revenue.

This Standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(d) Subsidiaries and Basis of Consolidation**

**(i) Subsidiaries**

Subsidiaries are all entities over which the group has control. The group control an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's separate financial statements, investments in subsidiaries are accounted for at costs less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

**(ii) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the financial year end. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same financial year end as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

All intra-group balances, income and expenses and unrealised gains and losses resulting from the intra-group transactions are eliminated in full.

The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control. Acquisitions of subsidiaries are accounted for using the purchase method.

Under the purchase method of accounting, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition. Adjustment to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(d) Subsidiaries and Basis of Consolidation (Cont'd)**

(ii) Basis of consolidation (Cont'd)

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives are separated from the host contract that significantly modifies the cash flows that would otherwise be required under the contract.

(iii) Transactions with non-controlling interest

Non-controlling interest represents the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from the parent shareholder's equity. Transactions with non-controlling interest are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interest, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interest is recognised directly in equity.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(d) Subsidiaries and Basis of Consolidation (Cont'd)**

(v) Associate

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Company and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(d) Subsidiaries and Basis of Consolidation (Cont'd)**

(v) Associate (Cont'd)

The financial statements of the associate are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company applies MFRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate.

When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136: Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investment in associate is accounted for at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

**(e) Foreign Currencies**

(i) Functional and presentation currency

The individual financial statements of each entity in the Group and the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM) which is also the Group's and the Company's functional currency.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(e) Foreign Currencies (Cont'd)**

**(ii) Foreign currency transactions**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

**(iii) Foreign operations**

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income.



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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(e) Foreign Currencies (Cont'd)**

**(iii) Foreign operations (cont'd)**

On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

**(f) Plant and Equipment**

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of plant and equipment is computed on a straight line basis over the estimated useful lives of the assets as follows:

Plant and machinery	10% to 33.3%
Office equipment, furniture and fittings	10% to 33.3%
Motor vehicles	10% to 20%
Mouldings	20%
Renovation	10% to 33%

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(f) Plant and Equipment (Cont'd)**

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

**(g) Impairment of Non-Financial Assets**

The Group and the Company assess at each reporting date whether there is an indication that an asset (other than inventories and deferred tax assets) may be impaired. If any such indications exist, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of assets in the unit or groups of units on a pro-rata basis.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(g) Impairment of Non-Financial Assets (Cont'd)**

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase shall not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

**(h) Financial Assets**

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

The Group and the Company determine the classification of their financial assets at initial recognition and the category is as follows:

- Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after reporting date which are classified as non-current.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(h) Financial Assets (Cont'd)**

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date, i.e. the date that the asset is delivered to or by the Group and the Company.

**(i) Impairment of Financial Assets**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments and delinquency in interest or principal payments and other financial reorganisation where observable data indicate that there is a measurable decrease in the estimated future cash flows.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(i) Impairment of Financial Assets (Cont'd)**

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the assets does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

**(j) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash at banks and on hand.

**(k) Inventories**

Inventories are stated at lower of cost and net realisable value.

Cost is determined using first-in, first-out basis. The cost of raw materials comprises cost of purchase. The cost of finished goods and work-in-progress include cost of raw materials, direct labour, other direct cost and appropriate production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(I) Financial Liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

- Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowing is classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished

When an existing financial liability is replaced by another instrument from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(m) Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the financial year end.

**(n) Borrowing Cost**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sales are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(o) Employee Benefits**

**(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company.

Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

**(ii) Defined contribution plans**

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund (“EPF”). Some of the Group’s foreign subsidiaries make contributions to their respective countries statutory pension schemes. Such contributions are recognised as an expense in the period in which the related service is performed.

**(iii) Termination benefits**

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as expenses if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.



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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(p) Leases**

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

**(q) Income Taxes**

**(i) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the current taxes is also recognised in other comprehensive income or directly in equity respectively.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(q) Income Taxes (Cont'd)**

**(ii) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(q) Income Taxes (Cont'd)**

**(ii) Deferred tax (Cont'd)**

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**(r) Segment Reporting**

For management purposes, the Group is organised into geographical operating segments which are independently managed by the respective geographical segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to Deputy Executive Chairman, who regularly review the segment results in order to allocate resources to the segments and to assess the segments performance.

**(s) Share Capital and Share Issuance Expenses**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(s) Share Capital and Share Issuance Expenses (Cont'd)**

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**(t) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Interest income is recognised using the effective interest method.

(iii) Rental income is accounted for on a straight-line basis over the lease terms.

**(u) Provisions**

Provisions are recognised when the Group and the Company have a legal or constructive present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(v) Significant Accounting Judgments and Estimates**

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

**(i) Judgement Made in Applying Accounting Policies**

There were no major judgements made by the management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

**(ii) Key Sources of Estimation Uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Useful lives of plant and equipment**

The cost of plant and equipment for the manufacturing of electronic components is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful life of these plant and equipment to be within 3 to 10 years. These are common life expectancies applied in the electronics industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's and the Company's plant and equipment at the reporting date are disclosed in Note 13.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(v) Significant Accounting Judgments and Estimates (Cont'd)**

**(ii) Key Sources of Estimation Uncertainty (Cont'd)**

- **Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of the deferred tax assets of the Group is as disclosed in Note 16.

- **Impairment of loans and receivables**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and the Company's loans and receivables at the reporting date are disclosed in Notes 18 and 19.

- **Impairment of investment in subsidiaries**

In previous financial years, the Company has recognised impairment losses in respect of investments in subsidiaries. The Company carried out the impairment test based on the estimation of the higher of the value-in-use or the fair value less cost of disposal of the cash-generating units ("CGU") to which the investments in subsidiaries belong to. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the CGU and also to determine a suitable discount rate in order to calculate the present value of those cash flows. Further details of the impairment losses recognised are disclosed in Note 15.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(v) **Significant Accounting Judgments and Estimates (Cont'd)**

(ii) **Key Sources of Estimation Uncertainty (Cont'd)**

- Inventories obsolescence

Reviews are made periodically by the management on inventories for excess inventories, obsolescence and decline in the net realisable value below cost. These reviews require the use of judgements and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. Inventories written off to profit or loss in respect of the Group is RM Nil (2014: RM74,500).

**3. REVENUE**

This represents invoiced sales after allowance for goods returned and trade discount.

**4. COST OF SALES**

Cost of sales represents cost of inventories sold and recognised as expense.

**5. OTHER ITEMS OF INCOME**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Government incentive for SME/Job credit rebates	197,952	210,443	-	-
Gain on foreign exchange - unrealised	1,066,513	354,794	1,159,462	269,174
Gain on disposal of associates	1	531	1	-
Gain on disposal of plant and equipment	5,983	87,767	-	-
Interest income	4,786	1,796	69	1,367
Rebate from suppliers	56,824	74,040	-	-
Reversal of impairment on other receivables	629,812	1,088,451	-	-
Recovery expenses from subsidiaries	-	-	207,845	401,122
Sales of scrap	60,641	54,414	-	-
Sub-let rental income	82,517	96,875	-	-
Other	5,071	172	5,071	172
	<u>2,110,100</u>	<u>1,969,283</u>	<u>1,372,448</u>	<u>671,835</u>

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**6. OTHER EXPENSES**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Bad debts written off	629,812	892,244	-	-
Deposit written off	-	500,000	-	500,000
Allowance for impairment loss on investment in subsidiary	-	-	99,999	-
Plant and equipment written off	73,745	16,152	-	10,040
Loss on deemed disposal in subsidiary	-	1,153,490	-	1,500,000
Loss on foreign exchange - realised	64,394	12,881	14,716	3,705
Recoverable expenses	-	-	328,938	-
	<u>767,951</u>	<u>2,574,767</u>	<u>443,653</u>	<u>2,013,745</u>

**7. FINANCE COST, NET**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Finance and bank interest	14,259	25,799	-	-
Bank charges	66,517	61,529	352	598
	<u>80,776</u>	<u>87,328</u>	<u>352</u>	<u>598</u>

Included in finance and bank interest in prior year was interest on loans from a third party and were fully settled during the previous financial year. The loans incurred interest rate of 10.5% per annum.



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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**8. PROFIT/(LOSS) BEFORE TAX**

Profit/(Loss) before tax is stated after charging/(crediting):

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Auditors' remuneration				
- Statutory audit				
- current year	107,587	88,374	25,000	22,000
- Other services				
- under provision in prior year	8,000	6,000	-	6,000
Auditors' remuneration for subsidiaries				
- Current year	42,000	37,000	42,000	37,000
- Under provision in prior year	9,815	-	9,815	-
Allowance for impairment loss on investment in subsidiary	-	-	99,999	-
Bad debts written off	629,812	892,244	-	-
Deposit written off	-	500,000	-	500,000
Depreciation (Note 13)	1,634,530	1,213,950	10,842	19,516
Employee benefits expense (Note 9)	15,803,909	14,231,633	728,530	961,838
Interest income	(4,786)	(1,796)	(69)	(1,367)
Interest expenses	14,259	25,799	-	-
(Gain)/Loss on foreign exchange				
- unrealised	(1,066,513)	(354,794)	(1,159,462)	(269,174)
- realised	64,394	12,881	14,716	3,705
Gain on disposal of plant and equipment	(5,983)	(87,767)	-	-
Gain on disposal of associates	(1)	(531)	(1)	-
Loss on deemed disposal of subsidiary (Note 14)	-	1,153,490	-	1,500,000
Plant and equipment written off	73,745	16,152	-	10,040
Professional fees and cost on corporate expenses	138,069	63,850	138,069	63,850
Reversal of impairment loss on other receivables (Note 19)	(629,812)	(1,088,451)	-	-
Rental of equipment	81,910	85,574	5,842	4,716
Rental of factory	1,082,513	997,632	-	-
Rental of office	1,225,467	1,069,923	40,000	47,000
Sub-let rental income	(82,517)	(96,875)	-	-

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**9. EMPLOYEE BENEFITS EXPENSE**

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Wages, salaries and bonuses	15,040,821	13,549,346	658,507	847,452
Social security contributions	259,825	208,515	2,945	4,080
Defined contribution plans	241,763	254,448	61,267	86,881
Other staff related expenses	261,500	219,324	5,811	23,425
	<u>15,803,909</u>	<u>14,231,633</u>	<u>728,530</u>	<u>961,838</u>

Included in employee benefits expense of the Group and of the Company are directors' remuneration amounting to RM2,982,459 (2014: RM2,875,734) and RM288,757 (2014: RM504,130) respectively as disclosed in Note 10.

**10. DIRECTORS' REMUNERATION**

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	1,132,659	1,172,175	192,757	320,775
Fees	115,367	120,049	12,000	37,000
Benefits-in-kind	14,852	25,669	-	-
	<u>1,262,878</u>	<u>1,317,893</u>	<u>204,757</u>	<u>357,775</u>
Non-executive:				
Fees	84,000	146,355	84,000	146,355
	<u>84,000</u>	<u>146,355</u>	<u>84,000</u>	<u>146,355</u>
	<u>1,346,878</u>	<u>1,464,248</u>	<u>288,757</u>	<u>504,130</u>
<b>Other directors of subsidiaries</b>				
Executive:				
Salaries and other emoluments	1,491,122	1,299,397	-	-
Defined contribution plans	31,445	28,185	-	-
Fees	127,866	109,573	-	-
	<u>1,650,433</u>	<u>1,437,155</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>2,997,311</u>	<u>2,901,403</u>	<u>288,757</u>	<u>504,130</u>

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**10. DIRECTORS' REMUNERATION (CONT'D)**

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration (Note 29(b))	2,898,459	2,729,379	204,757	357,775
Total non-executive directors' remuneration	<u>84,000</u>	<u>146,355</u>	<u>84,000</u>	<u>146,355</u>
Total directors' remuneration (Note 9)	<u>2,982,459</u>	<u>2,875,734</u>	<u>288,757</u>	<u>504,130</u>

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2015	2014
<b>Executive directors:</b>		
Below RM100,000	-	3
RM100,001 to RM150,000	-	1
RM150,001 to RM200,000	1	-
RM200,001 to RM1,000,000	-	1
RM1,000,001 to RM1,500,000	1	-
<b>Non-executive directors:</b>		
Below RM50,000	3	5
RM50,001 to RM100,000	<u>-</u>	<u>2</u>

**11. INCOME TAX EXPENSE**

The major components of income tax expense are:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Income statements :</b>				
Current income tax:				
Underprovision in prior year	371	-	-	-
Foreign tax	<u>-</u>	<u>16,256</u>	<u>-</u>	<u>-</u>
	<u>371</u>	<u>16,256</u>	<u>-</u>	<u>-</u>

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**11. INCOME TAX EXPENSE (CONT'D)**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Income statements:</b>				
Deferred tax (Note 16):				
Relating to origination of temporary differences	168,428	290,831	-	-
Overprovision in prior year	(44,274)	(34,014)	-	-
	<u>124,154</u>	<u>256,817</u>	<u>-</u>	<u>-</u>
Income tax recognised in profit or loss	<u>124,525</u>	<u>273,073</u>	<u>-</u>	<u>-</u>

Reconciliation between tax expense and accounting profit/(loss)

A reconciliation between tax expense and the product of accounting profit/(loss) are multiplied by the applicable corporate tax rate are as follows:

	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>Group</b>		
Profit/(Loss) before tax	<u>2,816,490</u>	<u>(2,719,580)</u>
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	704,123	(679,895)
Adjustments:		
Different tax rates in other countries	(184,783)	(108,513)
Franchise tax	6,052	-
Foreign tax	-	16,256
Non-deductible expenses	300,620	1,177,759
Deferred tax assets not recognised	-	20,592
Deferred tax assets movement not recognised	(255,423)	-
Differential tax rate for deferred tax	40,757	82,596
Income not subject to tax	(359,717)	(201,708)
Underprovision of income tax in prior year	371	-
Overprovision of deferred tax in prior year	(44,274)	(34,014)
Utilisation of tax losses previously not recognised	(83,201)	-
Income tax recognised in profit or loss	<u>124,525</u>	<u>273,073</u>

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**11. INCOME TAX EXPENSE (CONT'D)**

	<b>2015</b>	<b>2014</b>
<b>Company</b>	<b>RM</b>	<b>RM</b>
Loss before tax	<u>(491,116)</u>	<u>(2,938,040)</u>
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	(122,779)	(734,510)
Adjustments:		
Non-deductible expenses	465,891	899,959
Income not subject to tax	<u>(343,112)</u>	<u>(165,449)</u>
Income tax recognised in profit or loss	<u>-</u>	<u>-</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The Malaysian statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective year of assessment 2016.

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

**12. EARNINGS/(LOSS) PER SHARE**

**(a) Basic earnings/(loss) per share**

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) for the year net of tax, attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

The following reflect the profit/(loss) and share data used in the computation of basic earnings/(loss) per share for the years ended 31 December:

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**12. EARNINGS/(LOSS) PER SHARE (CONT'D)**

**(a) Basic earnings/(loss) per share (Cont'd)**

	<b>2015</b>	<b>2014</b>
Profit/(Loss) for the year, net of tax, attributable to owners of the Company (RM)	<u>2,691,965</u>	<u>(2,659,732)</u>
Weighted average number of ordinary shares in issue	<u>211,857,842</u>	<u>184,620,332</u>
Basic earnings/(loss) per share (sen)	<u>1.27</u>	<u>(1.44)</u>

**(b) Diluted earnings/(loss) per share**

For the purpose of calculating diluted earnings/(loss) per share, the weighted average number of ordinary shares in issue during the financial year have been adjusted for dilutive effects of unexercised warrant.

	<b>2015</b>	<b>2014</b>
Profit/(Loss) for the year, net of tax, attributable to owners of the Company (RM)	<u>2,691,965</u>	<u>(2,659,732)</u>
Weighted average number of ordinary shares in issue	211,857,843	184,620,332
Effect of dilution of unexercised warrants	<u>22,685,860</u>	<u>10,088,413</u>
Adjusted weighted average number of ordinary shares	<u>234,543,703</u>	<u>194,708,745</u>
Diluted earnings/(loss) per share (sen)	<u>1.15</u>	<u>(1.37)</u>

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**13. PLANT AND EQUIPMENT**

Group At 31 December 2015	Plant and Machinery RM	Office Equipment, Furniture and Fittings RM	Motor Vehicles RM	Mouldings RM	Renovation RM	Total RM
Cost						
At 1 January 2015	7,716,687	1,804,165	924,526	208,941	1,774,031	12,428,350
Additions	984,578	32,694	100,835	-	708,663	1,826,770
Disposal	(124,586)	(504)	(64,263)	-	-	(189,353)
Written offs	(643,987)	(47,997)	-	(5,425)	-	(697,409)
Exchange differences	1,458,904	331,374	194,601	36,330	317,798	2,339,007
<b>At 31 December 2015</b>	<b>9,391,596</b>	<b>2,119,732</b>	<b>1,155,699</b>	<b>239,846</b>	<b>2,800,492</b>	<b>15,707,365</b>

**Accumulated Depreciation and Impairment**

**Losses**

At 1 January 2015	5,188,317	1,602,711	162,453	140,213	1,224,351	8,318,045
Accumulated depreciation	63,406	-	-	-	-	63,406
Accumulated impairment losses	5,251,723	1,602,711	162,453	140,213	1,224,351	8,381,451

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**13. PLANT AND EQUIPMENT (CONT'D)**

Group	Plant and Machinery RM	Office Equipment, Furniture and Fittings RM	Motor Vehicles RM	Mouldings RM	Renovation RM	Total RM
<b>At 31 December 2015</b>						
<b>Accumulated Depreciation and Impairment Losses (Cont'd)</b>						
Charge for the year	1,206,313	107,228	131,768	43,505	145,716	1,634,530
Disposal	(124,586)	(82)	(64,263)	-	-	(188,931)
Written offs	(571,982)	(46,257)	-	(5,425)	-	(623,664)
Exchange differences	1,068,399	301,469	36,007	27,187	231,283	1,664,345
<b>At 31 December 2015</b>						
Accumulated depreciation	6,766,461	1,965,069	265,965	205,480	1,601,350	10,804,325
Accumulated impairment losses	63,406	-	-	-	-	63,406
	<u>6,829,867</u>	<u>1,965,069</u>	<u>265,965</u>	<u>205,480</u>	<u>1,601,350</u>	<u>10,867,731</u>
<b>Net Carrying Amount</b>						
<b>At 31 December 2015</b>	2,561,729	154,663	889,734	34,366	1,199,142	4,839,634



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**13. PLANT AND EQUIPMENT (CONT'D)**

Group	Plant and Machinery	Office Equipment, Furniture and Fittings	Motor Vehicles	Mouldings	Renovation	Total
<b>At 31 December 2014</b>						
<b>Cost</b>						
At 1 January 2014	6,438,447	2,034,465	646,065	185,330	1,209,501	10,513,808
Additions	1,354,925	114,022	670,097	-	443,512	2,582,556
Disposal	(2,724)	-	(416,922)	-	-	(419,646)
Written offs	(649,576)	(517,759)	-	-	(25,100)	(1,192,435)
Exchange differences	575,615	173,437	25,286	23,611	146,118	944,067
<b>At 31 December 2014</b>	<b>7,716,687</b>	<b>1,804,165</b>	<b>924,526</b>	<b>208,941</b>	<b>1,774,031</b>	<b>12,428,350</b>

**Accumulated Depreciation and Impairment**

Losses						
At 1 January 2014	4,491,763	1,852,203	381,272	87,474	1,043,754	7,856,466
Accumulated depreciation	63,406	-	-	-	-	63,406
Accumulated impairment losses	4,555,169	1,852,203	381,272	87,474	1,043,754	7,919,872

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**13. PLANT AND EQUIPMENT (CONT'D)**

Group	Plant and Machinery RM	Office Equipment, Furniture and Fittings RM	Motor Vehicles RM	Mouldings RM	Renovation RM	Total RM
<b>At 31 December 2014</b>						
<b>Accumulated Depreciation and Impairment</b>						
Losses (Cont'd)						
Charge for the year	908,932	106,978	91,392	39,196	67,452	1,213,950
Disposal	(363)	-	(323,114)	-	-	(323,477)
Written offs	(643,785)	(517,438)	-	-	(15,060)	(1,176,283)
Exchange differences	431,770	160,968	12,903	13,543	128,205	747,389
<b>At 31 December 2014</b>						
Accumulated depreciation	5,188,317	1,602,711	162,453	140,213	1,224,351	8,318,045
Accumulated impairment losses	63,406	-	-	-	-	63,406
<b>Net Carrying Amount</b>	<b>5,251,723</b>	<b>1,602,711</b>	<b>162,453</b>	<b>140,213</b>	<b>1,224,351</b>	<b>8,381,451</b>
<b>At 31 December 2014</b>						
<b>Net Carrying Amount</b>	<b>2,464,964</b>	<b>201,454</b>	<b>762,073</b>	<b>68,728</b>	<b>549,680</b>	<b>4,046,899</b>

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**13. PLANT AND EQUIPMENT (CONT'D)**

<b>Company</b>	<b>Office Equipment, Furniture and Fittings RM</b>	<b>Renovation RM</b>	<b>Total RM</b>
<b>At 31 December 2015</b>			
<b>Cost</b>			
At 1 January 2015	20,036	3,649	23,685
Additions	14,259	65,442	79,701
Written off	-	-	-
<b>At 31 December 2015</b>	<b>34,295</b>	<b>69,091</b>	<b>103,386</b>
<b>Accumulated Depreciation</b>			
At 1 January 2015	12,148	-	12,148
Charge for the year	4,508	6,334	10,842
Written off	-	-	-
<b>At 31 December 2015</b>	<b>16,656</b>	<b>6,334</b>	<b>22,990</b>
<b>Net Carrying Amount</b>			
<b>At 31 December 2015</b>	<b>17,639</b>	<b>62,757</b>	<b>80,396</b>
<b>At 31 December 2014</b>			
<b>Cost</b>			
At 1 January 2014	10,646	-	10,646
Additions	9,390	28,749	38,139
Written off	-	(25,100)	(25,100)
<b>At 31 December 2014</b>	<b>20,036</b>	<b>3,649</b>	<b>23,685</b>
<b>Accumulated Depreciation</b>			
At 1 January 2014	7,692	-	7,692
Charge for the year	4,456	15,060	19,516
Written off	-	(15,060)	(15,060)
<b>At 31 December 2014</b>	<b>12,148</b>	<b>-</b>	<b>12,148</b>
<b>Net Carrying Amount</b>			
<b>At 31 December 2014</b>	<b>7,888</b>	<b>3,649</b>	<b>11,537</b>

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**13. PLANT AND EQUIPMENT (CONT'D)**

- (a) During the financial year, the Group and the Company acquired all their plant and equipment by means of:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash	1,826,770	2,250,151	79,701	38,139
Hire purchase	-	332,405	-	-
	<u>1,826,770</u>	<u>2,582,556</u>	<u>79,701</u>	<u>38,139</u>

- (b) The net carrying amount of motor vehicle of the Group held under finance lease and held in trust by a director at the end of the financial year is RM735,037 (2014: RM664,513).
- (c) The carrying amount of other plant and equipment of the Group held in trust by a third party at the end of the financial year is RM14,011 (2014: RM25,130).
- (d) Included in plant and equipment of the Group are the cost of fully depreciated assets which are still in use as follow:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Plant and machinery	3,410,801	4,637,107
Office equipment, furniture and fittings	1,688,658	231,959
Mouldings	13,979	-
Renovation	1,018,631	125,967
	<u>6,132,069</u>	<u>4,995,033</u>

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**14. INVESTMENT IN ASSOCIATE**

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Unquoted shares, at cost	-	1,750,395	-	1,500,000
Less:				
Loss on deemed disposal	-	-	-	(1,500,000)
Loss on re-measurement	-	(1,750,395)	-	-
Carrying amount	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Details of the associate companies are as follows:

Name of associates	Country of incorporation	Effective interest held (%)		Principal activities
		2015	2014	
MyGenBizz Berhad	Malaysia	-	36.73	Direct selling marketing, multi-level marketing, distributor of and dealer of goods and merchandise. Ceased operation in prior year.

- (a) On 7 May 2015, the Company disposed all its equity interest of 551,000 ordinary shares of RM1 each representing 36.73% held in MyGenBizz Berhad (“MGB”) at total consideration of RM1 to a third party.
- (b) On 20 January 2014, the Company acquired 51% equity interest held in MyGenBizz Berhad (“MGB”) a non-listed company, representing 51,000 ordinary shares of RM1 each for a cash consideration of RM1,000,000.

On 17 February 2014, MGB issued 1,400,000 redeemable convertible preference shares (“RCPS”) of RM1 each in MGB for a total consideration of RM1,400,000, which were fully subscribed by the Company. On 26 September 2014, the Company entered into a Sales and Purchase Agreement to dispose 900,000 RCPS of RM1 each in MGB to an existing shareholder of MGB for a total consideration of RM900,000.

On 14 October 2014, the Company and the shareholder redeemed 500,000 and 900,000 RCPS of RM1 each respectively into 1,400,000 ordinary shares. As a result, MGB ceased to be a 51% subsidiary of the Company and became a 36.73% associate company of the Company.

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**14. INVESTMENT IN ASSOCIATE (CONT'D)**

(b) Cont'd

Reconciliation of net liabilities to carrying amount

	<b>Group 2014 RM</b>
Carrying cost amount	1,500,000
Gain on re-measurement	250,395
Carrying amount to date control is lost	1,750,395
Loss on re-measurement	(1,750,395)
Carrying amount	-

The details of net liabilities and cash flows as at the date of disposal of MGB were as follow:

	<b>Group 2014 RM</b>
Net liabilities	(679,431)
Non-controlling interest	332,921
Group's share of net liabilities disposed	(346,510)
Share of post-acquisition loss	346,510
Less: cash and cash equivalents disposed	(12,748)
Net cash on deemed disposal of equity interest in MGB	(12,748)

The summarised financial information of MGB, not adjusted for the proportion of ownership interest held by the Group, were as follows:

	<b>Group 2014 RM</b>
<b>Assets and liabilities:</b>	
Total assets	1,025,617
Total liabilities	(217,686)
<b>Results:</b>	
Revenue	743,619
Loss for the period	(691,870)

The Group had not recognised its share of loss as its fair value is RM Nil at the reporting date in prior year.

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**15. INVESTMENTS IN SUBSIDIARIES**

	Company	
	2015 RM	2014 RM
Unquoted shares, at cost	24,082,072	23,382,397
Less: Accumulated impairment losses	(19,846,038)	(19,746,039)
	4,236,034	3,636,358

(a) Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Effective Interest Held (%)		Principal Activities
		2015	2014	
Rapid Conn Interconnect (M) Sdn. Bhd.	Malaysia	100	100	Dormant.
Borderless Fame Sdn. Bhd.	Malaysia	100	100	Dormant.
Rapid Conn Inc.	United States of America (USA)	100	100	Design, manufacture, sales, marketing and services of cables, connectors and related products.
Rapid Conn (S) Pte. Ltd. *	Singapore	100	100	Trading and marketing of cables, connectors and related products.
Rapid Conn (ShenZhen) Co., Ltd.	People's Republic of China	100	100	Manufacture and trading of cables, connectors and related products.
<b>Held through Rapid Conn (ShenZhen) Co., Ltd.</b>				
Rapid Power (ShenZhen) Co., Ltd.	People's Republic of China	100	-	Dormant.

\* Audited by Moore Stephens LLP, Singapore.

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**15. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

(b) Auditors' Reports and subsidiaries

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

Borderless Fame Sdn. Bhd.'s auditors' report contains audit emphasis of matter relating to the appropriateness of going concern basis of accounting is dependent on the financial support from its holding company.

Rapid Power (ShenZhen) Co., Ltd.'s auditors' report contains audit emphasis of matter relating to the appropriateness of going concern basis of accounting is dependent on the financial support from its holding company.

(c) Acquisition of new subsidiary and subscription of shares

(i) Rapid Conn (ShenZhen) Co., Ltd. ("RCC")

On 4 August 2015, the Company subscribed for additional shares amounting to RMB1,117,233 (equivalent to RM699,675), in RCC.

(ii) Rapid Power (ShenZhen) Co., Ltd. ("RPS")

On 12 February 2015, the Company's subsidiary, Rapid Conn (ShenZhen) Co., Ltd. ("RCC"), incorporated a new majority-owned subsidiary in China, namely HS Co., Ltd ("HS"), a private limited company which has subscription shares of RMB5,000,000 (equivalent to RM2,905,000) comprising 5,000,000 subscription shares of RMB1 each. RCC subscribed 3,000,000 shares of RMB1 each, representing 60% of equity interest of HS.

On 2 July 2015, HS increased its subscription shares from RMB5,000,000 to RMB7,500,000, where 60% of the subscription shares, representing 4,500,000 shares of RMB1 each is to be held by RCC. The registered share capital is to be fully paid on or before 31 December 2014.



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**15. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

(c) Acquisition of new subsidiary and subscription of shares (Cont'd)

(ii) Rapid Power (ShenZhen) Co., Ltd. ("RPS") (Cont'd)

On 20 July 2015,

- HS changed its name to Rapid Power (ShenZhen) Co., Ltd. ("RPS");
- The State Administration of Industry and Commerce of People's Republic of China had approved the application of RPS that the remaining 40% equity interest held by a third party to be transferred to RCC. As a result, RPS becomes a wholly-owned subsidiary of RCC.

(iii) Borderless Fame Sdn. Bhd.

On 9 January 2014, the Company acquired 2 ordinary shares of RM1 each in Borderless Fame Sdn. Bhd., for a cash consideration of RM2. On 21 January 2014, the Company subscribed 99,998 new ordinary shares of RM1 each in Borderless Fame Sdn. Bhd. at par.

(d) Impairment tests for investments in subsidiaries

The management has carried out an impairment review on the investments in the subsidiaries. The Company has used value-in-use calculations to estimate the recoverable amount. Value-in-use was determined by discounting the future cash flows generated from the continuing use of the cash generating units based on the following assumptions:

- (i) pre-tax cash flow projections based on the most recent financial budgets approved by the directors covering a 1 year's period and extrapolated for another 4 years.
- (ii) pre-tax discount rates of 4% to 5% were applied in determining the recoverable amount. The discount rate was based on the current borrowing interest rate applicable at each subsidiaries locality.

The values assigned to the key assumptions represent management's assessment of future trends in the industry.

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**16. DEFERRED TAX (ASSETS)/LIABILITIES**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
At 1 January	(154,435)	(404,603)
Recognised in profit or loss (Note 11)	124,154	256,817
Exchange differences	(19,034)	(6,649)
<b>At 31 December</b>	<u>(49,315)</u>	<u>(154,435)</u>

Deferred tax assets and liabilities are offsets when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The net deferred tax assets and liabilities shown on the statement of financial position after appropriate offsetting are as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Deferred tax assets	(49,315)	(194,234)
Deferred tax liabilities	-	39,799
	<u>(49,315)</u>	<u>(154,435)</u>

**Deferred Tax Assets of the Group:**

	<b>Unutilised business losses</b>	<b>Others</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
At 1 January 2015	(182,798)	(11,436)	(194,234)
Recognised in profit or loss	124,154	-	124,154
Overprovision in prior years	39,799	-	39,799
Exchange differences	(19,034)	-	(19,034)
<b>At 31 December 2015</b>	<u>(37,879)</u>	<u>(11,436)</u>	<u>(49,315)</u>
At 1 January 2014	(432,966)	(11,436)	(444,402)
Recognised in profit or loss	256,817	-	256,817
Exchange differences	(6,649)	-	(6,649)
<b>At 31 December 2014</b>	<u>(182,798)</u>	<u>(11,436)</u>	<u>(194,234)</u>

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**16. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)**

**Deferred Tax Liabilities of the Group:**

	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>Plant and equipment</b>		
At 1 January	39,799	39,799
Overprovision in prior years	(39,799)	-
At 31 December	<u>-</u>	<u>39,799</u>

The deferred tax assets are recognised for unutilised business losses of a subsidiary as the management considered it probable that the future taxable profits of the subsidiary based on the projected future profits will be available against which they can be utilised.

Deferred tax assets have not been recognised in respect of the following items as it is not probable that certain of the subsidiaries will generate sufficient future taxable profits against which it can be utilised:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Unutilised business losses	8,207,000	8,666,000
Unutilised capital allowances	<u>4,511,600</u>	<u>4,511,600</u>

**17. INVENTORIES**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
At cost:		
Raw materials	618,553	909,387
Finished goods	3,532,121	2,126,040
Cables	203,602	552,153
Components	56,698	78,135
Goods in transit	1,209,511	1,040,407
Work in progress	1,928,480	906,339
	<u>7,548,965</u>	<u>5,612,461</u>

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**18. TRADE RECEIVABLES**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Third parties	17,495,679	9,919,419
Less: Allowance for impairment	<u>(311,320)</u>	<u>(253,068)</u>
	<u><u>17,184,359</u></u>	<u><u>9,666,351</u></u>

Movement in allowance for impairment (individually impaired) during the financial year are as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
At 1 January	253,068	238,675
Exchange differences	<u>58,252</u>	<u>14,393</u>
At 31 December	<u><u>311,320</u></u>	<u><u>253,068</u></u>

The Group's normal trade credit terms are 30 days to 90 days (2014: 30 days to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors. Trade receivables are non-interest bearing.

They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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**18. TRADE RECEIVABLES (CONT'D)**

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables are as follows:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Neither past due nor impaired	14,059,677	7,157,603
1 to 30 days past due not impaired	3,079,176	1,096,204
31 to 60 days past due not impaired	45,506	436,544
61 to 90 days past due not impaired	-	269,890
91 to 120 days past due not impaired	-	312,292
More than 120 days past due not impaired	-	393,818
	3,124,682	2,508,748
Impaired	311,320	253,068
	17,495,679	9,919,419

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM3,124,682 (2014: RM2,508,748) that are past due at reporting date but not impaired.

The balances of receivables that are past due but not impaired are unsecured in nature. The management is confident that these receivables are recoverable as these accounts are still active.

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**18. TRADE RECEIVABLES (CONT'D)**

The currency exposure profiles of trade receivables are as follows:

	2015 RM	Group 2014 RM
Hong Kong Dollars	848,556	1,218,326
US Dollars	925,988	1,092,088
	<u>                    </u>	<u>                    </u>

**19. OTHER RECEIVABLES**

	2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Amount due from subsidiaries	-	-	10,590,529	10,316,262
Sales tax and purchase tax recoverable	1,638,101	2,125,963	-	-
Deposits	383,775	350,258	11,190	56,145
Prepayments	310,286	158,227	208,612	49,160
Sundry receivables	193,012	758,566	1,000	1,000
	<u>2,525,174</u>	<u>3,393,014</u>	<u>10,811,331</u>	<u>10,422,567</u>
Less: Allowance for impairment	-	(571,791)	(4,342,265)	(4,342,265)
	<u>2,525,174</u>	<u>2,821,223</u>	<u>6,469,066</u>	<u>6,080,302</u>

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**19. OTHER RECEIVABLES (CONT'D)**

Movements in allowance for impairment (individually impaired) during the financial year are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At 1 January	571,791	1,604,675	4,342,265	4,342,265
Reversal of impairment on other receivables (Note 8)	(629,812)	(1,088,451)	-	-
Exchange difference	58,021	55,567	-	-
At 31 December	<u>-</u>	<u>571,791</u>	<u>4,342,265</u>	<u>4,342,265</u>

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The amounts due from related parties are unsecured, non-interest bearing and are repayable on demand.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors. 98% (2014: 98%) of the Company's receivables are due from subsidiaries.

The currency exposure profiles of other receivables are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
US Dollars	-	-	3,095,364	3,165,434
Singapore Dollars	<u>36,901</u>	<u>22,355</u>	<u>4,083,509</u>	<u>3,764,519</u>

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**20. CASH AND BANK BALANCES**

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash on hand and at banks/ Cash and cash equivalents	4,859,231	4,847,058	340,801	909,661

The currency exposure profiles of cash and bank balances are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Hong Kong Dollars	11,028	8,338	-	-
Renminbi	7,335	23,356	-	-
Singapore Dollars	4,789	241,802	-	-
US Dollars	187,599	24,796	3,765	24,080

**21. SHARE CAPITAL**

	Group and Company			
	Number of Ordinary Shares of RM0.10 each		Amount	
	2015	2014	2015 RM	2014 RM
<b>Authorised:</b>				
At 1 January	500,000,000	250,000,000	50,000,000	25,000,000
Created during the year	-	250,000,000	-	25,000,000
At 31 December	500,000,000	500,000,000	50,000,000	50,000,000
<b>Issued and fully paid:</b>				
At 1 January	206,151,400	171,792,900	20,615,140	17,179,290
Issuance of shares pursuant to private placement	-	34,358,500	-	3,435,850
Issuance of shares pursuant to exercise of warrant	10,455,800	-	1,045,580	-
At 31 December	216,607,200	206,151,400	21,660,720	20,615,140



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**21. SHARE CAPITAL (CONT'D)**

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

Detachable Warrants

In year 2011, the Company issued renounceable rights issue of 60,847,500 new ordinary shares together with 60,847,500 free detachable warrants on the basis of three (3) rights shares together with three (3) detachable warrants for every four (4) ordinary shares of the Company. This exercise price is subject to adjustment in accordance with the basis set out in the deed poll.

The warrants may be exercised at any time commencing on the date of issue of warrants on 19 September 2011 but not later than 18 September 2021. Any warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

The new ordinary shares allotted and issued upon exercise of the warrants shall be fully paid and rank pari passu with the then existing ordinary shares of the Company. The warrant holders will not have any voting rights in any general meeting of the Company unless the warrants are exercised into new ordinary shares and registered prior to the date of the general meeting of the Company.

During the financial year, 10,455,800 (2014: Nil) warrants were exercised by the warrant holders and 50,390,800 (2014: 60,846,600) warrants are still outstanding as at 31 December 2015.

**22. SHARE PREMIUM**

	<b>Group and Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
At 1 January	2,170,979	665,621
Premium arising from:		
Private Placement	-	1,725,432
Share issuance expenses	(100,700)	(220,074)
At 31 December	2,070,279	2,170,979

The share premium which is non-distributable represents the premium arising from the issue of shares.

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**23. FOREIGN EXCHANGE RESERVE**

	<b>2015</b>	<b>Group</b>
	<b>RM</b>	<b>2014</b>
		<b>RM</b>
At 1 January	194,327	(19,867)
Arising during the year	1,285,352	214,194
At 31 December	1,479,679	194,327

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operations.

**24. BORROWINGS**

	<b>2015</b>	<b>Group</b>
	<b>RM</b>	<b>2014</b>
		<b>RM</b>
<b>Current</b>		
Secured:		
Obligation under finance lease (Note 25)	79,231	60,760
<b>Non-Current</b>		
Secured:		
Obligation under finance lease (Note 25)	251,928	266,715
<b>Total borrowings</b>	331,159	327,475
<b>Total borrowings</b>		
Obligation under finance lease (Note 25)	331,159	327,475

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**25. OBLIGATION UNDER FINANCE LEASE**

	<b>2015</b>	<b>Group</b>
	<b>RM</b>	<b>2014</b>
		<b>RM</b>
<b>Future minimum finance lease payments:</b>		
Not later than 1 year	90,913	74,067
Later than 1 year and not later than 2 years	83,924	74,068
Later than 2 years and not later than 5 years	<u>185,721</u>	<u>215,992</u>
	360,558	364,127
Less: Future finance charges	<u>(29,399)</u>	<u>(36,652)</u>
Present value of obligation under finance lease (Note 24)	<u><u>331,159</u></u>	<u><u>327,475</u></u>
 <b>Analysis of present value of finance lease liabilities:</b>		
Not later than 1 year	79,231	60,760
Later than 1 year and not later than 2 years	75,615	63,752
Later than 2 years and not later than 5 years	<u>176,313</u>	<u>202,963</u>
	<u><u>331,159</u></u>	<u><u>327,475</u></u>

The obligation under finance lease is denominated in Singapore Dollars and bears interest at the reporting date at rate of 3.25% (2014: 3.25%) per annum.

**26. TRADE PAYABLES**

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 120 days (2014: 30 to 120 days).

The currency exposure profiles of trade payables are as follows:

	<b>2015</b>	<b>Group</b>
	<b>RM</b>	<b>2014</b>
		<b>RM</b>
US Dollars	<u>72,077</u>	<u>664,854</u>

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**27. OTHER PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Current</b>				
Accruals	2,179,498	1,986,719	170,737	155,905
Provision for unutilised leave	151,889	120,852	-	-
Sundry payables	1,041,540	853,658	49,549	29,706
	<u>3,372,927</u>	<u>2,961,229</u>	<u>220,286</u>	<u>185,611</u>
<b>Non-current</b>				
Sundry payable	27,742	38,466	-	-
<b>Total</b>	<u>3,400,669</u>	<u>2,999,695</u>	<u>220,286</u>	<u>185,611</u>

The currency exposure profiles of other payables are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Hong Kong Dollars	86,110	49,560	-	-
Singapore Dollars	371,711	195,895	-	-

**28. COMMITMENTS**

**Rental commitments**

The Group and the Company have entered into non-cancellable operating lease agreements for use of factory, office and equipment. These leases have an average life of between 1 to 5 years with renewal option included in the contracts. There are no restrictions placed upon the Group and the Company by entering into the leases.

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**28. COMMITMENTS (CONT'D)**

**Rental commitments (cont'd)**

The future aggregate minimum lease payments under the non-cancellable operating lease contracted as at reporting date but not recognised as liabilities are as follow:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Payable within one year	1,433,616	2,141,971	36,000	36,000
Payable more than one year but not more than five years	6,615,500	1,248,163	33,000	69,000
	<u>8,049,116</u>	<u>3,390,134</u>	<u>69,000</u>	<u>105,000</u>

**29. SIGNIFICANT RELATED PARTY TRANSACTIONS**

(a) Significant related party transactions

The following significant related party transactions between the Company and their related parties took place at terms agreed between the parties during the financial year.

	<b>Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Recovery expenses paid to a subsidiary	(328,938)	-
Recovery expenses charged to subsidiaries	<u>207,845</u>	<u>401,122</u>

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**29. SIGNIFICANT RELATED PARTY TRANSACTIONS**

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Short term employee benefits	2,833,753	2,666,384	186,157	320,124
Post-employment benefits:				
Defined contribution plan	79,558	88,664	18,600	37,651
	<u>2,913,311</u>	<u>2,755,048</u>	<u>204,757</u>	<u>357,775</u>

Included in the total key management personnel are:

Directors' remuneration excluding benefits in kind (Note 10)	<u>2,898,459</u>	<u>2,729,379</u>	<u>204,757</u>	<u>357,775</u>
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**30. FAIR VALUES OF FINANCIAL INSTRUMENTS**

(a) Fair value of the financial instruments

The Group and the Company categorise fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- (i) Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities that the Group and the Company can access at measurement date;
- (ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
- (iii) Level 3: Unobservable inputs for the asset or liability.

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**30. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)**

(a) Fair value of the financial instruments (cont'd)

The Group and the Company do not have any financial assets and financial liabilities carried at fair value nor classified any financial assets and financial liabilities in Level 1 to Level 3 as at 31 December 2015 and 31 December 2014.

(b) Financial instruments that are not carried at fair value

Financial instruments classified as loans and receivables and financial liabilities are carried at amortised cost.

The carrying amount of these financial instruments are reasonable approximation of their fair value due to short-term nature:

The carrying amount of the non-current other payable is reasonable approximation of fair value due to the insignificant impact of discounting.

	<b>Note</b>
Trade receivables	18
Other receivables	19
Cash and bank balances	20
Borrowings	24
Trade payables	26
Other payables (current)	27
Other payable (non-current)	27

The carrying value of current financial assets and current financial liabilities of the Group and the Company approximate their values due to their short term nature whilst the carrying value of hire purchase payables is estimated to be approximate the fair value estimated based on the current rates available for borrowing with the same maturity profile.

The carrying amount of the non-current other payable is reasonable approximation of fair value due to the insignificant impact of discounting.

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**30. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)**

(c) Categories of financial instruments

(i) Financial assets

<b>Group</b>	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>RM</b>	<b>RM</b>
<b>Loans and Receivables</b>			
Trade receivables	18	17,184,359	9,666,351
Other receivables	19	2,525,174	2,821,223
Cash and bank balances	20	4,859,231	4,847,058
		<u>24,568,764</u>	<u>17,334,632</u>
<b>Company</b>			
<b>Loans and Receivables</b>			
Other receivables	19	6,469,066	6,080,302
Cash and bank balances	20	340,801	909,661
		<u>6,809,867</u>	<u>6,989,963</u>

(ii) Financial liabilities

<b>Group</b>	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>RM</b>	<b>RM</b>
<b>Financial liabilities measured at amortised cost</b>			
Trade payables	26	12,415,521	7,884,125
Other payables	27	3,400,669	2,999,695
Borrowings	24	331,159	327,475
		<u>16,147,349</u>	<u>11,211,295</u>
<b>Company</b>			
<b>Financial liabilities measured at amortised cost</b>			
Other payables	27	220,286	185,611



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**31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's and the Company's activities expose them to a variety of financial risk: liquidity risk, market risk (including interest rate risk, foreign currency risk) and credit risk. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance. The Group and the Company may use relevant financial instruments to manage certain risks. Such financial instruments are not held for trade or speculative purposes.

**(a) Liquidity Risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

To manage liquidity risk, the Group and the Company maintain a level of cash equivalent and funding facilities deemed adequate by management to finance their operations. In assessing the adequacy of the facilities, management reviews its working capital requirements.

**Analysis of financial instruments by remaining contractual maturities**

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

<b>Group</b>	<b>On demand or within 1 year RM</b>	<b>1 to 5 years RM</b>	<b>Total RM</b>
<b>31 December 2015</b>			
Trade payables	12,415,521	-	12,415,521
Other payables	3,372,927	27,742	3,400,669
Borrowings	79,231	251,928	331,159
	<u>15,867,679</u>	<u>279,670</u>	<u>16,147,349</u>
<b>31 December 2014</b>			
Trade payables	7,884,125	-	7,884,125
Other payables	2,961,229	38,466	2,999,695
Borrowings	74,067	290,060	364,127
	<u>10,919,421</u>	<u>328,526</u>	<u>11,247,947</u>

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**31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES  
(CONT'D)**

**(a) Liquidity Risk (Cont'd)**

<b>Company</b>	<b>On demand or within 1 year RM</b>
<b>31 December 2015</b>	
Other payables	<u>220,286</u>
<b>31 December 2014</b>	
Other payables	<u>185,611</u>

**(b) Interest Rate Risk**

Interest rate risk is the risk that the fair value of the future cash flows of the Group's or the Company's future instruments will fluctuate because of change in market interest rates.

The Group's exposure to interest rate risk arises primarily from its borrowings; the Group has no substantial long term interest-bearing assets as at 31 December 2015. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.

Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The interest rate that the Group will be able to obtain on debt financing will depend on market conditions at that time, and may differ from the rates the Group has secured currently.

The interest rates and repayment terms of interest-bearing financial instruments are disclosed in the respective notes to the financial statements.

The Group is not exposed to any significant market risk for changes in interest rates. Hence, no sensitivity analysis is presented.

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**31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

**(c) Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures that are denominated in a currency other than respective functional currencies of Group entities, primarily Ringgit Malaysia (“RM”), Renminbi (“RMB”) and US Dollars (“USD”). The foreign currencies in which these transactions are denominated are mainly US Dollars (“USD”), Singapore Dollars (“SGD”) and Hong Kong Dollars (“HKD”).

The Group faces foreign exchange risk as its borrowing is denominated in foreign currency or whose price is influenced by its benchmark price movements in foreign currency (especially USD) as quoted on international markets.

The Group does not have any formal hedging policy for its foreign exchange exposure and did not actively engage in activities to hedge its foreign currency exposures during the financial year. The Group seeks to manage the foreign currency risk by constructing natural hedges where it matches revenue and expenses in any single currency.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group’s net investment in Singapore, People’s Republic of China and United States of America are not hedged as currency position in RMB and USD are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group’s and the Company’s loss net of tax to change in the USD, SGD and HKD exchange rates against the respective functional currencies of the Group’s entities, with all other variables held constant.

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**31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

**(c) Foreign Currency Risk (Cont'd)**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
USD against RM (2015: 15%, 2014: 6%)				
- strengthened	128,804	18,082	743,791	191,371
- weakened	<u>(128,804)</u>	<u>(18,082)</u>	<u>(743,791)</u>	<u>(191,371)</u>
SGD against RM (2015: 13%, 2014: 2%)				
- strengthened	(62,188)	(3,501)	653,361	75,290
- weakened	<u>62,188</u>	<u>3,501</u>	<u>(653,361)</u>	<u>(75,290)</u>
HKD against RM (2015: 2%, 2014: 1%)				
- strengthened	15,470	11,770	-	-
- weakened	<u>(15,470)</u>	<u>(11,770)</u>	-	-

**(d) Credit Risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing with reputable banks with high credit ratings.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statements of financial position.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

**(d) Credit Risk (Cont'd)**

Significant concentrations of credit risk

Concentrations of credit risk exist when changes in economics, industry or geographical factors similarly affect counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group has no significant concentration of credit risks with exposure spread over a large number of counterparties and customers.

**Receivables and other financial assets**

Risk management objective, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Deposits with banks are placed with or entered into with reputable banks with high credit ratings and no history of default.

Exposure to credit risk

The maximum exposure to credit risks arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their net realisable values. The Group uses aging analysis to monitor the credit quality of the receivables.

Impairment losses

The Group maintains an aging analysis in respect of trade receivables only. The aging of trade receivables as at the reporting date is disclosed in Note 18.

The movement in the impairment loss of trade and other receivables is disclosed in Note 18 and 19. The allowance account is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

**(d) Credit Risk (Cont'd)**

**Amounts due from subsidiaries**

Risk management objective, policies and processes for managing the risk

The Company provides advances to its subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Impairment losses

As at the reporting date, there was no indication that the amounts due from related parties are not recoverable, except for those amounts for which an impairment loss had been made.

**32. CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables and borrowings, less cash and bank balances. Capital includes equity attributable to the owners.

The Group's strategy is to maintain the gearing ratio at a very low level.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**33. SIGNIFICANT EVENTS**

- (a) On 1 April 2015, the Company entered into a shares 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.

On 4 September 2015, the Company and KASB mutually agreed to terminate the proposed acquisition. The Board has resolved to abort the above proposal on 4 September 2015.

- (b) On 4 August 2015, the Company subscribed for additional shares amounting to RMB1,117,233 (equivalent to RM699,675), in its wholly-owned subsidiary, namely Rapid Conn (ShenZhen) Co. Ltd., a company incorporated in the People’s Republic of China.

**34. SUBSEQUENT EVENTS**

On 3 March 2016, the Company proposed to undertake the followings:

- (a) Proposed rights issue of up to 800,994,000 new irredeemable convertible preference shares (“ICPS”) at an issue price of RM0.025 per ICPS on the basis of 3 ICPS for every existing ordinary shares of RM0.10 each held in the Company at an entitlement date to be determined later together with up to 53,399,600 free detachable warrants (“warrants-B”) on the basis of 1 free warrant-B for every 15 ICPS subscribed;
- (b) Proposed increase in authorised share capital of the Company in order to facilitate the issuance of ICPS and new shares arising from the conversion thereof; and
- (c) Proposed amendment to Memorandum and Articles of Association of the Company to facilitate the issuance of ICPS and the proposed increase in authorised share capital.

As at the date of the report, the abovementioned exercise is pending for completion.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**35. SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their geographical location, and has four reportable segments as follows:

- (i) Rapid Conn Interconnect (M) Sdn. Bhd. (“RCM”), Borderless Fame Sdn. Bhd. (“BFSB”), MyGenBizz Berhad (“MGB”) and ConnectCounty Holdings Berhad (“CCHB”) covering Malaysia;
- (ii) Rapid Conn (ShenZhen) Co., Ltd. (“RCC”) and Rapid Power (ShenZhen) Co., Ltd. (“RPS”) covering People’s Republic of China (“China”);
- (iii) Rapid Conn (S) Pte. Ltd. (“RCS”) covering Singapore; and
- (iv) Rapid Conn Inc. (“RCI”) covering United States of America (“USA”).

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respect as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.



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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**35. SEGMENT INFORMATION (CONT'D)**

	Group								Adjustments and eliminations		Note		Per consolidated financial statements	
	Malaysia		China		Singapore		USA		2015	2014	2015	2014	2015	2014
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Revenue:</b>														
External customers	-	743,619	12,314,082	9,379,581	21,106,583	12,161,515	31,456,582	30,324,898	-	-	-	-	64,877,247	52,609,613
Inter-companies	-	-	29,489,753	22,902,221	-	-	-	-	(29,489,753)	(22,902,221)	-	-	-	-
Total revenue	-	743,619	41,803,835	32,281,802	21,106,583	12,161,515	31,456,582	30,324,898	(29,489,753)	(22,902,221)	A		64,877,247	52,609,613
<b>Results:</b>														
Depreciation and amortisation	10,842	19,516	1,020,328	764,280	339,776	278,460	263,584	151,694	-	-	-	-	1,634,530	1,213,950
Finance cost	352	145	24,207	10,299	33,389	54,518	22,828	22,366	-	-	-	-	80,776	87,328
Income tax	-	-	-	-	-	-	161,525	273,073	(37,000)	-	-	-	124,525	273,073
Segment (loss)/profit	(871,933)	(3,838,226)	913,288	(437,516)	1,555,076	(209,521)	1,120,060	1,392,613	99,999	373,070	C		2,816,490	(2,719,580)
<b>Assets:</b>														
Additions to non-current assets	79,701	38,139	1,420,809	968,408	310,928	906,941	15,332	669,068	-	-	D		1,826,770	2,582,556
Segment assets	11,156,142	10,660,484	20,828,984	14,847,550	10,445,315	8,280,643	10,347,563	9,863,141	(15,771,326)	(16,463,592)	E		37,006,678	27,188,226
Segment liabilities	6,133,930	5,711,219	17,606,477	12,985,822	5,872,102	5,882,494	5,039,402	5,556,717	(18,504,562)	(18,885,158)	F		16,147,349	11,251,094

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**35. SEGMENT INFORMATION (CONT'D)**

Note: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-companies revenues are eliminated on consolidation

B There are no other material non-cash expenses

C The following items are added to/(deducted from) segment profit to arrive at “Profit/(Loss) before tax” presented in the consolidated statement of comprehensive income:

	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Profit from inter-companies sales	(412,406)	(62,676)
Inter-companies sales commission	-	106
Impairment on investments in subsidiaries	99,999	-
Foreign currency difference	412,406	435,640
	<u>99,999</u>	<u>373,070</u>

D Additions to non-current assets consist of:

	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Motor vehicles	100,835	670,097
Office equipment, furniture and fittings	32,694	114,022
Plant and machinery	984,578	1,354,925
Renovation	708,663	443,512
	<u>1,826,770</u>	<u>2,582,556</u>

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**35. SEGMENT INFORMATION (CONT'D)**

E The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Investments in subsidiaries	(4,236,034)	(3,636,358)
Plant and equipment	311,805	(10,706)
Inter-companies assets	(11,884,097)	(12,816,528)
Deferred tax liability	37,000	-
	<u>(15,771,326)</u>	<u>(16,463,592)</u>

F The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Inter-companies liabilities	<u>(18,504,562)</u>	<u>(18,885,158)</u>

**GEOGRAPHICAL INFORMATION**

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	<b>Revenue</b>		<b>Non-current assets</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Malaysia	-	743,619	80,396	11,537
People's Republic of China	12,314,082	9,379,581	3,175,447	2,209,487
Singapore	21,106,583	12,161,515	1,507,504	1,277,187
USA	31,456,582	30,324,898	76,287	548,688
	<u>64,877,247</u>	<u>52,609,613</u>	<u>4,839,634</u>	<u>4,046,899</u>

**CONNECTCOUNTY HOLDINGS BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015**

**35. SEGMENT INFORMATION (CONT'D)**

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Motor vehicles	889,734	762,073
Mouldings	34,366	68,727
Office equipment, furniture and fittings	154,663	201,456
Plant and machinery	2,561,729	2,464,963
Renovation	1,199,142	549,680
	<u>4,839,634</u>	<u>4,046,899</u>

**36. COMPARATIVE FIGURES**

The presentation and classification of items in the current financial statements have been consistent with the previous financial year except that certain comparative amounts have been adjusted as disclosed below:

The following comparative amounts as at 31 December 2014 have been reclassified to conform with current year's presentation:

	<b>Previously stated RM</b>	<b>Reclassifications RM</b>	<b>Restated RM</b>
<b>Income statements</b>			
Other items of income	1,968,752	531	1,969,283
Other items of expenses			
Administration expense	10,796,408	531	10,796,939

**37. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE**

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 8 April 2016.

**CONNECTCOUNTY HOLDINGS BERHAD**  
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**SUPPLEMENTARY INFORMATION PURSUANT TO BURSA MALAYSIA  
SECURITIES LISTING REQUIREMENTS**

The following breakdown and components of retained earnings are identified and disclosed in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
Total accumulated losses:				
- Realised	23,859,663	19,188,580	(12,824,988)	(12,333,872)
- Unrealised	<u>(1,430,364)</u>	<u>(39,892)</u>	-	-
	22,429,299	19,148,688	<u>(12,824,988)</u>	<u>(12,333,872)</u>
Less:				
Consolidation adjustments	<u>(26,780,648)</u>	<u>(26,192,002)</u>	-	-
Accumulated losses as per financial statements	<u><u>(4,351,349)</u></u>	<u><u>(7,043,314)</u></u>	<u><u>(12,824,988)</u></u>	<u><u>(12,333,872)</u></u>

**DIRECTORS' REPORT**

*(Prepared for inclusion in this Abridged Prospectus)*



No. 12-1 (1<sup>st</sup> Floor), Jalan Radin Bagus 9,  
Sri Petaling, 57000 Kuala Lumpur.  
Tel : 603-9054 3776  
Fax : 603-9055 3767  
Email: cchb@rapidconn.org  
Website: <http://www.rapidconn.org>

Date : 9 May 2016

**Registered Office:**

Level 7, Menara Milenium  
Jalan Damlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur

**To: The Entitled Shareholders of ConnectCounty Holdings Berhad**

Dear Sir/Madam,

On behalf of the Board of Directors ("Board") of ConnectCounty Holdings Berhad (the "Company"), I wish to report that, after due inquiries in relation to the Company and its subsidiaries "Group") during the period between 31 December 2015, being the date on which the latest audited consolidated statements have been made up, and the date hereof, being a date not earlier than 14 days before the issue of this Abridged Prospectus), that:

- (a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;
- (b) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of the Group which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by any company within the Group;
- (e) since the last audited consolidated financial statements of the Group, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and
- (f) there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group since the last audited consolidated financial statements of the Group.

Yours faithfully,

For and on behalf of the Board

**ConnectCounty Holdings Berhad**

**Goh Koo Boon**  
Executive Director

**ADDITIONAL INFORMATION****1. SHARE CAPITAL**

- (i) Save for the ICPS, Warrants-B, Additional Warrants-A and the new CONNECT Shares to be issued pursuant to the conversion of ICPS, exercise of the Additional Warrants-A and Warrants-B, no securities shall be allotted or issued on the basis of this Abridged Prospectus later than 12 months after the date of the issuance of this Abridged Prospectus.
- (ii) As at the date of this Abridged Prospectus, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only 1 class of issued and paid-up shares in our Company, namely ordinary shares of RM0.10 each, all of which rank *pari passu* with one another.
- (iii) The ICPS shall, upon allotment and issue, rank *pari passu* among themselves.
- (iv) The holders of Warrants-B will not be entitled to any voting rights or participation in any forms of distribution and/or offer of further securities in our Company until and unless such holders of Warrants-B exercise their Warrants-B into CONNECT Shares and his name is entered into the Record of Depositors of our Company as the holder of those new Shares.
- (v) All new CONNECT Shares to be issued pursuant to the conversion of the ICPS, exercise of Additional Warrants-A and Warrants-B, if any shall, upon allotment and issuance, rank *pari passu* in all respects with the then issued and fully paid-up existing CONNECT Shares, save and except that such new CONNECT Shares will not be entitled to any dividend, rights, allotment and/or other distribution, the entitlement date of which is prior to the date of allotment of such new CONNECT Shares.
- (vi) As at the date of this Abridged Prospectus, save for the Entitled Shareholders who will be provisionally allotted the ICPS together with Warrants-B under the Rights Issue of ICPS and Warrants-A holders who will be allotted the Additional Warrants-A, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of our Company or our subsidiaries as of the date of this Abridged Prospectus. The Warrants-A are exercisable for a period of up to 18 September 2021.
- (vii) Save as disclosed in Section 2 of Appendix IV of this Abridged Prospectus and Warrants-A, none of our securities have been issued or agreed to be issued either as fully or partly paid-up otherwise than in cash, within the 2 years immediately preceding the date of this Abridged Prospectus.

**2. ARTICLES OF ASSOCIATION**

The provisions in our Articles of Association in relation to the remuneration of our Directors are as follows:

**Article 92**

- (1) The Directors shall be paid by way of fees for their services, such fixed sums (if any) as shall from time to time be determined by an ordinary resolution of the Company in general meeting and shall (unless such resolution otherwise provide) be divisible among the Directors as they may agree, or failing agreement, equally, except that

any Director who shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office PROVIDED ALWAYS that:-

- (a) fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover; and
  - (b) salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover.
- (2) The Directors shall be entitled to the reimbursed all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meeting or otherwise howsoever incurred in the course of the performance of their duties as Directors.
  - (3) Any Directors who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which in the opinion of the Directors are outside his ordinary duties as a Director may be paid such extra remuneration as the Directors may determine subject however as is hereinafter provided in this Article.
  - (4) Any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

### **Article 93**

Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where the notice of the proposed increase has been given in the notice convening the meeting.

### **Article 94**

If any Director, being willing and having been called upon to do so, shall render or perform extra or special services of any and, including services on any committee established by the Board, or shall travel or reside abroad for any business or purposes of the Company, he shall be entitled to receive such sum as the Board may think fit for expenses, and also such remuneration as the Board may think fit, either as a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) provided that in the case of non-executive Directors of the Company, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an Executive Director, such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.



### 3. MATERIAL CONTRACTS

Save for the Deed Poll 2016, Underwriting Agreement and as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the past 2 years preceding the date of this Abridged Prospectus:

- (i) Agreement for sale and purchase of redeemable convertible preference shares dated 26 September 2014 entered into between our Company, Tan See Kuy ("TSK") and MyGenBizz Berhad ("MGB") ("Share Sale Agreement") in relation to the sale of 900,000 redeemable convertible preference shares of RM1.00 each in MGB to TSK for a total cash consideration of RM900,000;

Subsequently, on 14 October 2014, TSK and the Company converted their respective redeemable convertible preference shares in MGB into ordinary shares of RM1.00 each in MGB resulting in TSK holding 73.27% and the Company holding 36.73% equity interest respectively in MGB. On 11 May 2015, the Company disposed its remaining equity interest of 36.73% held in MGB to TSK for a total consideration RM1.00; and

- (ii) Share sale agreement dated 1 April 2015 entered into between our Company, Lai Keng Onn and Choong Gaik Seng (collectively referred to as the "Sellers") ("Share Sale Agreement") in relation to the proposed acquisition of 1,000,000 ordinary shares of RM1.00 each representing the entire equity interest in Kejuruteraan Asastera Sdn Bhd from the Sellers for a total purchase consideration of RM25,000,000 to be satisfied wholly via a combination of cash consideration of RM12,500,000 and 250,000 new irredeemable preference shares of RM0.05 each in our Company. Subsequently, our Company had, on 4 September 2015 entered into a termination agreement to terminate the Share Sale Agreement with immediate effect.

### 4. MATERIAL LITIGATION

Our Board confirms that neither our Company nor any of our subsidiaries is engaged in any material litigation, claims or arbitration as at the LPD, either as plaintiff or defendant, and our Board is not aware and does not has any knowledge of any proceedings pending or threatened against our Group or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

### 5. GENERAL

- (i) The nature of our business is set out in Section 1, Appendix IV of this Abridged Prospectus. Save as disclosed in Section 5, Appendix IV of this Abridged Prospectus, there are no corporations that are related to our Company by virtue of Section 6 of the Act as at the date of this Abridged Prospectus.
- (ii) The total estimated expenses of or in connection with the Corporate Exercises including professional fees, fees payable to the relevant authorities, registration and other incidental expenses of approximately RM550,000 will be borne by our Company.
- (iii) None of our Directors have any existing or proposed service contracts with our Company or our subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory

compensation) within a year of the date of this Abridged Prospectus.

- (iv) Save as disclosed in this Abridged Prospectus, after having made all responsible enquiries and to the best knowledge of our Directors, there is no material information including trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.
- (v) Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:
  - (a) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
  - (b) material commitments for capital expenditure;
  - (c) unusual or infrequent events or transactions or significant economic changes that will materially affect the amount of reported income from operations;
  - (d) known trends or uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact of our Group's revenue or operating income; and
  - (e) substantial increase in revenue.

## **6. WRITTEN CONSENTS**

The written consents of the Principal Adviser, Underwriter, Company Secretaries, Principal Banker, Share Registrar, Independent Market Researcher and the Solicitors for the Rights Issue of ICPS to the inclusion in this Abridged Prospectus of their names in the form and context in which they appear have been given before issuance of this Abridged Prospectus and have not subsequently been withdrawn.

The written consent of the Reporting Accountants to the inclusion in this Abridged Prospectus of their names and letters relating to the pro forma consolidated statements of financial position of our Group as at 31 December 2015, in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors to the inclusion in this Abridged Prospectus of their names and letter relating to the audited consolidated financial statements of our Group for the FYE 2015, in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn.

**7. DOCUMENTS FOR INSPECTION**

Copies of the following documents are made available for inspection at our Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) for a period of 12 months from the date of this Abridged Prospectus:

- (i) Our Memorandum and Articles of Association;
- (ii) Our audited consolidated financial statements for the past 2 FYEs 2014 and 2015;
- (iii) The pro forma consolidated statements of financial position of the our Group as at 31 December 2015 together with the Reporting Accountants' letter thereon as set out in Appendix V of this Abridged Prospectus;
- (iv) The Deed Poll 2016;
- (v) The Directors' Report as set out in Appendix VII of this Abridged Prospectus;
- (vi) The consent letters referred to in Section 6 of this Appendix;
- (vii) The Undertaking referred to in Section 2.5 of this Abridged Prospectus;
- (viii) The material contracts referred to in Section 3 of this Appendix; and
- (ix) The IMR Report.

**8. RESPONSIBILITY STATEMENT**

This Abridged Prospectus together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

M&A Securities, being the Principal Adviser and the Underwriter for the Rights Issue of ICPS, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue of ICPS.