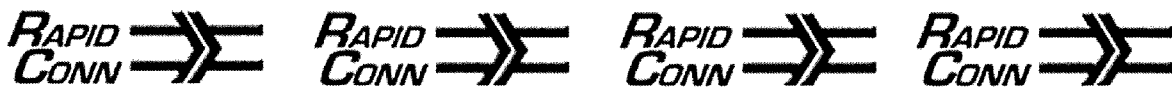




**INTERIM FINANCIAL STATEMENTS
FOR THE FORTH QUARTER ENDED
31 DECEMBER 2015**



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

**INTERIM FINANCIAL STATEMENTS FOR THE
FORTH QUARTER ENDED 31 DECEMBER 2015**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		(UNAUDITED) CURRENT YEAR QUARTER 31 DEC 2015 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING QUARTER 31 DEC 2014 RM'000	(UNAUDITED) CURRENT YEAR- TO-DATE 31 DEC 2015 RM'000	(AUDITED) PRECEDING YEAR CORRESPONDING PERIOD 31 DEC 2014 RM'000
	Note				
Operating revenue	B1	16,851	11,622	64,869	52,610
Cost of sales		(13,067)	(10,251)	(47,275)	(40,016)
Gross profit		<u>3,784</u>	<u>1,371</u>	<u>17,594</u>	<u>12,594</u>
Other income		178	1,639	1,483	1,969
Administrative expense		(3,196)	(2,274)	(11,258)	(10,349)
Distribution and selling expenses		(1,055)	(705)	(3,473)	(3,057)
Other expenses		(41)	(1,347)	(73)	(2,575)
Depreciation and amortisation		(391)	(406)	(1,428)	(1,214)
Profit/(Loss) from operations		<u>(721)</u>	<u>(1,722)</u>	<u>2,845</u>	<u>(2,632)</u>
Finance costs, net		(21)	(69)	(76)	(87)
Profit/(Loss) before tax	B1	<u>(742)</u>	<u>(1,791)</u>	<u>2,769</u>	<u>(2,719)</u>
Taxation	B5	110	181	(132)	(273)
Profit/(Loss) for the year		<u>(632)</u>	<u>(1,610)</u>	<u>2,637</u>	<u>(2,992)</u>
Other comprehensive income/(expenses):					
Foreign currency translation		(396)	(248)	1,344	214
Total comprehensive profit/(loss) for the year		<u>(1,028)</u>	<u>(1,858)</u>	<u>3,981</u>	<u>(2,778)</u>
Profit/(Loss) attributable to:					
Owners of the Company		(632)	(1,610)	2,637	(2,659)
Non-controlling interest		-	-	-	(333)
		<u>(632)</u>	<u>(1,610)</u>	<u>2,637</u>	<u>(2,992)</u>
Total comprehensive income/(expense) attributable to:					
Owners of the Company		(1,028)	(1,858)	3,981	(2,445)
Non-controlling interest		-	-	-	(333)
		<u>(1,028)</u>	<u>(1,858)</u>	<u>3,981</u>	<u>(2,778)</u>
(Loss)/earning per share (sen)					
- Basic	B10 (i)	<u>(0.29)</u>	<u>(0.80)</u>	<u>1.24</u>	<u>(1.44)</u>
- Diluted	B10 (ii)	<u>N/A(*)</u>	<u>N/A(*)</u>	<u>1.01</u>	<u>N/A(*)</u>

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

CONNECTCOUNTY HOLDINGS BERHAD
Company no. 618933-D
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INTERIM FINANCIAL STATEMENTS FOR THE
FORTH QUARTER ENDED 31 DECEMBER 2015

	Note	AS AT 31 DECEMBER 2015 (UNAUDITED) RM'000	AS AT 31 DECEMBER 2014 (AUDITED) RM'000
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
ASSETS			
Non-current assets			
Plant and equipment		4,517	4,047
Deferred tax assets		89	194
		<u>4,606</u>	<u>4,241</u>
Current assets			
Inventories		7,111	5,613
Trade receivables		17,184	9,666
Other receivables		2,783	2,821
Cash and bank balances		4,859	4,847
		<u>31,937</u>	<u>22,947</u>
TOTAL ASSETS		<u>36,543</u>	<u>27,188</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		21,661	20,615
Share premium		2,070	2,171
Foreign exchange reserve		1,538	194
Accumulated losses	B12	<u>(4,406)</u>	<u>(7,043)</u>
Total equity		<u>20,863</u>	<u>15,937</u>
Non-current liabilities			
Borrowings	B7	252	267
Other payables		-	38
Deferred tax liabilities		40	40
		<u>292</u>	<u>345</u>
Current liabilities			
Borrowings	B7	124	61
Trade payables		13,064	7,884
Other payables		2,200	2,961
		<u>15,388</u>	<u>10,906</u>
Total liabilities		<u>15,680</u>	<u>11,251</u>
TOTAL EQUITY AND LIABILITIES		<u>36,543</u>	<u>27,188</u>
Net Assets Per Share (RM)		<u>0.10</u>	<u>0.08</u>

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

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

INTERIM FINANCIAL STATEMENTS FOR THE
FORTH QUARTER ENDED 31 DECEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to Equity Holders of the Parent →				Non-controlling interest RM'000	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Foreign Exchange Reserve RM'000	Accumulated Losses RM'000		
At 1 January 2014	17,179	666	(20)	(4,384)	-	13,441
Loss for the year	-	-	-	(2,659)	(333)	(2,992)
Other comprehensive income/expense for the period	-	-	214	-	-	214
Issuance of ordinary shares pursuant to: - Private placement	3,436	1,505	-	-	-	4,941
Dilution of equity interest in subsidiary	-	-	-	-	333	333
At 31 December 2014	<u>20,615</u>	<u>2,171</u>	<u>194</u>	<u>(7,043)</u>	<u>-</u>	<u>15,937</u>
At 1 January 2015	20,615	2,171	194	(7,043)	-	15,937
Loss for the year	-	-	-	2,637	-	2,637
Other comprehensive income/(expense) for the period	-	(101)	1,344	-	-	1,243
Issuance of ordinary shares pursuant to: - Conversion of warrant shareholdings	1,046	-	-	-	-	1,046
At 31 December 2015	<u>21,661</u>	<u>2,070</u>	<u>1,538</u>	<u>(4,406)</u>	<u>-</u>	<u>20,863</u>

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

CONNECTCOUNTY HOLDINGS BERHAD
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INTERIM FINANCIAL STATEMENTS FOR THE
FORTH QUARTER ENDED 31 DECEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(UNAUDITED)	(AUDITED)
	CURRENT YEAR-TO-DATE 31 DEC 2015 RM'000	PRECEDING YEAR CORRESPONDING CUMULATIVE PERIOD 31 DEC 2014 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	2,769	(2,719)
Adjustments for:		
Bad debts written off	-	892
Deposit written off	-	500
Depreciation of plant and equipment	1,428	1,214
(Gain)/loss on disposal of plant and equipment	(6)	(88)
Gain on disposal of associate	-	(1)
(Gain)/loss on foreign exchange - unrealised	(1,067)	(355)
Interest expenses	14	26
Interest income	(5)	(2)
Loss on deemed disposal of a subsidiary	-	1,153
Reversal of impairment loss on other receivables	-	(1,088)
Share of post-acquisition loss of a subsidiary	-	347
Plant and equipment written off	74	16
Operating profit/(loss) before working capital changes	3,207	(105)
Changes in working capital:		
Inventories	(1,498)	(242)
Receivables	(7,480)	343
Payables	4,381	199
Cash (used in)/generated from operations	(1,390)	195
Interest paid	(14)	(26)
Tax paid	(8)	(16)
Net cash (used in)/generated from operating activities	(1,412)	153
Cash flows from investing activities		
Acquisition of interest in subsidiaries	-	(1,000)
Acquisition of redeemable convertible preference shares in a subsidiary	-	(1,400)
Interest received	5	2
Net cash outflow on dilution of equity interest in a subsidiary	-	(13)
Proceeds from disposal of plant and equipment	6	184
Proceeds from disposal of redeemable convertible preference shares in a subsidiary	-	900
Proceeds from disposal of an associate	-	1
Purchase of plant and equipment	(1,747)	(2,250)
Net cash used in investing activities	(1,736)	(3,576)
Cash flows from financing activities		
Non-controlling interest arising from dilution of interest in subsidiary	-	333
Proceeds from issuance of ordinary shares	1,046	5,161
Private placement expenses	-	(220)
Repayment of hire purchase	(49)	(179)
Net cash generated from financing activities	997	5,095
Net (decrease)/increase in cash and cash equivalents	(2,151)	1,672
Effects of exchange rate changes	2,163	80
Cash and cash equivalents at beginning of the financial year	4,847	3,095
Cash and cash equivalents at end of the financial year	4,859	4,847
Cash and cash equivalents are represented by		
Cash and at bank balances	4,859	4,847
	4,859	4,847

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

CONNECTCOUNTY HOLDINGS BERHAD (“Connect” or the “Company”)
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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED
31 DECEMBER 2015

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134 ON INTERIM FINANCIAL REPORTING

A1 BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the requirement of MFRS134: Interim Financial Reporting and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

A2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted as disclosed in the Group’s annual audited financial statements for the year ended 31 December 2015.

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

A3 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

There were no audit qualification on the financial statements of the Company and its subsidiaries for the financial year ended 31 December 2015 other than an audit emphasis of matter by the independent auditor as follows:

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

A4 SEASONALITY OR CYCLICALITY OF OPERATIONS

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

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

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

A6 MATERIAL CHANGES IN ESTIMATES

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

CONNECTCOUNTY HOLDINGS BERHAD (“Connect” or the “Company”)
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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED
31 DECEMBER 2015

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134 ON INTERIM FINANCIAL REPORTING (CONT’D)

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

Exercise of Warrants 2011/2021

During the current year to date, the Company has issued 10.5million new ordinary shares of RM0.10 each for cash at RM0.10 each pursuant to the exercise of Warrants 2011/2021 and the total cash proceeds arising from the exercise of Warrants amounted to RM1.05million. The details of the Warrants exercised during the current year to date are as follows:

Batch No.	Allotment Date	No. of CCHB Warrant Converted ('000)	Balance of Outstanding Warrants ('000)
			60,847
1	02.06.2015	760	60,087
2	09.06.2015	2,259	57,828
3	16.06.2015	3,040	54,788
4	23.06.2015	530	54,258
5	01.07.2015	2,876	51,382
6	10.07.2015	551	50,831
7	30.09.2015	60	50,771
8	15.10.2015	330	50,441
9	23.10.2015	50	50,391
		10,456	

As a result of the exercise of the Warrants mentioned above, the total number of issued and paid up shares of RM0.10 each of the Company has increased from 206,151,400 shares to 216,607,200 shares. The new ordinary shares issued arising from the exercise of Warrants shall rank pari passu in all respect with the existing ordinary shares of the Company, save and except that the new shares shall not be entitled to any dividends, rights, allotments and/or distributions, unless the exercise of Warrant is effected before the book closure of the share registers for determination of the entitlement to such rights or distributions.

A8 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

**CONNECTCOUNTY HOLDINGS BERHAD (“Connect” or the “Company”)
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED
31 DECEMBER 2015**

**PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING
STANDARDS (“MFRS”) 134 ON INTERIM FINANCIAL REPORTING (CONT’D)**

A9 DIVIDENDS

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

A10 SEGMENTAL INFORMATION

(i) Business Segments

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

The segmental analysis as reviewed by management is based on the geographical segments as shown below:-

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CONNECTCOUNTRY HOLDINGS BERHAD (“Connect” or the “Company”)
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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED
31 DECEMBER 2015

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134 ON INTERIM FINANCIAL REPORTING (CONT’D)

A10 SEGMENTAL INFORMATION (CONT’D)

(ii) Geographical Segments

31 Dec 2015

REVENUE AND EXPENSES

REVENUE
External sales

	Malaysia RM’000	China RM’000	Singapore RM’000	USA RM’000	Total RM’000	Elimination RM’000	Consolidated RM’000
	-	41,804	21,098	31,457	94,359	(29,490)	64,869

RESULTS

Segments results
Finance cost, net
Profit before tax
Taxation

	(772)	919	1,588	1,110	2,845	-	2,845
	-	(20)	(33)	(23)	(76)	-	(76)
	(772)	899	1,555	1,087	2,769	-	2,769
	-	-	-	(169)	(169)	37	(132)

Net profit attributable to owners of the Company

	(772)	899	1,555	918	2,600	37	2,637
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ASSETS AND LIABILITIES

Segment assets
Consolidated total assets

	11,226	20,742	10,456	9,948	52,372	(15,829)	36,543
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Segment liabilities
Consolidated total liabilities

	6,104	17,517	5,883	4,601	34,105	(18,425)	15,680
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OTHER INFORMATION

Depreciation
Capital expenditure

	11	1,020	340	57	1,428	-	1,428
	-	1,421	311	15	1,747	-	1,747

CONNECTCOUNTRY HOLDINGS BERHAD ("Connect" or the "Company")
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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED
31 DECEMBER 2015

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

A10 SEGMENTAL INFORMATION (CONT'D)

(ii) Geographical Segments

	Malaysia RM'000	China RM'000	Singapore RM'000	USA RM'000	Total RM'000	Elimination RM'000	Consolidated RM'000
31 Dec 2014							
REVENUE AND EXPENSES							
REVENUE							
External sales	-	32,282	12,161	30,325	74,768	(22,158)	52,610
RESULTS							
Segments results	(3,158)	(427)	(156)	1,415	(2,326)	(306)	(2,632)
Finance cost, net	(1)	(10)	(54)	(22)	(87)	-	(87)
Profit before tax	(3,159)	(437)	(210)	1,393	(2,413)	(306)	(2,719)
Taxation	-	-	-	(273)	(273)	-	(273)
Net profit attributable to owners of the Company	(3,159)	(437)	(210)	1,120	(2,686)	(306)	(2,992)

ASSETS AND LIABILITIES

Segment assets							
Consolidated total assets	10,660	14,847	8,281	9,376	43,164	(15,976)	27,188
Segment liabilities							
Consolidated total liabilities	5,711	12,986	5,882	5,517	30,096	(18,845)	11,251

OTHER INFORMATION

Depreciation	20	764	278	51	1,113	101	1,214
Capital expenditure	38	968	575	114	1,695	555	2,250

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

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS ("MFRS") 134 ON INTERIM FINANCIAL REPORTING (CONT'D)

A11 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD

Save as disclosed below, there were no material events subsequent to the current quarter ended 31 December 2015 up to the date of this report:

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

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

On 4 September 2015, the Company has announced that, CCHB and KASB have mutually agreed to terminate the Proposed Acquisition with no further claims being made from both parties.

A12 CHANGES IN THE COMPOSITION OF THE GROUP

During the financial year-to-date, the following changes in the composition of the Group were effected:-

(1) Formation of a new majority-owned sub-subsidiary, i.e. HS Co. Ltd. in China

Rapid Conn (Shenzhen) Co Ltd, ("**RCC**"), a wholly-owned subsidiary of the Company has entered into an agreement with Mr. Zhou Jian, a Chinese national, to form a new private limited company, HS Co. Ltd. ("**HSC**"), in Shenzhen, China. The new company was incorporated in 12 February 2015 and has a subscription share capital of RenMinBi ("**RMB**") 5,000,000 (equivalent to RM3,104,500).

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

(2) Injection of capital into HS Co. Ltd.

On 4 March 2015 (Reference no. CS-150226-54615) and 30 March 2015 (Reference no. CS-150305-40878), the Board of Directors of the Company has on 4 August 2015 been notified that HSC, a new majority-owned subsidiary in China, under the wholly-owned subsidiary of the Company, RCC had on 2 July 2015 increased its subscription share capital from RenMinBi ("**RMB**") 5,000,000 comprising 5,000,000 subscription shares of RMB1/- each to RMB7,500,000 comprising 7,500,000 subscription shares of RMB1/- each.

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PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134 ON INTERIM FINANCIAL REPORTING (CONT’D)

A12 CHANGES IN THE COMPOSITION OF THE GROUP (CONT’D)

The shareholding structure of HSC shall be as follows:

Shareholders	Before		After	
	No. of Subscription Shares @ RMB1/- share	Percentage of Issued and Paid-up Capital (%)	No. of Subscription Shares @ RMB1/- share	Percentage of Issued and Paid-Up Capital (%)
RCC	3,000,000	60	4,500,000	60
Zhou Jian	2,000,000	40	3,000,000	40
Total	5,000,000	100	7,500,000	100

(3) Transfer of shares in HS Co. Ltd.

Subsequently thereto, RCC had on 9 July 2015 transferred all its subscription shares, which is to be held in trust for and on behalf of RCC, to Mr. Liu ZhengHua, a Chinese national (of Long San Road, 6th Lane, Luo Tian Social District, Song Gang Street, Bao An District, Shenzhen 518105, China), who is the legal representative of HSC.

Consequently, the current shareholding structure of HSC shall be as follows:-

Shareholders	No. of Subscription Shares @ RMB1/- per Share	Percentage of Issued and Paid-Up Capital (%)
Liu ZhengHua	4,500,000	60
Zhou Jian	3,000,000	40
Total	7,500,000	100

(4) Change of Name of HS Co. Ltd. to Rapid Power (Shen Zhen) Co. Ltd.

With effect from 20 July 2015, the State Administration of Industry and Commerce (“SAIC”) of the People’s Republic of China has approved the change of name of HSC to Rapid Power (Shen Zhen) Co. Ltd. as well as the grant of Foreigner Invested Commercial Enterprises (“FICE”) status to the said company.

(5) Transfer of shares in Rapid Power (Shen Zhen) Co. Ltd. (formerly known as HS Co. Ltd)

With effect from 20 July 2015, Rapid Power (Shenzhen) Co. Ltd. (formerly known as HS Co. Ltd.) has become a wholly-owned subsidiary of RCC, which in turn is a wholly-owned subsidiary of the Company.

CONNECTCOUNTY HOLDINGS BERHAD (“Connect” or the “Company”)
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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED
31 DECEMBER 2015

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134 ON INTERIM FINANCIAL REPORTING (CONT’D)

A12 CHANGES IN THE COMPOSITION OF THE GROUP (CONT’D)

Before			After		
Shareholders	No. of Subscription Shares @ RMB1/- per Share	Percentage of Issued and Paid-Up Capital (%)	Shareholders	No. of Subscription Shares @ RMB1/- per Share	Percentage of Issued and Paid-Up Capital (%)
Liu ZhengHua	4,500,000	60	RCC	7,500,000	100
Zhou Jian	3,000,000	40	-	-	-
Total	7,500,000	100	Total	7,500,000	100

A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets since the last audited financial report and up to the date of this report.

A14 CAPITAL COMMITMENTS

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

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

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

B1 REVIEW OF PERFORMANCE

The Group's overall performance has improved as it has recorded a higher revenue in the period ended 31 December 2015 as compared to the corresponding period ended 31 December 2014.

For the current financial period ended 31 December 2015, the Group's revenue and profit before tax were RM64.9million and RM2.8million respectively, compared to its preceding year's corresponding period's revenue of RM52.6million and loss before tax of RM2.7million.

The Group recorded a higher margin of 27% in the period ended 31 December 2015, if compared to 24% for the period ended 31 December 2014. This was due to the overall improvement in variable costs, which was due to our efforts in diversifying into higher margin products as well as our control over input costs.

Other income mainly consists of an overall gain on unrealised foreign exchange, a gain on disposal of a motor vehicle, scrap sales, and rental income. The increased in other income in both the quarter and the period under review was mainly due to the appreciation of the United States Dollar (“USD”) against the Ringgit Malaysia (“RM”).

Other expenses consist mainly of fixed assets written off and realised loss on foreign exchange.

B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS

For the current quarter under review, the Group recorded a revenue of RM16.9million and a loss before tax of RM0.7million as compared to the revenue and profit before tax at RM17.7million and RM1.8million respectively for the preceding quarter ended 30 September 2015. The Group recorded a slight decrease in revenue of approximately 4.5% in the current quarter compared to the preceding quarter ended 30 September 2015.

The Group recorded a margin of 22% in the current quarter as compared to 29% in the preceding quarter ended 30 September 2015. The margin of the group has decreased if compared to the preceding quarter ended 30 September 2015, which was mainly due to low gross profit from local China market sales and the increased in orders for lower margin products.

The Group recorded an unrealised forex gain of RM0.1million for the current quarter, compared to unrealised gain of RM0.7million in the preceding quarter ended 30 September 2015. Notwithstanding the above, the Group recorded a realised forex loss of RM39 thousand in the current quarter, as compared to realised forex gain of RM15 thousand for the preceding quarter ended 30 September, which was mainly due to the depreciation of the USD against the RM.

B3 PROSPECTS FOR THE FINANCIAL YEAR 2016

According to a survey conducted by ABI Research, global revenues for mobile accessories will reach US\$81.5 billion this year, and it is forecasted that this market segment will grow to about US\$85 billion next year, and will continue to grow to US\$101 billion in 2020 at a compound annual growth rate (CAGR) of 4.3%. Additionally, a new wave of wearable technology is hitting the mobile device market, in that a wide variety of connected devices are being designed and developed specifically for the global consumer market.

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B3 PROSPECTS FOR THE FINANCIAL YEAR 2016 (CONT'D)

The Group intends to capitalise on this trend and is already implementing strategies to further enhance its presence in the smart connected devices industry, to enable further penetration into both the wearable and mobile accessories markets. This will form part of the Group’s business expansion initiatives which includes expanding its market share in lucrative markets like automotive and white goods.

As the Group has performed well during the current year, the Group hopes to continue to increase its overall profits and margins in 2016, while increasing its market base, particularly in the automotive industry. The Group (through RCC) has already managed to secure trial orders from key global automotive companies.

B4 VARIANCE OF FORECAST AND PROFIT GUARANTEE

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

B5 TAXATION

	Quarter Ended		Year to Date	
	31 Dec 2015 RM'000	31 Dec 2014 RM'000	31 Dec 2015 RM'000	31 Dec 2014 RM'000
Current taxation:				
Domestic	-	-	-	-
Foreign tax	-	-	(8)	(16)
	-	-	(8)	(16)
Under provision in prior period:				
Domestic	-	-	-	-
Foreign tax	-	-	-	-
	-	-	-	-
Deferred taxation	110	181	(124)	(257)
	110	181	(132)	(273)

No provision of taxation (domestic) was provided for the current quarter and for the year due to accumulated losses suffered from previous years by the subsidiaries.

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B6. STATUS OF CORPORATE PROPOSAL

Save as disclosed below, there were no other corporate proposals announced but not completed as at to-date:-

(i) Rights Issue of ICPS

On 19 October 2015, M&A Securities Sdn Bhd ("M&A Securities"), has on behalf of the Board of Directors of the Company ("Board"), announced that the Company proposed to undertake the following:

1. 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 three (3) ICPS for every one (1) existing ordinary share of RM0.10 each held in CONNECT ("CONNECT Share" or "Share") at 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 one (1) free Warrant-B for every fifteen (15) ICPS subscribed ("Proposed Rights Issue of ICPS");
2. Proposed increase in the authorised share capital of the Company in order to facilitate the issuance of ICPS and new Shares arising from the conversion thereof ("Proposed IASC"); and
3. Proposed amendment to the Memorandum and Articles of Association of the Company in order to facilitate the issuance of ICPS and the Proposed IASC ("Proposed Amendment").

On 11 November 2015, M&A Securities has on behalf of the Board, announced the following amendments to the indicative salient terms of the ICPS:

Terms	As announced on 19 October 2015	Amended terms
Conversion Period	The ICPS may be converted at any time beginning from the day falling two (2) years after the Issue Date at the option of the ICPS holder. Any remaining ICPS that are not converted by the expiry of the tenure of the ICPS shall be automatically converted into new CONNECT Shares.	The ICPS may be converted at any time beginning from the Issue Date at the option of the ICPS holder. Any remaining ICPS that are not converted by the expiry of the tenure of the ICPS shall be automatically converted into new CONNECT Shares.
Conversion Price	The conversion price for the ICPS is RM0.20 for every one (1) new CONNECT Share.	The final conversion price of the ICPS shall be determined by the Board at a later date after the receipt of all relevant approvals and after taking into consideration the 5D-WAMP of CONNECT Shares immediately preceding the price fixing date.

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B6. STATUS OF CORPORATE PROPOSAL (CONT'D)

On 17 November 2015, M&A Securities has on behalf of the Board, announced the following amendments to the indicative salient terms of the Warrants-B:

Terms	As announced on 19 October 2015	Amended term
Exercise Price	The exercise price of the Warrant-B has been fixed by the Board at RM0.20 each. The exercise price and the number of outstanding Warrant-B shall be subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period.	The exercise price of the Warrants-B shall be determined by the Board at a later date after the receipt of all relevant approvals and after taking into consideration the 5D-WAMP of CONNECT Shares immediately preceding the price fixing date. The exercise price and the number of outstanding Warrant-B shall be subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period.

(ii) Status of Utilisation of Proceeds Raised From Private Placement

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

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B6 STATUS OF CORPORATE PROPOSAL (CONT'D)

(iii) Status of Utilisation of Proceeds Raised From Private Placement (Cont'd)

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

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

Description	Proposed Utilisation	Revised Utilisation	Actual Utilisation as at 31 Dec 2015	Balance	Estimated Timeframe for Utilisation of Proceeds
	RM'000	RM'000	RM'000	RM'000	
Working capital for:					
- Increased Rapid Conn (Shenzhen) Co., Ltd (“RCC”) paid up capital	3,960	2,960	2,960	-	Completed ***
- MyGenBizz Berhad (“MyGenBizz”)	1,026	900	900	-	Completed **
- Administrative expenses of other companies (“Connect Group”)	699	1,085	1,085	-	Completed *
- Estimated expenses in relation to the Proposed Private Placement	500	217	217	-	Completed
Total	6,185	5,162	5,162	-	

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

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

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

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B6 STATUS OF CORPORATE PROPOSAL (CONT'D)

(iii) Status of Utilisation of Proceeds Raised From Private Placement (Cont'd)

	Proposed Utilisation by RCC RM'000	Revised Utilisation by RCC RM'000	Actual Utilisation by RCC RM'000
Purchase of raw materials (i.e. raw copper cables, plastics), interjects and packaging materials	1,970	1,470	2,805
Purchase of tools and equipment such as cable assembly and moulding equipment as well as crimping machines	1,500	1,000	89
Production labour costs	490	490	66
Total	3,960	2,960	2,960

B7 GROUP BORROWINGS

The Group's borrowings as at 31 December 2015 are as follows:-

	Short term (Secured) RM'000	Long term (Secured) RM'000	Total RM'000
Hire purchase liabilities	124	252	376

DENOMINATED IN FOREIGN CURRENCY

	Short term (Secured) in Foreign Currency	Long term (Secured)	Short term (Secured) RM'000	Long term (Secured) RM'000
Hire purchase liabilities in USD	18	58	79	252
Hire purchase liabilities in RMB	68	-	45	-
			124	252

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B8 MATERIAL LITIGATIONS

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

B9 DIVIDENDS

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

B10 EARNINGS PER SHARE

(i) Basic Earnings Per Share

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

	Quarter Ended		Year to Date	
	31 Dec 2015 RM'000	31 Dec 2014 RM'000	31 Dec 2015 RM'000	31 Dec 2014 RM'000
Net profit attributable to shareholders	(632)	(1,610)	2,637	(2,659)
Weighted average number of shares – basic	216,607	200,270	211,858	184,620
Basic profit per share (sen)	(0.29)	(0.80)	1.24	(1.44)

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B10 EARNINGS PER SHARE (CONT'D)

(ii) Diluted Earnings Per Share

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

	Quarter Ended		Year to Date	
	31 Dec 2015 RM'000	31 Dec 2014 RM'000	31 Dec 2015 RM'000	31 Dec 2014 RM'000
Net profit attributable to shareholders	(632)	(1,610)	2,637	(2,659)
Weighted average number of shares - basic	216,607	200,270	211,858	184,620
Add: Assuming conversion of Warrants	50,391	60,847	50,391	60,847
Weighted average number of shares – diluted	266,998	261,117	262,249	245,467
Diluted earnings per share (sen)	(0.24)	(0.62)	1.01	(1.08)

Note:-

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

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B11 REALISED AND UNREALISED (LOSSES)/PROFIT DISCLOSURE

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

	As at 31 Dec 2015 RM'000	(Audited) As at 31 Dec 2014 RM'000
Total accumulated losses of the Group:		
- Realised	(5,473)	(7,414)
- Unrealised	1,067	371
	<u>(4,406)</u>	<u>(7,043)</u>
Less: Consolidated adjustments	-	-
Accumulated losses as per financial statements	<u>(4,406)</u>	<u>(7,043)</u>

B12 NOTE TO THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter Ended		Year to Date	
	31 Dec 2015 RM'000	31 Dec 2014 RM'000	31 Dec 2015 RM'000	31 Dec 2014 RM'000
Depreciation	391	406	1,428	1,214
Interest expense	3	10	14	26
Interest income	(3)	(2)	(5)	(2)
(Gain)/Loss on foreign exchange – unrealised	(106)	(372)	(1,067)	(355)
(Gain)/Loss on disposal of plant and equipment	26	(137)	(6)	(88)
Plant and equipment written off	74	16	74	16
Reversal of impairment loss on receivables	-	(580)	-	(1,088)