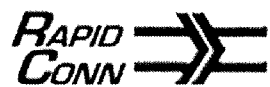
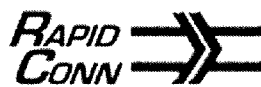
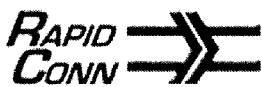
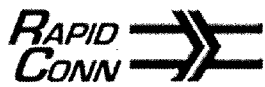




INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED  
30 SEPTEMBER 2016



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

**INTERIM FINANCIAL STATEMENTS FOR THE  
THIRD QUARTER ENDED 30 SEPTEMBER 2016**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	INDIVIDUAL QUARTER (UNAUDITED)		CUMULATIVE QUARTER (UNAUDITED)	
		CURRENT YEAR QUARTER 30 SEPTEMBER 2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 SEPTEMBER 2015 RM'000	CURRENT YEAR- TO-DATE 30 SEPTEMBER 2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 SEPTEMBER 2015 RM'000
<b>Operating revenue</b>	B1	19,775	17,719	55,691	48,018
Cost of sales		(14,867)	(12,507)	(42,963)	(34,208)
<b>Gross profit</b>		<u>4,908</u>	<u>5,212</u>	<u>12,728</u>	<u>13,810</u>
Other income		202	772	659	1,305
Administrative expense		(3,158)	(2,882)	(9,490)	(8,062)
Distribution and selling expenses		(1,073)	(908)	(2,967)	(2,418)
Other expenses		(516)	-	(364)	(32)
Depreciation and amortisation		(342)	(378)	(1,047)	(1,037)
<b>Profit/(Loss) from operations</b>		<u>21</u>	<u>1,816</u>	<u>(481)</u>	<u>3,566</u>
Finance costs, net		(29)	(22)	(78)	(55)
<b>(Loss)/profit before tax</b>	B1	<u>(8)</u>	<u>1,794</u>	<u>(559)</u>	<u>3,511</u>
Taxation	B5	(101)	(117)	(166)	(242)
<b>(Loss)/profit for the year</b>		<u>(109)</u>	<u>1,677</u>	<u>(725)</u>	<u>3,269</u>
<b>Other comprehensive income/(expenses):</b>					
Foreign currency translation		<u>559</u>	<u>688</u>	<u>(844)</u>	<u>1,740</u>
<b>Total comprehensive profit/(loss) for the year</b>		<u><u>450</u></u>	<u><u>2,365</u></u>	<u><u>(1,569)</u></u>	<u><u>5,009</u></u>
(Loss)/profit attributable to:					
Owners of the Company		<u>(109)</u>	<u>1,677</u>	<u>(725)</u>	<u>3,269</u>
		<u><u>(109)</u></u>	<u><u>1,677</u></u>	<u><u>(725)</u></u>	<u><u>3,269</u></u>
Total comprehensive income/(expense) attributable to:					
Owners of the Company		<u>450</u>	<u>2,365</u>	<u>(1,569)</u>	<u>5,009</u>
		<u><u>450</u></u>	<u><u>2,365</u></u>	<u><u>(1,569)</u></u>	<u><u>5,009</u></u>
(Loss)/Earnings per share (sen)					
- Basic	B10 (i)	<u>(0.04)</u>	<u>0.78</u>	<u>(0.42)</u>	<u>1.55</u>
- Diluted	B10 (ii)	<u>(0.01)</u>	<u>0.63</u>	<u>(0.09)</u>	<u>1.25</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 2015 and the accompanying explanatory notes attached to this interim financial statements.)

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

**INTERIM FINANCIAL STATEMENTS FOR THE**  
**THIRD QUARTER ENDED 30 SEPTEMBER 2016**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	AS AT 30 SEPTEMBER 2016 (UNAUDITED) RM'000	AS AT 31 DECEMBER 2015 (AUDITED) RM'000
Note		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant and equipment	4,244	4,840
Deferred tax assets	-	49
	<u>4,244</u>	<u>4,889</u>
<b>Current assets</b>		
Inventories	10,288	7,549
Trade receivables	21,797	17,185
Other receivables	3,086	2,525
Cash and bank balances	15,090	4,859
	<u>50,261</u>	<u>32,118</u>
<b>TOTAL ASSETS</b>	<u><u>54,505</u></u>	<u><u>37,007</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	25,356	21,661
Preference Share	13,015	-
Share premium	1,559	2,070
Foreign exchange reserve	635	1,479
Accumulated losses	B11 (5,076)	(4,351)
<b>Total equity</b>	<u>35,489</u>	<u>20,859</u>
<b>Non-current liabilities</b>		
Borrowings	B7 179	252
Other payables	30	28
Deferred tax liabilities	33	-
	<u>242</u>	<u>280</u>
<b>Current liabilities</b>		
Borrowings	B7 85	79
Trade payables	16,821	12,416
Other payables	1,868	3,373
	<u>18,774</u>	<u>15,868</u>
<b>Total liabilities</b>	<u>19,016</u>	<u>16,148</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>54,505</u></u>	<u><u>37,007</u></u>
<b>Net Assets Per Share (RM)</b>	<u>0.14</u>	<u>0.10</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 2015 and the accompanying explanatory notes attached to this interim financial statements.)

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

**INTERIM FINANCIAL STATEMENTS FOR THE**  
**THIRD QUARTER ENDED 30 SEPTEMBER 2016**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share Capital RM'000	Attributable to Equity Holders of the Parent			Accumulated Losses RM'000	Total RM'000
		Preference Share RM'000	Share Premium RM'000	Non-Distributable Foreign Exchange Reserve RM'000		
<b>At 1 January 2015</b>	20,615	-	2,171	194	(7,043)	15,937
Profit for the period	-	-	-	-	3,269	3,269
Other comprehensive income for the period	-	-	-	1,740	-	1,740
Issuance of ordinary shares pursuant to: - Conversion of warrant shareholdings	1,008	-	-	-	-	1,008
<b>At 30 SEPTEMBER 2015</b>	<u>21,623</u>	<u>-</u>	<u>2,171</u>	<u>1,934</u>	<u>(3,774)</u>	<u>21,954</u>
<b>At 1 January 2016</b>	21,661	-	2,070	1,479	(4,351)	20,859
Loss for the period	-	-	-	-	(725)	(725)
Other comprehensive expense for the period	-	-	(511)	(844)	-	(1,355)
Issuance of ICPS	-	16,246	-	-	-	16,246
Issuance of ordinary shares pursuant to: - Conversion of ICPS shareholdings	3,695	(3,231)	-	-	-	464
<b>At 30 SEPTEMBER 2016</b>	<u>25,356</u>	<u>13,015</u>	<u>1,559</u>	<u>635</u>	<u>(5,076)</u>	<u>35,489</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 2015 and the accompanying explanatory notes attached to this interim financial statements.)

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

**INTERIM FINANCIAL STATEMENTS FOR THE**  
**THIRD QUARTER ENDED 30 SEPTEMBER 2016**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	(UNAUDITED) CURRENT YEAR-TO-DATE 30 SEPTEMBER 2016 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING CUMULATIVE PERIOD 30 SEPTEMBER 2015 RM'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	(559)	3,511
Adjustments for:		
Bad debts written off	68	-
Depreciation of plant and equipment	1,047	1,037
(Gain)/loss on disposal of plant and equipment	-	(32)
(Gain)/loss on foreign exchange - unrealised	52	(961)
Interest expenses	9	11
Interest income	(70)	(2)
Plant and equipment written off	466	-
Operating profit before working capital changes	1,013	3,564
Changes in working capital:		
Inventories	(2,739)	(533)
Receivables	(5,173)	(9,651)
Payables	2,902	3,989
Cash used in operations	(3,997)	(2,631)
Interest paid	(9)	(11)
Tax paid	(86)	(8)
<b>Net cash used in operating activities</b>	<b>(4,092)</b>	<b>(2,650)</b>
<b>Cash flows from investing activities</b>		
Interest received	70	2
Proceeds from disposal of plant and equipment	10	6
Purchase of plant and equipment	(1,044)	(1,273)
<b>Net cash used in investing activities</b>	<b>(964)</b>	<b>(1,265)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ICPS	16,246	-
Proceeds from issuance of ordinary shares pursuant to :		
- Conversion of ICPS	464	-
- Exercise of warrants	-	1,008
Share issuance expenses	(511)	-
Repayment of hire purchase	(54)	(73)
<b>Net cash generated from financing activities</b>	<b>16,145</b>	<b>935</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>11,089</b>	<b>(2,980)</b>
<b>Effects of exchange rate changes</b>	<b>(858)</b>	<b>2,578</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>4,859</b>	<b>4,847</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b>15,090</b>	<b>4,445</b>
<b>Cash and cash equivalents are represented by</b>		
Cash and at bank balances	15,090	4,445
	<b>15,090</b>	<b>4,445</b>

(The unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 THIRD QUARTER ENDED**  
**30 SEPTEMBER 2016**

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**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 was no audit qualification on the respective financial statements of the Company and its subsidiaries for the financial year ended 30 September 2016 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”)  
Company No. 618933-D  
(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED  
30 SEPTEMBER 2016**

**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:

<b>Batch No.</b>	<b>Allotment Date</b>	<b>No. of CCHB Warrant Converted ('000)</b>	<b>Balance of Outstanding Warrants ('000)</b>
			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
		<b>10,456</b>	
Note :	08.06.2016	Add : Bonus adjustment of Warrant A of 9,223	<b>59,614</b>

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 THIRD QUARTER ENDED  
30 SEPTEMBER 2016**

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**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 THIRD QUARTER ENDED**  
**30 SEPTEMBER 2016**

**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
<b>30 September 2016</b>							
<b>REVENUE AND EXPENSES</b>							
<b>REVENUE</b>							
External sales	-	40,983	17,491	24,264	82,738	(27,047)	55,691

**RESULTS**

Segments results	(1,643)	332	2,060	337	1,086	(1,567)	(481)
Finance cost, net	(2)	(32)	(25)	(19)	(78)	-	(78)
Loss before tax	(1,645)	300	2,035	318	1,008	(1,567)	(559)
Taxation	-	(16)	-	(150)	(166)	-	(166)
Net (loss)/profit attributable to owners of the Company	(1,645)	284	2,035	168	842	(1,567)	(725)

**ASSETS AND LIABILITIES**

<b>Segment assets</b>							
Consolidated total assets	25,544	29,429	12,729	11,625	79,327	(24,822)	54,505

**Segment liabilities**

Consolidated total liabilities	5,967	18,337	4,621	6,248	35,173	(16,157)	19,016
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**OTHER INFORMATION**

Depreciation	10	689	299	49	1,047	-	1,047
Capital expenditure	14	674	299	57	1,044	-	1,044

**CONNECTCOUNTRY HOLDINGS BERHAD (“CONNECT” or the “Company”)**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED**  
**30 SEPTEMBER 2016**

**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
<b>30 September 2015</b>							
<b>REVENUE AND EXPENSES</b>							
<b>REVENUE</b>							
External sales	-	30,177	16,055	24,759	70,991	(22,973)	48,018
<b>RESULTS</b>							
Segments results	(277)	1,115	1,175	1,553	3,566	-	3,566
Finance cost, net	-	(15)	(24)	(16)	(55)	-	(55)
Profit before tax	(277)	1,100	1,151	1,537	3,511	-	3,511
Taxation	-	-	-	(279)	(279)	37	(242)
Net (loss)/profit attributable to owners of the Company	(277)	1,100	1,151	1,258	3,232	37	3,269
<b>ASSETS AND LIABILITIES</b>							
<b>Segment assets</b>							
Consolidated total assets	11,828	19,056	6,214	11,709	48,807	(11,227)	37,580
<b>Segment liabilities</b>							
Consolidated total liabilities	6,148	15,600	2,271	6,058	30,077	(14,451)	15,626
<b>OTHER INFORMATION</b>							
Depreciation	8	743	246	40	1,037	-	1,037
Capital expenditure	-	1,248	12	13	1,273	-	1,273

**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT” or the “Company”)**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED**  
**30 SEPTEMBER 2016**

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**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 in Notes A12 and B6, there were no other material events subsequent to the current quarter ended 30 September 2016 up to date of this report.

**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) Additional Investment in Rapid Conn (Shenzhen) Co. Ltd.**

On 15 July 2016, it was announced that the Company proposed an additional subscription of shares in its wholly-owned subsidiary, Rapid Conn (Shenzhen) Co. Ltd. (“**RCC**”), subject to the approval being obtained from the Ministry of Commerce’s Bureau of Trade and Industry of China (“**Proposed Subscription**”).

<b>Details</b>	<b>Balance before increase (USD)</b>	<b>Amount increase (USD)</b>	<b>Balance after increase (USD)</b>
Total investment	4,000,000	2,000,000	6,000,000
Registered Capital	3,200,000	1,900,000	5,100,000

The Board of Directors of the Company is of the opinion that the Proposed Subscription will be in the best interest of the Company and its subsidiaries.

**(2) Disposal of Shares in Rapid Power (Shenzhen) Co. Ltd. by RCC**

The Board of Directors of the Company had on 14 October 2016 been notified that the State Administration of Industry and Commerce (“**SAIC**”) of the People’s Republic of China has on 27 September 2016 approved the application of Rapid Power (Shenzhen) Co., Ltd (“**RCP**”), a wholly-owned sub-subsidiary in China under the wholly-owned subsidiary of the Company, RCC in relation to the change in the following matters:-

- Company Name;
- Registered Address;
- Shareholders; and
- Change in the Board of Directors and Supervisor.

With effect from 27 September 2016, Shenzhen Rapid Power Co. Ltd. (*formerly known as Rapid Power (Shenzhen) Co., Ltd*) has become a majority-owned subsidiary of RCC, which in turn is a majority-owned subsidiary of the Company.

**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT” or the “Company”)**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED**  
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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)**

**(2) Disposal of Shares in Rapid Power (Shenzhen) Co. Ltd. by RCC (Cont’d)**

Further to the above, the Board of Directors of the Company wishes to announce full details of the change in ownership of RCP as follows:

- The wholly-owned subsidiary of the Company namely, RCC, had disposed its equity interest of 1,500,000 ordinary shares of RenMinBi (“RMB”)1/- each in RCP, representing 20% of the total issued and paid up share capital of RCP to Mr. ZhouJian), China Identification Card No. 4303041974072830 of Room 802, Building 3, Liting Garden NanShan District, ShenZhen City, China, for a total consideration of RenMinBi (“RMB”)1,500,000/- (equivalent to approximately RM930,002/- at the exchange rate of RM1/- = RMB1.6129 as at 2 November 2016) (“the Disposal”).
- RCP has thus changed from a wholly-owned sub-subsiary of the Company after the Disposal to an 80%-owned sub-subsiary of the Company.

Items	Before Change		
<b>Company Name</b>	Rapid Power (Shenzhen) Co. Ltd.		
<b>Registered Address</b>	Second Floor, Area B, Factory Building II, No. 12, Long San Sixth Road, LuoTian Community Area, Songang Street, Bao An District, Shenzhen, China		
<b>Shareholder</b>	<b>Name of Shareholder</b>	<b>No. of Subscription Shares @ RMB1/- per share</b>	<b>Percentage</b>
	Rapid Conn (Shenzhen) Co. Ltd.	7,500,000	100%
<b>Board of Directors</b>	1. Liu ZhengHua (Chairman) (Passport No.: G58265735) 2. Lim Say Chuan (Director) (Passport No.: E3040795B) 3. Tan HuaRong (Director) (China Identity Card No.: 430204197810223045)		
<b>Supervisor</b>	Chin Hock Seng (Passport No.: S1336811B).		

**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT” or the “Company”)**  
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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)**

**(2) Disposal of Shares in Rapid Power (Shenzhen) Co. Ltd. by RCC (Cont’d)**

Items	After Change		
<b>Company Name</b>	Shenzhen Rapid Power Co. Ltd.		
<b>Registered Address</b>	2-5 Floor B, Building Tongfu Hanhaida Creative Zone, 10 <sup>th</sup> Jiangfu Road, Jiangshi Area, GongMing Town GuangMing District, Shenzhen City, China		
<b>Shareholder</b>	<b>Name of Shareholder</b>	<b>No. of Subscription Shares @ RMB1/- per share</b>	<b>Percentage</b>
	Rapid Conn (Shenzhen) Co. Ltd.	6,000,000	80%
	ZhouJian	1,500,000	20%
	<b>TOTAL</b>	<b>7,500,000</b>	<b>100%</b>
<b>Board of Directors</b>	1. Liu ZhengHua (Chairman) (Passport No.: 58265735) 2. Tan HuaRong (Director) (China Identity Card No.: 430204197810223045) 3. ZhouJian (China Identity Card No.: 430304197407283019)		
<b>Supervisor</b>	Xu DeSun (China Identity Card No.: 421224198001224311)		

After the Disposal, RCP will be a 80%-owned subsidiary of RCC. The registered share capital of RCP will remain unchanged at RMB7,500,000.00, divided into 7,500,000 ordinary shares of RMB1.00 each. The total issued and paid-up capital will also remain unchanged at RMB7,500,000.00 comprising 7,500,000 ordinary shares of RMB1.00 each.

The intended principal activity of RCP is to engage in manufacturing of high-end cable extrusion which supplement RCC’s current business model. RCP has commenced business operations in November 2016.

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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)**

**(2) Disposal of Shares in Rapid Power (Shenzhen) Co. Ltd. by RCC (Cont’d)**

**Salient Terms of the Disposal**

Mr. ZhouJian had been given the following timeframe to acquire for his portion of shares vide cash:-

<b>Acquisition sequence by Mr. Zhou Jian</b>	<b>No. of Acquisition Shares @ RMB1/- per share</b>	<b>Percentage of Total Acquisition Shares (%)</b>	<b>Deadline for Acquisition</b>
First tranche	500,000	33.3%	By 1 September 2016
Second tranche	500,000	33.3%	By 30 December 2016
Third tranche	500,000	33.3%	By 30 June 2017
<b>Total</b>	<b>1,500,000</b>	<b>100%</b>	

**Option for Further Acquisition**

Upon negotiation between RCC and Mr. ZhouJian, Mr. ZhouJian has been further granted an option period by RCC to acquire an additional 20%-stake, representing 1,500,000 ordinary shares of RMB1/- each in RCP from RCC vide cash injection of RMB1,500,000/- (equivalent to approximately RM930,002/- at the exchange rate of RM1/- = RMB1.6129 as at 2 November 2016) by 30 December 2017 (“**Option**”) at one go.

A separate announcement shall be made by the Company should Mr. ZhouJian wishes to exercise this Option in the future.

**Basis of Arriving at the Consideration**

Both the Disposal and Option consideration of RMB1,500,000 (equivalent to approximately RM930,002/- at the exchange rate of RM1/- = RMB1.6129 as at 2 November 2016) was arrived on a “willing-buyer, willing-seller” basis taking the following points into considerations:-

1. Continuous commitment of Mr. ZhouJian in rendering his expertise and experience; and
2. Financial capability of Mr. ZhouJian.

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

**(2) Disposal of Shares in Rapid Power (Shenzhen) Co. Ltd. by RCC (Cont’d)**

**Effects of the Disposal and Option**

The Disposal and Option are not expected to have any material effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders’ shareholdings of the Company for the financial year ending 31 December 2016.

**Rationale of the Disposal and Option**

Upon negotiation, the board of RCC recommended the disposal of 20%-stake in RCP to Mr. ZhouJian and the Option. The rationale being as follows:-

1. To secure Mr. ZhouJian’s expertise, experience and commitment in high end cable extrusion business; and
2. To act as a form of retention strategy as Mr. ZhouJian shall be rewarded as a shareholder in the event of a favourable result achieved by RCP.

**Percentage Ratio**

The percentage ratio applicable to the Disposal pursuant to Rule 10.02(g) of the ACE Market Listing Requirements for the transaction value of RMB1,500,000.00 is 4.46%, based on the latest audited consolidated financial statements for the financial year ended 31 December 2015 of the Company.

**Directors’ and Major Shareholders’ Interest**

None of the directors and/or major shareholders of the Company and/or persons connected to them have any interest, direct or indirect, in the Disposal and Option.

**Statement by Directors**

The Board of Directors of the Company is of the opinion that the Disposal and Option are in the best interest of the Company.

**Approval(s) Required**

The Disposal and Option are not subjected to the approval of the shareholders.

As announced on 14 October 2016, approval for the Disposal has been granted by the State Administration of Industry and Commerce (“SAIC”) of the People’s Republic of China. Therefore, RCP shall proceed to implement the Disposal.

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

**(2) Disposal of Shares in Rapid Power (Shenzhen) Co. Ltd. by RCC (Cont’d)**

**Intended Utilisation of Proceeds from the Disposal**

The intended utilisation of the proceeds are outlined in the table below:

<b>Acquisition Sequence by Mr. ZhouJian</b>	<b>No. of Acquisition Shares @ RMB1/- per share</b>	<b>Amount of Proceeds to be Raised (RMB)</b>	<b>Amount of Proceeds to be Raised (RM equivalent at the exchange rate of RM1/- = RMB1.6129 as at 2 November 2016)</b>	<b>Deadline for Disposal</b>	<b>Intended Utilisation of Proceeds from the Disposal</b>
First tranche	500,000	500,000	310,000.62	By 1 September 2016	Renovation of factory floor in RCC to cater for the installation of production line(s) for high end cable extrusion.
Second tranche	500,000	500,000	310,000.62	By 30 December 2016	Investment in machineries to produce high end cable extrusion.
Third tranche	500,000	500,000	310,000.62	By 30 June 2017	Working capital for RCP including purchase of raw materials.
<b>Total</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>930,001.86</b>		

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

**(3) Incorporation of a New Majority-owned Sub-subsidiary in China**

Rapid Conn (Shenzhen) Co., Ltd. (“RCC”), a subsidiary of the Company, had on 23 September 2016, incorporated a new majority-owned subsidiary in China, namely Rapid Conn (Shenzhen) Plastic Resins Technology Co., Ltd. (“RCR”), with the registration number 91440300MA5DLKB1T.

RCR is a private limited company which has subscription share capital of RMB2,500,000 comprising 2,500,000 subscription shares of RMB1/- each.

<b>Shareholders</b>	<b>No. of Subscription Shares @ RMB1/- per share</b>	<b>Percentage of Registered Share Capital (%)</b>
RCC	2,000,000	80
Luo FangMing	500,000	20
<b>Total</b>	<b>2,500,000</b>	<b>100</b>

RCR has commenced business operations in November 2016.

The intended principal activity of RCR is to engage in production, manufacturing, value-added processing, sale and after-sales services of Thermoplastic Elastomers (“TPE”) materials which will serve to supplement RCC’s current business model.

RCR was funded through the cash injection and RCR is not expected to have any material effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders’ shareholding of the Company for the financial year ending 31 December 2016.

The Board of Directors of Connect is of the opinion that the incorporation of RCR is in the best interest of the Company.

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

**(4) Additional Investment in Rapid Conn (S) Pte. Ltd., a Wholly-owned Subsidiary of  
the Company**

The Board of Directors of the Company wishes to announce that the Company had, on 18 October 2016, invested an additional 116,050 ordinary shares of SGD1/- each fully paid-up in the share capital of its wholly-owned subsidiary, Rapid Conn (S) Pte. Ltd. (“RCS”) (“**the Investment**”) (equivalent to approximately RM354,707/- at the exchange rate of SGD1/- = RM3.0565 as at 18 October 2016).

Upon completion of the Investment, the issued and paid-up share capital of RCS shall increase from SGD4,195,475 comprising 4,195,475 ordinary shares of SGD1/- each to SGD4,311,525 comprising 4,311,525 ordinary shares of SGD1/- each.

The Investment is not expected to have any material effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders’ shareholdings of the Company for the financial year ending 31 December 2016.

**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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**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 higher revenue in the period ended 30 September 2016 as compared to the corresponding period ended 30 September 2015.

For the current financial period ended 30 September 2016, the Group's revenue and loss before tax were RM55.7 million and RM559,000 respectively, compared to its preceding year's corresponding period's revenue of RM48 million and profit before tax of RM3.5 million.

The Group recorded a lower gross profit margin in the period ended 30 September 2016 compared to the corresponding period ended 30 September 2015 despite of the higher revenue achieved during the period under review. This was mainly due to higher sales of low gross profit margin products to the local China market, and the general reduction in selling price (i.e. a price down) given to some of its key customers.

Other income consists of an overall gain in interest income, scrap sales, government grant and rental income.

Other expenses consist mainly of donation, bad debt written off, unrealised and realised loss on foreign exchange.

The overall losses were largely due to the professional fees incurred in relation to the proposed acquisition of 51% equity interest in Kejuruteraan Asastera Sdn Bhd and the loss on foreign exchange.

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

For the current quarter under review, the Group recorded a revenue of RM20 million and a loss before tax of RM8,000 as compared to the revenue and loss before tax at RM18 million and RM1.35 million respectively for the preceding quarter ended 30 June 2016.

The Group recorded higher gross profit margin in the current quarter compared to the preceding quarter ended 30 June 2016. This was due to the overall increase in sales of high profit margin products to key customers during the quarter under review as compared to the preceding quarter.

**B3 PROSPECTS FOR THE FINANCIAL YEAR 2016**

The Group is currently 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 also includes expanding its market share in lucrative markets like automotive and white goods.

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**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET (CONT'D)**

**B4 PROSPECTS FOR THE FINANCIAL YEAR 2016**

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	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Current taxation:				
Domestic	-	-	-	-
Foreign tax	(60)	-	(86)	-
	(60)	-	(86)	-
Under provision in prior period:				
Domestic	-	-	-	-
Foreign tax	-	(3)	-	(8)
	(60)	(3)	(86)	(8)
Deferred taxation	(41)	(114)	(80)	(234)
	<b>(101)</b>	<b>(117)</b>	<b>(166)</b>	<b>(242)</b>

Lower provision of taxation was provided for the current quarter and the period due to accumulated losses suffered from previous years by the subsidiaries.

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**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET (CONT'D)**

**B6. STATUS OF CORPORATE PROPOSAL**

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

**Rights Issue of ICPS**

Save as disclosed below, there were no material events subsequent to the current quarter ended 30 September 2016 up to date of this report:

On 3 March 2016, Bursa Malaysia Securities Berhad (“Bursa Securities”) has approved the following:

1. Admission to the Official List and the listing of and quotation for up to 800,994,000 new ICPS to be issued pursuant to the Proposed Rights Issue of ICPS with Warrants;
2. Listing of and quotation for up to 800,994,000 new CONNECT Shares to be issued pursuant to the conversion of the ICPS;
3. Admission to the Official List and the listing and quotation of up to 53,399,600 Warrants-B to be issued pursuant to the Proposed Rights Issue of ICPS;
4. Listing of and quotation for up to 53,399,600 new CONNECT Shares to be issued pursuant to the exercise of the Warrants-B;
5. Listing of up to 9,223,316 additional Warrants-A arising from the adjustments in accordance with provisions of the Deed Poll dated 24 June 2011, pursuant to the Proposed Rights Issue of ICPS with Warrants; and
6. Listing of up to 9,223,316 new CONNECT Shares to be issued pursuant to the exercise of the additional Warrants-A.

On 11 April 2016, the Board had resolved to fix the conversion price for the ICPS at RM0.10 per ICPS and the exercise price for the Warrants-B at RM0.10 per Warrant-B.

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 announcement made on 11 April 2016) of RM0.1469 and the theoretical ex-rights price of CONNECT Shares of RM0.1241, respectively.

The Company had completed the Rights Issue of ICPS with the listing of:

1. 649,821,600 new Connect ICPS and 43,321,388 Warrants-B pursuant to the Rights Issue of ICPS; and
2. 9,223,144 additional warrants 2011/2021 pursuant to the consequential adjustment arising from the Rights Issue of ICPS

on the ACE Market of Bursa Malaysia Securities Berhad on 15 June 2016.

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**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET (CONT'D)**

**B6. STATUS OF CORPORATE PROPOSAL (CONT'D)**

Following the completion of the Private Placement, the Company raised actual total gross proceeds of RM16,245,540, the utilisation of which has been revised as follows:-

Description	Proposed Utilisation RM'000	Revised Utilisation RM'000	Actual Utilisation as at 30 September 2016 RM'000	Balance RM'000	Estimated Timeframe for Utilisation of Proceeds
Capital expenditure	2,500	2,206	0	2,206	Within 12 months
Working capital	6,000	5,294	0	5,294	Within 12 months
Investments in similar business / vertical integration	10,975	8,095	0	8,095	Within 36 months
Estimated expenses in relation to corporate exercise	550	651	651	0	Completed
<b>Total</b>	<b>20,025</b>	<b>16,246</b>	<b>651</b>	<b>15,595</b>	

Capital Expenditure	Proposed Utilisation by RCC RM'000	Revised Utilisation by RCC RM'000	Actual Utilisation by RCC as at 30 September 2016 RM'000
Cable extrusion machine	1,000	882	0
Auto soldering machine	500	441	0
Auto braiding machine	300	265	0
Auto crimping machine	300	265	0
Auto testing machine	400	353	0
<b>Total</b>	<b>2,500</b>	<b>2,206</b>	<b>0</b>

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**B6. STATUS OF CORPORATE PROPOSAL (CONT'D)**

<b>Working Capital</b>	<b>Proposed Utilisation</b>	<b>Revised Utilisation by RCC</b>	<b>Actual Utilisation by RCC as at 30 September 2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Human resource expenses of the Group, such as salaries and staff welfare	1,500	1,324	0
Purchase of raw materials for the interconnect business, such as copper wire, synthetic polymers and connectors	3,750	3,309	0
Repairs and maintenance of machines	750	662	0
	<b>6,000</b>	<b>5,294</b>	<b>0</b>

<b>Investments in Similar Business / Vertical Integration</b>	<b>Proposed Utilisation</b>	<b>Revised Utilisation</b>	<b>Actual Utilisation as at 30 September 2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Salaries and staff welfare for new staff required for the vertical integration	1,500	1,106	0
Purchase of raw materials being the chemical components required to produce plastic resins	3,500	2,582	0
Purchase of machines required for vertical integration	5,975	4,407	0
	<b>10,975</b>	<b>8,095</b>	<b>0</b>

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**B6. STATUS OF CORPORATE PROPOSAL (CONT'D)**

Estimated Expenses Relating to the Corporate Exercise	Proposed Utilisation RM'000	Revised Utilisation RM'000	Actual Utilisation as at 30 September 2016 RM'000
Professional fees	370	427	427
Fees payable to authorities	50	86	86
Underwriting fees	130	138	138
	<b>550</b>	<b>651</b>	<b>651</b>

**B7. GROUP BORROWINGS**

The Group's borrowings as at 30 September 2016 are as follows:-

	Short term (Secured) RM'000	Long term (Secured) RM'000	Total RM'000
Hire purchase liabilities	85	179	264

**DENOMINATED IN FOREIGN CURRENCY**

	Short term (Secured) USD'000	Long term (Secured) USD'000	Total USD'000
Hire purchase liabilities	21	43	64

**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.

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**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	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Net (loss)/profit attributable to shareholders	(109)	1,677	(725)	3,269
Weighted average number of shares – basic	246,973	216,187	171,334	210,257
<b>Basic (loss)/profit per share (sen)</b>	<b>(0.04)</b>	<b>0.78</b>	<b>(0.42)</b>	<b>1.55</b>

**(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	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Net (loss)/profit attributable to shareholders	(109)	1,677	(725)	3,269
Weighted average number of shares - basic	246,973	216,187	171,334	210,257
Add assuming:				
Conversion of ICPS	520,580	-	520,580	-
Conversion of Warrant-A	59,614	50,771	59,614	50,771
Conversion of Warrant-B	43,321	-	43,321	-
<b>Weighted average number of shares – diluted</b>	<b>870,488</b>	<b>266,958</b>	<b>794,849</b>	<b>261,028</b>
<b>Diluted (loss)/earnings per share (sen)</b>	<b>(0.01)</b>	<b>0.63</b>	<b>(0.09)</b>	<b>1.25</b>

**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)/PROFITS DISCLOSURE**

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

	As at 30 September 2016 RM'000	(Unaudited) As at 30 September 2015 RM'000
Total accumulated (losses)/profits of the Group:		
- Realised	(5,024)	(4,735)
- Unrealised	(52)	961
	(5,076)	(3,774)
Less: Consolidated adjustments	-	-
<b>Accumulated losses as per financial statements</b>	<b>(5,076)</b>	<b>(3,774)</b>

**B12 NOTE TO THE STATEMENT OF COMPREHENSIVE INCOME**

	Quarter Ended		Year to Date	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Bad debts written off	68	-	68	-
Depreciation	342	378	1,047	1,037
Interest expense	3	5	9	11
Interest income	(68)	-	(70)	(2)
(Gain)/Loss on foreign exchange – unrealised	267	(658)	52	(961)
(Gain)/Loss on disposal of plant and equipment	-	-	-	-
Plant and equipment written off	413	-	466	-

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