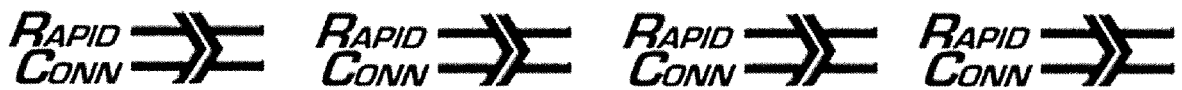




INTERIM FINANCIAL STATEMENTS  
FOR THE FORTH QUARTER ENDED  
31 DECEMBER 2016



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

**INTERIM FINANCIAL STATEMENTS FOR THE  
FORTH QUARTER ENDED 31 DECEMBER 2016**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		(UNAUDITED) CURRENT YEAR QUARTER 31 DECEMBER 2016 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING QUARTER 31 DECEMBER 2015 RM'000	(UNAUDITED) CURRENT YEAR- TO-DATE 31 DECEMBER 2016 RM'000	(AUDITED) PRECEDING YEAR CORRESPONDING PERIOD 31 DECEMBER 2015 RM'000
<b>Operating revenue</b>	B1	26,020	16,859	81,711	64,877
Cost of sales		(19,457)	(13,773)	(62,420)	(47,981)
<b>Gross profit</b>		<u>6,563</u>	<u>3,086</u>	<u>19,291</u>	<u>16,896</u>
Other income		785	822	1,444	2,110
Administrative expense		(4,112)	(2,445)	(13,602)	(10,507)
Distribution and selling expenses		(1,490)	(780)	(4,457)	(3,199)
Other expenses		(621)	(751)	(985)	(768)
Depreciation and amortisation		(435)	(598)	(1,482)	(1,635)
<b>Profit/(loss) from operations</b>		<u>690</u>	<u>(666)</u>	<u>209</u>	<u>2,897</u>
Finance costs, net		(36)	(29)	(114)	(81)
<b>Profit/(loss) before tax</b>	B1	<u>654</u>	<u>(695)</u>	<u>95</u>	<u>2,816</u>
Taxation	B5	(74)	118	(240)	(124)
<b>Profit/(loss) for the year</b>		<u>580</u>	<u>(577)</u>	<u>(145)</u>	<u>2,692</u>
<b>Other comprehensive income/(expenses):</b>					
Foreign currency translation		<u>1,347</u>	<u>(455)</u>	<u>503</u>	<u>1,285</u>
<b>Total comprehensive profit/(loss) for the year</b>		<u>1,927</u>	<u>(1,032)</u>	<u>358</u>	<u>3,977</u>
Profit/(loss) attributable to:					
Owners of the Company		714	(577)	(11)	2,692
Non-controlling interest		(134)	-	(134)	-
		<u>580</u>	<u>(577)</u>	<u>(145)</u>	<u>2,692</u>
Total comprehensive income/(expense) attributable to:					
Owners of the Company		2,061	(1,032)	492	3,977
Non-controlling interest		(134)	-	(134)	-
		<u>1,927</u>	<u>(1,032)</u>	<u>358</u>	<u>3,977</u>
(Loss)/Earnings per share (sen)					
- Basic	B10 (i)	<u>1.01</u>	<u>(1.06)</u>	<u>-</u>	<u>1.27</u>
- Diluted	B10 (ii)	<u>0.45</u>	<u>(1.05)</u>	<u>-</u>	<u>1.15</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**  
**FORTH QUARTER ENDED 31 DECEMBER 2016**

<b>CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
Note	<b>AS AT 31 DECEMBER 2016 (UNAUDITED) RM'000</b>	<b>AS AT 31 DECEMBER 2015 (AUDITED) RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
	Plant and equipment	4,840
	Deferred tax assets	49
	<u>10,047</u>	<u>4,889</u>
	392	49
	<u>10,439</u>	<u>4,889</u>
<b>Current assets</b>		
	Inventories	7,549
	Trade receivables	17,185
	Other receivables	2,525
	Cash and bank balances	4,859
	<u>14,607</u>	<u>4,859</u>
	60,051	32,118
	<u>60,051</u>	<u>32,118</u>
<b>TOTAL ASSETS</b>	<u>70,490</u>	<u>37,007</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
	Share capital	21,661
	Preference Share	-
	Share premium	2,070
	Warrant reserve	-
	Foreign exchange reserve	1,479
	Accumulated losses	(4,351)
B11	<u>(5,835)</u>	<u>(4,351)</u>
	38,964	20,859
	513	-
	<u>513</u>	<u>-</u>
<b>Total equity</b>	<u>39,477</u>	<u>20,859</u>
<b>Non-current liabilities</b>		
B7	Borrowings	252
	Other payables	28
	Preference Share	-
	Deferred tax liabilities	-
	<u>174</u>	<u>280</u>
	27	28
	1,422	-
	<u>-</u>	<u>-</u>
	<u>1,623</u>	<u>280</u>
<b>Current liabilities</b>		
B7	Borrowings	79
	Trade payables	12,416
	Other payables	3,373
	<u>94</u>	<u>3,373</u>
	23,468	15,868
	5,828	-
	<u>29,390</u>	<u>15,868</u>
	29,390	-
	<u>29,390</u>	<u>-</u>
<b>Total liabilities</b>	<u>31,013</u>	<u>16,148</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>70,490</u>	<u>37,007</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.)

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

INTERIM FINANCIAL STATEMENTS FOR THE  
FORTH QUARTER ENDED 31 DECEMBER 2016

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent							Total RM'000
	Share Capital RM'000	Preference Share RM'000	Non-Distributable			Warrant Reserve RM'000	Non- controlling interest RM'000	
Share Premium RM'000			Foreign Exchange Reserve RM'000	Accumulated Losses RM'000				
<b>At 1 January 2015</b>	20,615	-	2,171	194	(7,043)	-	-	15,937
Profit for the year	-	-	-	-	2,692	-	-	2,692
Other comprehensive income for the year	-	-	-	1,285	-	-	-	1,285
Issuance of ordinary shares pursuant to: - Conversion of warrant shareholdings	1,046	-	(101)	-	-	-	-	945
<b>At 31 DECEMBER 2015</b>	<u>21,661</u>	<u>-</u>	<u>2,070</u>	<u>1,479</u>	<u>(4,351)</u>	<u>-</u>	<u>-</u>	<u>20,859</u>
<b>At 1 January 2016</b>	21,661	-	2,070	1,479	(4,351)	-	-	20,859
Loss for the year	-	-	-	-	(11)	-	(134)	(145)
Other comprehensive expense for the year	-	-	-	503	-	-	-	503
Issuance of ICPS	-	16,246	-	-	-	-	-	16,246
Issuance of ordinary shares pursuant to: - Conversion of ICPS shareholdings	7,022	(5,144)	(511)	-	-	-	-	1,367
- exercise of Warrant-B	-	-	(1,559)	-	(1,473)	3,032	-	-
Dilution of equity interest in sub-subsidiaries	-	-	-	-	-	-	647	647
<b>At 31 DECEMBER 2016</b>	<u>28,683</u>	<u>11,102</u>	<u>-</u>	<u>1,982</u>	<u>(5,835)</u>	<u>3,032</u>	<u>513</u>	<u>39,477</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**  
**FORTH QUARTER ENDED 31 DECEMBER 2016**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	(UNAUDITED)	(AUDITED)
	CURRENT YEAR-TO-DATE 31 DECEMBER 2016 RM'000	PRECEDING YEAR CORRESPONDING CUMULATIVE PERIOD 31 DECEMBER 2015 RM'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	95	2,816
Adjustments for:		
Bad debts written off	834	630
Depreciation of plant and equipment	1,482	1,635
(Gain)/loss on disposal of plant and equipment	-	(6)
(Gain)/loss on foreign exchange - unrealised	(444)	(1,066)
Interest expenses	24	14
Interest income	(146)	(5)
Reversal of impairment loss on other receivables	-	(630)
Plant and equipment written off	4	74
Operating profit before working capital changes	1,849	3,462
Changes in working capital:		
Inventories	(5,350)	(1,937)
Receivables	(12,835)	(5,934)
Payables	13,506	4,698
Cash used in operations	(2,830)	289
Interest paid	(24)	(14)
Tax paid	(240)	-
<b>Net cash used in operating activities</b>	<b>(3,094)</b>	<b>275</b>
<b>Cash flows from investing activities</b>		
Interest received	146	5
Proceeds from disposal of plant and equipment	10	6
Purchase of plant and equipment	(7,109)	(1,827)
<b>Net cash used in investing activities</b>	<b>(6,953)</b>	<b>(1,816)</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	2,959	-
- Exercise of warrants	-	1,046
Exercise of ICPS expenses	(511)	-
Exercise of warrants expenses	-	(101)
Non-controlling interest arising from dilution of interest in sub-subsid	513	-
Repayment of hire purchase	(78)	(72)
<b>Net cash generated from financing activities</b>	<b>19,129</b>	<b>873</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>9,082</b>	<b>(668)</b>
<b>Effects of exchange rate changes</b>	<b>666</b>	<b>680</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>14,607</b>	<b>4,859</b>
<b>Cash and cash equivalents are represented by</b>		
Cash and at bank balances	14,607	4,859
	<u>14,607</u>	<u>4,859</u>

(The unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial statements.)

**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT” or the “Company”)**  
**Company No. 618933-D**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FORTH QUARTER ENDED**  
**31 DECEMBER 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 31 December 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 is 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 FORTH QUARTER ENDED**  
**31 DECEMBER 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”)  
Company No. 618933-D  
(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FORTH QUARTER ENDED  
31 DECEMBER 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”)**  
**Company No. 618933-D**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FORTH QUARTER ENDED**  
**31 DECEMBER 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>31 December 2016</b>							
<b>REVENUE</b>							
External sales	-	62,199	25,230	35,535	122,964	(41,253)	81,711
<b>RESULTS</b>							
Segments results	(927)	(532)	3,130	841	2,512	(2,303)	209
Finance cost, net	(2)	(53)	(33)	(26)	(114)	-	(114)
(Loss)/profit before tax	(929)	(585)	3,097	815	2,398	(2,303)	95
Taxation	-	(101)	-	(139)	(240)	-	(240)
(Loss)/profit after tax	(929)	(686)	3,097	676	2,158	(2,303)	(145)
Minority interest	-	134	-	-	134	-	134
Net (loss)/profit attributable to owners of the Company	(929)	(552)	3,097	676	2,292	(2,303)	(11)

**ASSETS AND LIABILITIES**

<b>Segment assets</b>							
Consolidated total assets	28,181	41,507	13,985	17,010	100,683	(30,193)	70,490
<b>Segment liabilities</b>							
Consolidated total liabilities	5,393	28,815	3,700	11,266	49,174	(18,161)	31,013

**OTHER INFORMATION**

Depreciation	16	1,010	390	66	1,482	-	1,482
Capital expenditure	29	6,681	325	74	7,109	-	7,109

**CONNECTCOUNTRY HOLDINGS BERHAD (“CONNECT” or the “Company”)**  
**Company No. 618933-D**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FORTH QUARTER ENDED**  
**31 DECEMBER 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**

**31 December 2015**

**REVENUE AND EXPENSES**

<b>REVENUE</b>	<b>Malaysia RM'000</b>	<b>China RM'000</b>	<b>Singapore RM'000</b>	<b>USA RM'000</b>	<b>Total RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
External sales	-	41,804	21,107	31,456	94,367	(29,490)	<b>64,877</b>
<b>RESULTS</b>							
Segments results	(872)	937	1,588	1,143	2,796	100	<b>2,896</b>
Finance cost, net	-	(24)	(33)	(23)	(80)	-	<b>(80)</b>
(Loss)/profit before tax	(872)	913	1,555	1,120	2,716	-	<b>2,816</b>
Taxation	-	-	-	(161)	(161)	37	<b>(124)</b>
Net (loss)/profit attributable to owners of the Company	(872)	913	1,555	959	2,555	137	<b>2,692</b>

**ASSETS AND LIABILITIES**

**Segment assets**

Consolidated total assets	11,156	20,829	10,445	10,348	52,778	(15,771)	<b>37,007</b>
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**Segment liabilities**

Consolidated total liabilities	6,134	17,607	5,872	5,040	34,653	(18,505)	<b>16,148</b>
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**OTHER INFORMATION**

Depreciation	11	1,020	340	264	1,635	-	<b>1,635</b>
Capital expenditure	80	1,421	311	15	1,827	-	<b>1,827</b>

**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT” or the “Company”)**  
**Company No. 618933-D**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FORTH QUARTER ENDED**  
**31 DECEMBER 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”)  
Company No. 618933-D  
(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FORTH QUARTER ENDED  
31 DECEMBER 2016**

**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 RM966,121/- at the exchange rate of RM1/- = RMB1.5526 as at 27 January 2017) (“**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”)**  
**Company No. 618933-D**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FORTH QUARTER ENDED**  
**31 DECEMBER 2016**

**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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**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT” or the “Company”)**  
**Company No. 618933-D**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FORTH QUARTER ENDED**  
**31 DECEMBER 2016**

**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 RM966,121/- at the exchange rate of RM1/- = RMB1.5526 as at 27 January 2017) 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 RM966,121/- at the exchange rate of RM1/- = RMB1.5526 as at 27 January 2017) 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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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FORTH QUARTER ENDED  
31 DECEMBER 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)**

**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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**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT” or the “Company”)**  
**Company No. 618933-D**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FORTH QUARTER ENDED**  
**31 DECEMBER 2016**

**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)**

**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/- = RMB1.5526 as at 27 January 2017)</b>	<b>Deadline for Disposal</b>	<b>Intended Utilisation of Proceeds from the Disposal</b>
First tranche	500,000	500,000	322,040.45	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	322,040.45	By 30 December 2016	Investment in machineries to produce high end cable extrusion.
Third tranche	500,000	500,000	322,040.45	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>966,121.35</b>		

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**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT” or the “Company”)  
Company No. 618933-D  
(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FORTH QUARTER ENDED  
31 DECEMBER 2016**

**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)**

**(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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**CONNECTCOUNTY HOLDINGS BERHAD ("CONNECT" or the "Company")**  
**Company No. 618933-D**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FORTH QUARTER ENDED**  
**31 DECEMBER 2016**

---

**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)**

**(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 13 January 2017, invested an additional 727,388 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 RM2,256,358/- at the exchange rate of SGD1/- = RM3.1020 as at 27 January 2017).

Upon completion of the Investment, the issued and paid-up share capital of RCS shall increase from SGD4,311,525 comprising 4,311,525 ordinary shares of SGD1/- each to SGD5,038,913 comprising 5,038,913 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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**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT” or the “Company”)**  
**Company No. 618933-D**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FORTH QUARTER ENDED**  
**31 DECEMBER 2016**

---

**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 operating revenue in the period ended 31 December 2016 as compared to the corresponding period ended 31 December 2015. This was the result of higher sales achieved from the Group's key customers.

For the current financial period ended 31 December 2016, the Group's revenue and profit before tax were RM81.7 million and RM95,000 respectively, compared to its preceding year's corresponding period's revenue of RM64.9 million and profit before tax of RM2.8 million.

The Group recorded a lower gross profit margin in the period ended 31 December 2016 compared to the corresponding period ended 31 December 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 interest income, scrap sales, government grant, rental income and unrealised gain on foreign exchange.

Other expenses consist mainly of donation, bad debts written off 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. Other key contributors were bad debts written off and the accumulated operating costs generated from RCC's subsidiaries, RCP and RCR (as mentioned in Note A12, Sections 2 and 3 respectively), which have not generated any revenue during the period under review as they were undergoing trial, sample and conditional runs.

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

For the current quarter under review, the Group recorded a revenue of RM26 million and a profit before tax of RM654,000 as compared to the revenue and loss before tax at RM20 million and RM8,000 respectively for the preceding quarter ended 30 September 2016.

The higher revenue was due to higher sales achieved from the Group's key customers. The Group also recorded a higher non-operating income in the current quarter, which consists mainly of the increase in scrap sales and government grants, and unrealised forex gains during the current quarter under review as compared to the preceding quarter.

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**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT” or the “Company”)  
Company No. 618933-D  
(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FORTH QUARTER ENDED  
31 DECEMBER 2016**

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

**B3 PROSPECTS FOR THE FINANCIAL YEAR 2017**

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.

In addition to implementing cost-savings strategies, the Group intends to increase its overall profits and margins via vertical integration with the incorporation of RCP (high-end cable extrusion) and RCR (TPE materials). Both companies are subsidiaries of RCC and play a key role in supplementing RCC’s current business model, while engaging in trade of their core products in their respective domestic markets.

**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 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Current taxation:				
Domestic	-	-	-	-
Foreign tax	(154)	-	(240)	-
	(154)	-	(240)	-
Under provision in prior period:				
Domestic	-	-	-	-
Foreign tax	-	8	-	-
	(154)	8	(240)	-
Deferred taxation	80	110	-	(124)
	<b>(74)</b>	<b>118</b>	<b>(240)</b>	<b>(124)</b>

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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**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT” or the “Company”)  
Company No. 618933-D  
(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FORTH QUARTER ENDED  
31 DECEMBER 2016**

---

**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 31 December 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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**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT” or the “Company”)**  
**Company No. 618933-D**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FORTH QUARTER ENDED**  
**31 DECEMBER 2016**

**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 31 December 2016 RM'000	Balance RM'000	Estimated Timeframe for Utilisation of Proceeds
Capital expenditure	2,500	2,206	106	2,100	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	2,681	5,414	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>3,438</b>	<b>12,808</b>	

Capital Expenditure	Proposed Utilisation by RCC RM'000	Revised Utilisation by RCC RM'000	Actual Utilisation by RCC as at 31 December 2016 RM'000
Cable extrusion machine	1,000	882	106
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>106</b>

**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT” or the “Company”)**  
**Company No. 618933-D**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FORTH QUARTER ENDED**  
**31 DECEMBER 2016**

**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)**

<b>Working Capital</b>	<b>Proposed Utilisation</b>	<b>Revised Utilisation by RCC</b>	<b>Actual Utilisation by RCC as at 31 December 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 31 December 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	37
Purchase of raw materials being the chemical components required to produce plastic resins	3,500	2,582	27
Purchase of machines required for vertical integration	5,975	4,407	2,616
	<b>10,975</b>	<b>8,095</b>	<b>2,681</b>

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**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT” or the “Company”)**  
**Company No. 618933-D**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FORTH QUARTER ENDED**  
**31 DECEMBER 2016**

**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)**

Estimated Expenses Relating to the Corporate Exercise	Proposed Utilisation RM'000	Revised Utilisation RM'000	Actual Utilisation as at 31 December 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 31 December 2016 are as follows:-

	Short term (Secured) RM'000	Long term (Secured) RM'000	Total RM'000
Hire purchase liabilities	94	174	268

**DENOMINATED IN FOREIGN CURRENCY**

	Short term (Secured) USD'000	Long term (Secured) USD'000	Total USD'000
Hire purchase liabilities	21	39	60

**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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**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT” or the “Company”)**  
**Company No. 618933-D**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FORTH QUARTER ENDED**  
**31 DECEMBER 2016**

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

**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.

	<b>Quarter Ended</b>		<b>Year to Date</b>	
	<b>31 December 2016 RM'000</b>	<b>31 December 2015 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Net profit/(loss) attributable to shareholders	714	(577)	(11)	2,692
Weighted average number of shares – basic	70,948	54,597	242,282	211,858
<b>Basic profit/(loss) per share (sen)</b>	<b>1.01</b>	<b>(1.06)</b>	<b>-</b>	<b>1.27</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.

	<b>Quarter Ended</b>		<b>Year to Date</b>	
	<b>31 December 2016 RM'000</b>	<b>31 December 2015 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Net (loss)/profit attributable to shareholders	714	(577)	(11)	2,692
Weighted average number of shares - basic	70,948	54,597	242,282	211,858
Add assuming:				
Conversion of ICPS	34,571	-	83,857	-
Effect of dilution of unexercised Warrant-A	-	304	(2,296)	22,686
Effect of dilution of unexercised Warrant-B	54,152	-	(10,830)	-
<b>Weighted average number of shares – diluted</b>	<b>159,671</b>	<b>54,901</b>	<b>313,013</b>	<b>234,544</b>
<b>Diluted (loss)/earnings per share (sen)</b>	<b>0.45</b>	<b>(1.05)</b>	<b>-</b>	<b>1.15</b>

**Note:-**

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

**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT” or the “Company”)**  
**Company No. 618933-D**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FORTH QUARTER ENDED**  
**31 DECEMBER 2016**

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

**B11 REALISED AND UNREALISED (LOSSES)/PROFITS DISCLOSURE**

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

	<b>As at 31 December 2016 RM'000</b>	<b>(Audited) As at 31 December 2015 RM'000</b>
Total accumulated (losses)/profits of the Group:		
- Realised	18,199	23,859
- Unrealised	444	(1,430)
	18,643	22,429
Less: Consolidated adjustments	(24,478)	(26,780)
<b>Accumulated losses as per financial statements</b>	<b>(5,835)</b>	<b>(4,351)</b>

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

	Quarter Ended		Year to Date	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Bad debts written off	766	630	834	630
Depreciation	435	598	1,482	1,635
Interest expense	15	3	24	14
Interest income	(76)	(3)	(146)	(5)
(Gain)/Loss on foreign exchange				
– unrealised	(496)	(105)	(444)	(1,066)
(Gain)/Loss on disposal of plant and equipment	-	(6)	-	(6)
Plant and equipment written off	(462)	76	4	74
Reversal of impairment loss on other receivables	-	(630)	-	(630)

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