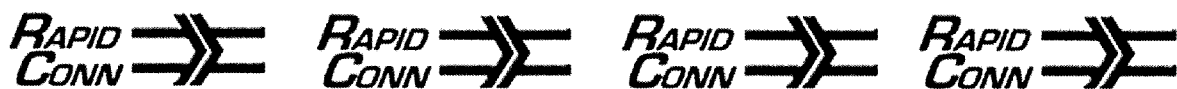




INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED
31 MARCH 2017



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

**INTERIM FINANCIAL STATEMENTS FOR THE
FIRST QUARTER ENDED 31 MARCH 2017**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		(UNAUDITED) CURRENT YEAR QUARTER 31 MARCH 2017 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING QUARTER 31 MARCH 2016 RM'000	(UNAUDITED) CURRENT YEAR- TO-DATE 31 MARCH 2017 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING PERIOD 31 MARCH 2016 RM'000
Operating revenue	B1	27,663	17,983	27,663	17,983
Cost of sales		(20,777)	(13,684)	(20,777)	(13,684)
Gross profit		<u>6,886</u>	<u>4,299</u>	<u>6,886</u>	<u>4,299</u>
Other income		290	452	290	452
Administration expense		(3,984)	(2,533)	(3,984)	(2,533)
Distribution and selling expenses		(1,615)	(964)	(1,615)	(964)
Other expenses		(148)	(61)	(148)	(61)
Depreciation and amortisation		(629)	(365)	(629)	(365)
Profit from operations		<u>800</u>	<u>828</u>	<u>800</u>	<u>828</u>
Finance costs, net		(21)	(28)	(21)	(28)
Profit before tax	B1	<u>779</u>	<u>800</u>	<u>779</u>	<u>800</u>
Income tax expense	B5	(385)	(48)	(385)	(48)
Profit net of tax		<u>394</u>	<u>752</u>	<u>394</u>	<u>752</u>
Other comprehensive income/(expenses):					
Foreign currency translation		105	(2,159)	105	(2,159)
Total comprehensive income/(expenses) for the period		<u>499</u>	<u>(1,407)</u>	<u>499</u>	<u>(1,407)</u>
Profit/(loss) attributable to:					
Owners of the Company		525	752	525	752
Non-controlling interest		(131)	-	(131)	-
		<u>394</u>	<u>752</u>	<u>394</u>	<u>752</u>
Total comprehensive income/(expense) attributable to:					
Owners of the Company		632	(1,407)	632	(1,407)
Non-controlling interest		(133)	-	(133)	-
		<u>499</u>	<u>(1,407)</u>	<u>499</u>	<u>(1,407)</u>
Earnings per share attributable to owners of the Company (sen)					
- Basic	B10 (i)	<u>0.74</u>	<u>0.35</u>	<u>0.74</u>	<u>0.35</u>
- Diluted	B10 (ii)	<u>0.22</u>	<u>0.28</u>	<u>0.22</u>	<u>0.28</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 2016 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
FIRST QUARTER ENDED 31 MARCH 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31 MARCH 2017 (UNAUDITED) RM'000	AS AT 31 DECEMBER 2016 (AUDITED) RM'000
Note		
ASSETS		
Non-current assets		
Plant and equipment	10,920	10,146
Intangible asset	828	-
Deferred tax assets	392	392
	<u>12,140</u>	<u>10,538</u>
Current assets		
Inventories	14,459	12,899
Trade receivables	27,714	27,322
Other receivables	6,059	5,507
Cash and bank balances	13,985	14,607
	<u>62,217</u>	<u>60,335</u>
TOTAL ASSETS	<u><u>74,357</u></u>	<u><u>70,873</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	29,036	28,683
Equity component of irredeemable convertible preference share	11,020	11,102
Warrant reserve	3,032	3,032
Foreign exchange reserve	2,098	1,993
Accumulated losses	(5,310)	(5,835)
	<u>39,876</u>	<u>38,975</u>
Non-controlling interests	852	503
Total equity	<u>40,728</u>	<u>39,478</u>
Non-current liabilities		
Borrowings	156	173
Other payables	22	10
Preference Share	1,422	1,422
Deferred tax liabilities	-	-
	<u>1,600</u>	<u>1,605</u>
Current liabilities		
Borrowings	89	94
Trade payables	23,738	22,262
Other payables	8,202	7,369
Tax Payable	-	65
	<u>32,029</u>	<u>29,790</u>
Total liabilities	<u>33,629</u>	<u>31,395</u>
TOTAL EQUITY AND LIABILITIES	<u><u>74,357</u></u>	<u><u>70,873</u></u>
Net Assets Per Share (RM)	<u>0.14</u>	<u>0.14</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 2016 and the accompanying explanatory notes attached to this interim financial statements.)

CONNECTCOUNTY HOLDINGS BERHAD
Company no. 618833-D
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE
FIRST QUARTER ENDED 31 MARCH 2017

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Share Premium RM'000	Attributable to Equity Holders of the Parent Non-Distributable			Accumulated Losses RM'000	Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
			ICPS - equity component RM'000	Warrants Reserve RM'000	Foreign Exchange Reserve RM'000				
At 1 January 2016	21,661	2,070	-	-	1,479	(4,351)	20,859	-	20,859
Profit for the period	-	-	-	-	-	752	752	-	752
Other comprehensive expenses for the period	-	-	-	-	(2,159)	-	(2,159)	-	(2,159)
Total comprehensive expenses	-	-	-	-	(2,159)	752	(1,407)	-	(1,407)
At 31 MARCH 2016	<u>21,661</u>	<u>2,070</u>	<u>-</u>	<u>-</u>	<u>(680)</u>	<u>(3,599)</u>	<u>19,452</u>	<u>-</u>	<u>19,452</u>
At 1 January 2017	28,683	-	11,102	3,032	1,993	(5,835)	38,975	503	39,478
Profit for the period	-	-	-	-	-	525	525	(131)	394
Other comprehensive income for the period	-	-	-	-	107	-	107	(2)	105
Total comprehensive income	-	-	-	-	107	525	632	(133)	499
Transactions with owners of the Company									
Issuance of ordinary shares pursuant to :									
- conversion of ICPS	331	-	(82)	-	-	-	249	-	249
- exercise of warrants	22	-	-	-	-	-	22	-	22
Capital contribution by non-controlling interest	-	-	-	-	(2)	-	(2)	482	480
Total transactions with owners of the Company	<u>353</u>	<u>-</u>	<u>(82)</u>	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>269</u>	<u>482</u>	<u>751</u>
At 31 MARCH 2017	<u>29,036</u>	<u>-</u>	<u>11,020</u>	<u>3,032</u>	<u>2,098</u>	<u>(5,310)</u>	<u>39,876</u>	<u>852</u>	<u>40,728</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 2016 and the accompanying explanatory notes attached to this interim financial statements.)

CONNECTCOUNTY HOLDINGS BERHAD
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INTERIM FINANCIAL STATEMENTS FOR THE
FIRST QUARTER ENDED 31 MARCH 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(UNAUDITED) CURRENT YEAR-TO-DATE 31 MARCH 2017 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING CUMULATIVE PERIOD 31 MARCH 2016 RM'000
Cash flows from operating activities		
Profit before tax	779	800
Adjustments for:		
Amortisation of intangible asset	7	-
Bad debts recovered	(181)	-
Depreciation of plant and equipment	622	365
(Gain)/loss on foreign exchange - unrealised	148	(215)
Interest expenses	2	3
Interest income	(64)	(1)
Plant and equipment written off	-	52
Operating profit before working capital changes	1,313	1,004
Changes in working capital:		
Inventories	(1,560)	172
Receivables	(944)	(2,104)
Payables	2,297	861
Cash generated from/(used in) operations	1,106	(67)
Interest paid	(2)	(3)
Tax paid	(385)	(7)
Net cash generated from/(used in) operating activities	719	(77)
Cash flows from investing activities		
Interest received	64	1
Proceeds from disposal of plant and equipment	-	10
Purchase of intangible asset	(835)	-
Purchase of plant and equipment	(1,556)	(84)
Net cash used in investing activities	(2,327)	(73)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares pursuant to :		
- Conversion of ICPS	331	-
- Exercise of warrants	22	-
Non-controlling interest arising from investment in subsidiaries	482	-
Repayment of hire purchase	(19)	(17)
Net cash generated from/(used in) financing activities	816	(17)
Net decrease in cash and cash equivalents	(792)	(167)
Effects of exchange rate changes	170	(1,337)
Cash and cash equivalents at beginning of the financial period	14,607	4,859
Cash and cash equivalents at end of the financial period	13,985	3,355
Cash and cash equivalents are represented by		
Cash and at bank balances	13,985	3,355
	<u>13,985</u>	<u>3,355</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 2016 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 FIRST QUARTER ENDED
31 MARCH 2017

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 2016.

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.

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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED
31 MARCH 2017

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
Note :	08.06.2016	Add : Bonus adjustment of Warrant A of 9,223	59,614

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

A9 INTANGIBLE ASSETS

	AS AT	AS AT
	31 March 2017	31 March 2016
	(UNAUDITED)	(UNAUDITED)
	RM'000	RM'000
Technology transfer - technical expertise and associated expenses incurred in the development and production of thermoplastic elastomers ("TPE") materials in Shenzhen Rapid Resin Co. Ltd. ("RCR")	835	-
Less: amortisation to date	(7)	-
	828	-

The intangible asset was valued at fair value by a qualified, independent third-party. The intangible asset is to be amortised over 10 years, commencing March 2017.

A10 DIVIDENDS

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

A11 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 FIRST QUARTER ENDED
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PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS (“MFRS”) 134 ON INTERIM FINANCIAL REPORTING (CONT’D)

A11	(ii)	Geographical Segments						Total	Elimination	Consolidated
		Malaysia	China	Singapore	USA	Total	RM’000	RM’000	RM’000	
		RM’000	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000	
31 March 2017										
REVENUE AND EXPENSES										
REVENUE										
External sales		-	24,469	7,622	14,501	42,592	(14,929)	27,663		
RESULTS										
Segments results		(232)	(287)	392	927	800	-	800		
Finance cost, net		(1)	(1)	(9)	(10)	(21)	-	(21)		
(Loss)/profit before tax		(233)	(288)	383	917	779	-	779		
Taxation		-	(65)	-	(320)	(385)	-	(385)		
(Loss)/profit after tax		(233)	(353)	383	597	394	-	394		
Minority interest		-	131	-	-	131	-	131		
Net (loss)/profit attributable to owners of the Company		(233)	(222)	383	597	525	-	525		
ASSETS AND LIABILITIES										
Segment assets										
Consolidated total assets		36,432	44,395	14,866	16,339	112,032	(37,675)	74,357		
Segment liabilities										
Consolidated total liabilities		6,741	31,602	2,111	9,980	50,434	(16,805)	33,629		
OTHER INFORMATION										
Depreciation & amortisation		3	503	112	11	629	-	629		
Capital expenditure		-	917	629	10	1,556	-	1,556		

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED
31 MARCH 2017

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

A11 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 March 2016							
REVENUE AND EXPENSES							
REVENUE							
External sales	-	12,232	4,393	7,864	24,489	(6,506)	17,983
RESULTS							
Segments results	(70)	388	299	211	827	-	828
Finance cost, net	-	(13)	(9)	(6)	(27)	-	(28)
(Loss)/profit before tax	(70)	375	290	205	800	-	800
Taxation	-	-	-	(48)	(48)	-	(48)
Net (loss)/profit attributable to owners of the Company	(70)	375	290	157	752	-	752
ASSETS AND LIABILITIES							
Segment assets							
Consolidated total assets	10,751	22,987	8,694	9,766	52,198	(15,783)	36,415
Segment liabilities							
Consolidated total liabilities	5,799	19,522	4,253	4,730	34,304	(17,341)	16,963
OTHER INFORMATION							
Depreciation	3	246	101	15	365	-	365
Capital expenditure	9	32	-	43	84	-	84

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31 MARCH 2017

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

A12 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD

Save as disclosed in Notes A13 and B6, there were no other material events subsequent to the current quarter ended 31 March 2017 up to the date of this report.

A13 CHANGES IN THE COMPOSITION OF THE GROUP

During the financial year-to-date, the Company made additional investments in Rapid Conn (S) Pte. Ltd., a wholly-owned Subsidiary of the Company:-

1. The Company had, on 13 January 2017, invested an additional 727,388 ordinary shares of SGD1/- each and fully paid-up, in the share capital of its wholly-owned subsidiary, Rapid Conn (S) Pte. Ltd. ("**RCS**") ("**the Investment**") (equivalent to approximately RM2,246,756/- at the exchange rate of SGD1/- = RM3.0888 as at 5 May 2017).

Upon completion of the Investment, the issued and paid-up share capital of RCS has increased 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.

2. The Company, had on 3 May 2017, invested an additional 963,762 ordinary shares of SGD1/- each and fully paid-up, in the share capital of its wholly-owned subsidiary, Rapid Conn (S) Pte. Ltd. ("**RCS**") ("**the Investment**") (equivalent to approximately RM2,976,868/- at the exchange rate of SGD1/- = RM3.0888 as at 5 May 2017).

Upon completion of the Investment, the issued share capital of RCS has increased from 5,038,913 ordinary shares to 6,002,675 ordinary shares. RCS shall remain as a wholly-owned subsidiary of the Company.

Both the above additional investments 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 2017.

A14 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.

A15 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”)
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED
31 MARCH 2017**

**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 March 2017 as compared to the corresponding period ended 31 March 2016. This was the result of higher sales achieved from the Group's key customers.

For the current financial period ended 31 March 2017, the Group's revenue and profit before tax were RM27.6 million and RM0.78 million respectively, compared to its preceding year's corresponding period's revenue of RM18 million and profit before tax of RM0.8 million.

The Group recorded a slightly lower profit before tax in the period ended 31 March 2017 compared to the corresponding period ended 31 March 2016 despite of the higher revenue achieved during the period under review. This was due to higher operational costs (i.e. mainly salaries, and plant rental including depreciation) incurred by RCP and RCR, which have only begun trading in February 2017. Consequently, the total loss incurred by both RCP and RCR in the quarter under review was RM0.66 million.

Other income consists mainly of interest income, rental income and the partial recovery of a bad debt.

Other expenses consist mainly of unrealised loss on foreign exchange.

B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS

For the current quarter under review, the Group recorded a revenue of RM27.6 million and a profit before tax of RM0.78 million as compared to the revenue and profit before tax at RM26 million and RM0.65 million respectively for the preceding quarter ended 31 December 2016. The higher revenue was due to higher sales achieved from the Group's key customers.

B3 PROSPECTS FOR THE FINANCIAL YEAR 2017

The Group is currently implementing strategies to further enhance its presence in the lucrative but highly competitive automotive, white goods and smart connected devices markets.

In addition to implementing cost-savings strategies, the Group intends to increase its overall profits and margins via vertical integration with the incorporation of Shenzhen Rapid Power Co. Ltd. (“RCP”) (high-end cable extrusion) and Shenzhen Rapid Resin (“RCR”) (TPE materials), which are majority-owned (i.e. 80%) subsidiaries of RCC. They 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.

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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)

B5 TAXATION

	Quarter Ended		Year to Date	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Current taxation:				
Domestic	-	-	-	-
Foreign tax	(385)	(7)	(385)	(7)
	(385)	(7)	(385)	(7)
Under provision in prior period:				
Domestic	-	-	-	-
Foreign tax	-	-	-	-
Deferred taxation	-	(41)	-	(41)
	(385)	(48)	(385)	(48)

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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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 March 2017 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 31 March 2017 RM'000	Balance RM'000	Estimated Timeframe for Utilisation of Proceeds
Capital expenditure	2,500	2,206	461	1,745	Within 12 months
Working capital	6,000	5,294	3,859	1,435	Within 12 months
Investments in similar business / vertical integration	10,975	8,095	5,163	2,932	Within 36 months
Estimated expenses in relation to corporate exercise	550	651	651	0	Completed
Total	20,025	16,246	10,134	6,112	

Capital Expenditure	Proposed Utilisation by RCC RM'000	Revised Utilisation by RCC RM'000	Actual Utilisation by RCC as at 31 March 2017 RM'000
Cable extrusion machine	1,000	882	402
Auto soldering machine	500	441	0
Auto braiding machine	300	265	0
Auto crimping machine	300	265	0
Auto testing machine	400	353	59
Total	2,500	2,206	461

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B6. STATUS OF CORPORATE PROPOSAL (CONT'D)

Working Capital	Proposed Utilisation RM'000	Revised Utilisation by RCC RM'000	Actual Utilisation by RCC as at 31 March 2017 RM'000
Human resource expenses of the Group, such as salaries and staff welfare	1,500	1,324	550
Purchase of raw materials for the interconnect business, such as copper wire, synthetic polymers and connectors	3,750	3,309	3,309
Repairs and maintenance of machines	750	662	0
	6,000	5,294	3,859

Investments in Similar Business / Vertical Integration	Proposed Utilisation RM'000	Revised Utilisation RM'000	Actual Utilisation as at 31 March 2017 RM'000
Salaries and staff welfare for new staff required for the vertical integration	1,500	1,106	593
Purchase of raw materials being the chemical components required to produce plastic resins	3,500	2,582	1,417
Purchase of machines required for vertical integration	5,975	4,407	3,154
	10,975	8,095	5,163

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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)

Estimated Expenses Relating to the Corporate Exercise	Proposed Utilisation RM'000	Revised Utilisation RM'000	Actual Utilisation as at 31 March 2017 RM'000
Professional fees	370	427	427
Fees payable to authorities	50	86	86
Underwriting fees	130	138	138
	550	651	651

B7. GROUP BORROWINGS

The Group's borrowings as at 31 March 2017 are as follows:-

	Short term (Secured) RM'000	Long term (Secured) RM'000	Total RM'000
Hire purchase liabilities	89	156	245

DENOMINATED IN FOREIGN CURRENCY

	Short term (Secured) USD'000	Long term (Secured) USD'000	Total USD'000
Hire purchase liabilities	20	35	55

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	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Net profit attributable to shareholders	525	752	525	752
Weighted average number of shares – basic	71,364	216,607	71,364	216,607
Basic profit per share (sen)	0.74	0.35	0.74	0.35

(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 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Net profit attributable to shareholders	525	752	525	752
Weighted average number of shares - basic	71,364	216,607	71,364	216,607
Add assuming:				
Conversion of ICPS	106,176	-	106,176	-
Effect of dilution of unexercised Warrant-A	40,846	50,391	40,846	50,391
Effect of dilution of unexercised Warrant-B	20,023	-	20,023	-
Weighted average number of shares – diluted	238,409	266,998	238,409	266,998
Diluted earnings per share (sen)	0.22	0.28	0.22	0.28

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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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:-

	(Unaudited)	
	As at 31 March 2017	As at 31 March 2016
	RM'000	RM'000
Total accumulated losses of the Group:		
- Realised	11,371	(3,814)
- Unrealised	(148)	215
	11,223	(3,599)
Less: Consolidated adjustments	(16,533)	-
Accumulated losses as per financial statements	(5,310)	(3,599)

B12 NOTE TO THE STATEMENT OF COMPREHENSIVE INCOME

	Quarter Ended		Year to Date	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
Amortisation	7	-	7	-
Bad debts recovered	(181)	-	(181)	-
Depreciation	622	365	622	365
Interest expense	2	3	2	3
Interest income	(64)	(1)	(64)	(1)
Loss/(Gain) on foreign exchange – unrealised	(148)	(215)	(148)	(215)
Plant and equipment written off	7	-	-	52

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