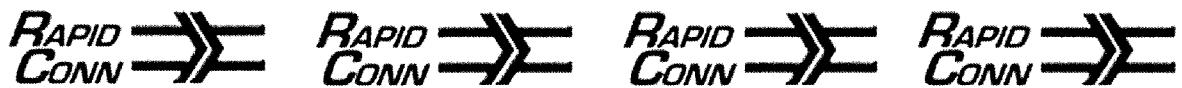




**INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED  
30 SEPTEMBER 2017**



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

**INTERIM FINANCIAL STATEMENTS FOR THE  
THIRD QUARTER ENDED 30 SEPTEMBER 2017**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		(UNAUDITED) CURRENT YEAR QUARTER 30 SEPTEMBER 2017 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING QUARTER 30 SEPTEMBER 2016 RM'000	(UNAUDITED) CURRENT YEAR- TO-DATE 30 SEPTEMBER 2017 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING PERIOD 30 SEPTEMBER 2016 RM'000
<b>Revenue</b>	B1	32,029	19,775	86,645	55,691
Cost of sales		(25,250)	(14,867)	(67,048)	(42,963)
<b>Gross profit</b>		<u>6,779</u>	<u>4,908</u>	<u>19,597</u>	<u>12,728</u>
Other income		165	(13)	1,303	659
Administration expense		(4,068)	(3,158)	(12,221)	(9,490)
Distribution and selling expenses		(1,434)	(1,073)	(4,430)	(2,967)
Other expenses		(149)	(301)	(474)	(364)
Depreciation and amortisation		(716)	(342)	(2,024)	(1,047)
<b>Profit/(loss) from operations</b>		<u>577</u>	<u>21</u>	<u>1,751</u>	<u>(481)</u>
Finance costs, net		(34)	(29)	(86)	(78)
<b>Profit/(loss) before tax</b>	B1	<u>543</u>	<u>(8)</u>	<u>1,665</u>	<u>(559)</u>
Income tax expense	B5	(249)	(101)	(890)	(166)
<b>Profit/(loss) net of tax</b>		<u>294</u>	<u>(109)</u>	<u>775</u>	<u>(725)</u>
<b>Other comprehensive (expenses)/income:</b>					
Foreign currency translation		(288)	559	(746)	(844)
<b>Total comprehensive income/(expenses) for the period</b>		<u>6</u>	<u>450</u>	<u>29</u>	<u>(1,569)</u>
<b>Profit/(loss) attributable to:</b>					
Owners of the Company		313	(109)	1,061	(725)
Non-controlling interest		(19)	-	(286)	-
		<u>294</u>	<u>(109)</u>	<u>775</u>	<u>(725)</u>
<b>Total comprehensive income/(expenses) attributable to:</b>					
Owners of the Company		22	450	326	(1,569)
Non-controlling interest		(16)	-	(297)	-
		<u>6</u>	<u>450</u>	<u>29</u>	<u>(1,569)</u>
<b>Earnings/(loss) per share attributable to owners of the Company (sen)</b>					
- Basic	B10 (i)	<u>(0.05)</u>	<u>(0.04)</u>	<u>0.19</u>	<u>(0.42)</u>
- Diluted	B10 (ii)	<u>(0.05)</u>	<u>(0.04)</u>	<u>0.12</u>	<u>(0.42)</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.)

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

**INTERIM FINANCIAL STATEMENTS FOR THE**  
**THIRD QUARTER ENDED 30 SEPTEMBER 2017**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	AS AT 30 SEPTEMBER 2017 (UNAUDITED) RM'000	AS AT 31 DECEMBER 2016 (AUDITED) RM'000
Note		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant and equipment	11,429	10,146
Intangible assets	784	-
Other investment	1,080	-
Deferred tax assets	384	392
	<u>13,677</u>	<u>10,538</u>
<b>Current assets</b>		
Inventories	19,498	12,899
Trade receivables	31,488	27,322
Other receivables	7,070	5,507
Cash and bank balances	10,507	14,607
	<u>68,563</u>	<u>60,335</u>
<b>TOTAL ASSETS</b>	<u><u>82,240</u></u>	<u><u>70,873</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	32,179	28,683
Equity component of irredeemable convertible preference share	10,876	11,102
Warrants reserve	2,043	3,032
Foreign exchange reserve	1,247	1,993
Accumulated losses	(4,263)	(5,835)
	<u>42,082</u>	<u>38,975</u>
Non-controlling interests	689	503
<b>Total equity</b>	<u>42,771</u>	<u>39,478</u>
<b>Non-current liabilities</b>		
Borrowings	107	173
Other payables	14	10
Liability component of irredeemable convertible preference share	1,392	1,422
	<u>1,513</u>	<u>1,605</u>
<b>Current liabilities</b>		
Borrowings	88	94
Trade payables	31,180	22,262
Other payables	6,642	7,369
Tax Payable	46	65
	<u>37,956</u>	<u>29,790</u>
<b>Total liabilities</b>	<u>39,469</u>	<u>31,395</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>82,240</u></u>	<u><u>70,873</u></u>
<b>Net Assets Per Share (RM)</b>	<u>0.13</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.)

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

INTERIM FINANCIAL STATEMENTS FOR THE  
THIRD QUARTER ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Share Premium RM'000	ICPS - equity component RM'000	Attributable to Equity Holders of the Parent				Total RM'000	Non- controlling Interest RM'000	Total Equity RM'000
				Warrants Reserve RM'000	Foreign Exchange Reserve RM'000	Accumulated Losses RM'000	Total RM'000			
<b>At 1 January 2016</b>	21,661	2,070	-	-	1,479	(4,351)	20,859	-	20,859	
Loss for the period	-	-	-	-	-	(725)	(725)	-	(725)	
Other comprehensive expenses for the period	-	(511)	-	-	(844)	-	(1,355)	-	(1,355)	
<b>Total comprehensive expenses</b>	-	(511)	-	-	(844)	(725)	(2,080)	-	(2,080)	
<b>Transactions with owners of the Company</b>										
Issuance of ICPS	-	-	16,246	-	-	-	16,246	-	16,246	
Issuance of ordinary shares pursuant to - conversion of ICPS	3,695	-	(3,231)	-	-	-	464	-	464	
<b>Total transactions with owners of the Company</b>	3,695	-	13,015	-	-	-	16,710	-	16,710	
<b>At 30 September 2016</b>	<u>25,356</u>	<u>1,559</u>	<u>13,015</u>	<u>-</u>	<u>635</u>	<u>(5,076)</u>	<u>35,489</u>	<u>-</u>	<u>35,489</u>	
<b>At 1 January 2017</b>	28,663	-	11,102	3,032	1,993	(5,835)	38,975	503	39,478	
Profit for the period	-	-	-	-	-	1,061	1,061	(286)	775	
Other comprehensive expenses for the period	-	-	-	-	(735)	-	(735)	(11)	(746)	
<b>Total comprehensive income</b>	-	-	-	-	(735)	1,061	326	(297)	29	
<b>Transactions with owners of the Company</b>										
Issuance of ordinary shares pursuant to : - conversion of ICPS	991	-	(248)	-	-	-	743	-	743	
- exercise of warrants	2,505	-	-	(989)	-	989	2,505	-	2,505	
Effects on deferred tax liability on conversion of ICPS	-	-	(8)	-	-	-	(8)	-	(8)	
Reclassification from liability component to equity component	-	-	30	-	-	-	30	-	30	
ICPS dividend paid	-	-	-	-	-	(478)	(478)	-	(478)	
Capital contribution by non-controlling interest	-	-	-	-	(11)	-	(11)	483	472	
<b>Total transactions with owners of the Company</b>	3,496	-	(226)	(989)	(11)	511	2,781	483	3,264	
<b>At 30 September 2017</b>	<u>32,179</u>	<u>-</u>	<u>10,876</u>	<u>2,043</u>	<u>1,247</u>	<u>(4,263)</u>	<u>42,082</u>	<u>689</u>	<u>42,771</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**  
**Company no. 618933-D**  
**(Incorporated in Malaysia)**

**INTERIM FINANCIAL STATEMENTS FOR THE**  
**THIRD QUARTER ENDED 30 SEPTEMBER 2017**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	(UNAUDITED) CURRENT YEAR-TO-DATE 30 SEPTEMBER 2017 RM'000	(UNAUDITED) PRECEDING YEAR CORRESPONDING CUMULATIVE PERIOD 30 SEPTEMBER 2016 RM'000
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	1,665	(559)
Adjustments for:		
Amortisation of intangible asset	41	-
Bad debts written off	-	68
Depreciation of plant and equipment	1,983	1,047
Gain on disposal of plant and equipment	(64)	-
Loss on foreign exchange - unrealised	411	52
Interest expenses	7	9
Interest income	(152)	(70)
Reversal of impairment loss on other receivables	(855)	-
Plant and equipment written off	1	4
	<u>3,037</u>	<u>551</u>
Operating profit before working capital changes	3,037	551
Changes in working capital:		
Inventories	(7,136)	(2,739)
Receivables	(6,545)	(5,173)
Payables	8,836	2,902
Cash used in operations	<u>(1,808)</u>	<u>(4,459)</u>
Interest paid	(7)	(9)
Tax paid	(909)	(86)
<b>Net cash used in operating activities</b>	<u>(2,724)</u>	<u>(4,554)</u>
<b>Cash flows from investing activities</b>		
Acquisition of other investment	(1,080)	-
Interest received	152	70
Proceeds from disposal of plant and equipment	331	10
Purchase of intangible asset	(762)	-
Purchase of plant and equipment	(3,846)	(1,044)
<b>Net cash used in investing activities</b>	<u>(5,205)</u>	<u>(964)</u>
<b>Cash flows from financing activities</b>		
Non-controlling interest arising from investment in subsidiaries	483	-
Proceeds from issuance of ICPS	-	16,246
Proceeds from issuance of ordinary shares pursuant to :		
- Conversion of ICPS	991	464
- Exercise of warrants	2,505	-
Conversion of ICPS expenses	-	(511)
Dividend paid	(478)	-
Repayment of hire purchase	(57)	(54)
<b>Net cash generated from financing activities</b>	<u>3,444</u>	<u>16,145</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(4,485)</u>	<u>10,627</u>
<b>Effects of exchange rate changes</b>	385	(396)
<b>Cash and cash equivalents at beginning of the financial period</b>	14,607	4,859
<b>Cash and cash equivalents at end of the financial period</b>	<u>10,507</u>	<u>15,090</u>
<b>Cash and cash equivalents are represented by</b>		
Cash and at bank balances	10,507	15,090
	<u>10,507</u>	<u>15,090</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”)**  
**Company No. 618933-D**  
**(Incorporated in Malaysia)**

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

**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 2017**

---

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

**A6 MATERIAL CHANGES IN ESTIMATES**

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

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

During the financial year-to-date, the number of issued shares capital of the Company was increased from 286,830,225 to 322,344,425 by way of allotment and issuance of:

- 10,464,800 new ordinary shares arising from conversion of irredeemable convertible preference shares (“ICPS”) by surrendering 10,464,800 number of ICPS;
- 10,916,000 new ordinary shares arising from the exercise of Warrants 2011/2021 (“Warrants-A”); and
- 14,133,400 new ordinary shares arising from the exercise of Warrants 2016/2021 (“Warrants-B”).

**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.

[the remainder of this page is intentionally left blank]

**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 2017**

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

**A9 INTANGIBLE ASSETS**

	<b>As at 30 September 2017 (Unaudited) RM'000</b>	<b>As at 30 September 2016 (Unaudited) RM'000</b>
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")	825	-
Less: amortisation to date	(41)	-
	784	-

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**

Irredeemable convertible preference share dividend of 0.1 sen per preference share was paid on 14 July 2017.

**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:-



**CONNECTCOUNTRY 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 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
<b>30 September 2017</b>							
<b>REVENUE AND EXPENSES</b>							
<b>REVENUE</b>							
External sales	-	69,410	21,796	39,847	131,053	(44,408)	86,645
<b>RESULTS</b>							
Operating profit	(800)	9	830	1,712	1,751	-	1,751
Finance cost, net	(2)	(28)	(29)	(27)	(86)	-	(86)
(Loss)/profit before tax	(802)	(19)	801	1,685	1,665	-	1,665
Taxation	-	(203)	-	(687)	(890)	-	(890)
(Loss)/profit after tax	(802)	(222)	801	998	775	-	775
Minority interest	-	286	-	-	286	-	286
Net (loss)/profit attributable to owners of the Company	(802)	64	801	998	1,061	-	1,061

**ASSETS AND LIABILITIES**

**Segment assets**

Consolidated total assets	38,290	51,346	16,257	16,644	122,537	(40,297)	82,240
---------------------------	--------	--------	--------	--------	---------	----------	--------

**Segment liabilities**

Consolidated total liabilities	6,557	38,492	756	9,797	55,602	(16,133)	39,469
--------------------------------	-------	--------	-----	-------	--------	----------	--------

**OTHER INFORMATION**

Depreciation & amortisation	10	1,587	393	34	2,024	-	2,024
Capital expenditure	5	2,430	1,382	29	3,846	-	3,846

**CONNECTCOUNTRY 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 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
<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
<b>RESULTS</b>							
Operating profit	(1,643)	332	2,060	337	1,086	(1,567)	(481)
Finance cost, net	(2)	(32)	(25)	(19)	(78)	-	(78)
(Loss)/profit before tax	(1,645)	300	2,035	318	1,008	(1,567)	(559)
Taxation	-	(16)	-	(150)	(166)	-	(166)
(Loss)/profit after tax	(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
--------------------------------	-------	--------	-------	-------	--------	----------	--------

**OTHER INFORMATION**

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

**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 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 30 September 2017 up to the date of this report.

**A13 CHANGES IN THE COMPOSITION OF THE GROUP**

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

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 4,311,525 ordinary shares to 5,038,913 ordinary shares.

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.

3. The Company had on 5 July 2017 invested an additional 90,000 ordinary shares in the share capital of its wholly-owned subsidiary, Borderless Fame Sdn. Bhd. ("**BFSB**") ("**the Investment**"). The issued share capital of BFSB has increased from 100,000 ordinary shares to 190,000 ordinary shares.
4. The Company had announced that BFSB on 16 August 2017 via a Written Resolution of the Member, resolved to be wound-up voluntarily pursuant to Section 439(1)(b) of the Companies Act 2016 ("**the Act**"). The winding-up of BFSB was initiated as it has not commenced its operation since incorporation. The voluntary winding-up is part of CONNECT's continued initiative to reduce the number of dormant companies in the Group and to eliminate unnecessary administrative costs.

The winding-up of BFSB 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 2017.

**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 2017**

---

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

**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.

[the remainder of this page is intentionally left blank]

**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 2017**

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

**B1 REVIEW OF PERFORMANCE**

	Individual Quarter		%	Cumulative Quarter		%
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-Date	Preceding Year Corresponding Period	
	30 Sep 2017	30 Sep 16		30 Sep 2017	30 Sep 16	
	RM'000	RM'000		RM'000	RM'000	
Revenue	32,029	19,775	62.0%	86,645	55,691	55.6%
Operating Profit	577	21	2647.6%	1,751	(481)	464.0%
Profit/(loss) before tax	543	(8)	6887.5%	1,665	(559)	397.9%
Profit/(loss) after tax	294	(109)	369.7%	775	(725)	206.9%
Profit/(loss) attributable to owners of the company	313	(109)	387%	1,061	(725)	246%
The following average exchange rates were used in the calculation of currency translation:						
USD:RM				4.3476	4.0824	
RMB:RM				0.6387	0.6205	

**Current Year-To-Date vs Preceding Year Corresponding Period**

Overall Review of Group's Financial Performance

For the current financial period ended 30 September 2017, the Group's overall performance has improved. The revenue and profit before tax were RM86.6 million and RM1.7 million respectively, compared to its preceding year's corresponding period's revenue of RM55.7 million and loss before tax of RM0.6 million.

Segmental Analysis

The Group achieved higher sales from all segments. The increase mainly due to higher sales from key customers, sales from two China's sub-subsidiaries in current financial period and strengthen in foreign currencies.

The Group's profit before tax has increased due to the same reasons as mentioned above and the higher other income, offset by higher operating expenses.

Other income consists mainly of interest income and the recovery of bad debts.

**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 2017**

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

**B1 REVIEW OF PERFORMANCE (CONT'D)**

**Current Quarter vs Preceding Year Corresponding Quarter**

Overall Review of Group's Financial Performance

In the current quarter under review, the Group's overall performance has improved. The revenue and profit before tax were RM32.0 million and RM0.5 million respectively, compared to its preceding year's corresponding quarter's revenue of RM19.8 million and marginal loss before tax of RM8,000.

Segmental Analysis

The Group achieved higher sales from USA and China except marginal decrease in Singapore. The increase mainly due to higher sales from key customers, and sales from two China sub-subsidiaries in current financial quarter.

The Group's profit before tax has increased due to the same reasons as mentioned above in USA and lower operating expenses as lower foreign exchange loss recorded in Malaysia.

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

	<b>Current Quarter 30 Sep 2017</b>	<b>Immediate Preceding Quarter 30 June 17</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>	
Revenue	32,029	26,953	18.8%
Operating Profit	577	374	54.3%
Profit/(loss) before tax	543	343	58.3%
Profit/(loss) after tax	294	87	237.9%
Profit/(loss) attributable to owners of the company	313	223	40.4%

For the current quarter under review, the Group recorded a revenue of RM32.0 million and a profit before tax of RM0.54 million as compared to the revenue and profit before tax at RM27.0 million and RM0.34 million respectively for the preceding quarter ended 30 June 2017.

The Group achieved higher sales from all segments except marginal decrease in USA. The increase mainly due to higher sales from China.

The Group's profit before tax has increased due to lower operating expenses and lower foreign exchange loss in Malaysia.

**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 2017**

**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 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.

**B5 TAXATION**

	Quarter Ended		Year to Date	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Current taxation:				
Domestic	-	-	-	-
Foreign tax	(249)	(60)	(940)	(86)
	(249)	(60)	(940)	(86)
Under provision in prior period:				
Domestic	-	-	-	-
Foreign tax	-	-	50	-
	(249)	(60)	(890)	(86)
Deferred taxation	-	(41)	-	(80)
	<b>(249)</b>	<b>(101)</b>	<b>(890)</b>	<b>(166)</b>

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

**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**

The Company had completed the Rights Issue of ICPS on the ACE Market of Bursa Malaysia Securities Berhad on 15 June 2016 with the listing of:

- 649,821,600 new Connect ICPS and 43,321,388 Warrants-B pursuant to the Rights Issue of ICPS; and
- 9,223,144 additional Warrants-A pursuant to the consequential adjustment arising from the Rights Issue of ICPS

The Company raised actual total gross proceeds of RM16,245,540 and the utilisation of which has been revised accordingly.

**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 2017**

**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)**

As at 28 November 2017, the status of utilisation of proceeds is as follow:

Description	Proposed Utilisation RM'000	Revised Utilisation RM'000	Actual Utilisation as at 28 November 2017 RM'000	Balance RM'000	Intended Timeframe for Utilisation of Proceeds
Capital expenditure	2,500	2,206	551	1,655	<sup>1)</sup> Within 24 months
Working capital	6,000	5,294	3,859	1,435	<sup>1)</sup> Within 24 months
Investments in similar business / vertical integration	10,975	8,095	<sup>2)</sup> 6,243	1,852	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>11,304</b>	<b>4,942</b>	

<sup>1)</sup> On 28 July 2017, the Board had resolved to approve the extension of timeframe for utilisation of proceeds.

<sup>2)</sup> On 19 July 2017, the Company announced that NetObjex, Inc. (“NOI”), a Delaware Corporation had on 17 July 2017 entered into a Letter of Intent with the Company to signify the Company’s intention to subscribe 3,131,675 shares of Series A Voting Common Stock of NOI for an aggregate purchase price of USD250,000.00 (United States Dollar: Two Hundred and Fifty Thousand) only (“Proposed Subscription”).

On 24 July 2017, the Company announced the execution of Series A Voting Common Stock Subscription Agreement with NOI for the Proposed Subscription.

Arising from the above, the Board had on 28 July 2017 resolved to vary the estimated breakdown of utilisation to fund the Proposed Subscription (“Proposed Variation”).

The Proposed Variation is mainly due to the requirement of additional time for stabilisation and expansion of the businesses of the Company.

The Proposed Subscription, similar with or complementary to the current interconnect business, is related to the investments in similar business as disclosed in Section 5 of the Abridged Prospectus. It provides an attractive opportunity for the Company, to further strengthen its participation and increase its interest in providing a comprehensive end-to-end set of platforms for implementing Internet of Things (“IoT”) - Blockchain Software Platform solutions which is changing the way smart devices operate.



**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 2017**

**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>Capital Expenditure</b>	<b>Proposed Utilisation</b>	<b>Revised Utilisation</b>	<b>Actual Utilisation as at 28 November 2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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	149
<b>Total</b>	<b>2,500</b>	<b>2,206</b>	<b>551</b>
<b>Working Capital</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	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
	<b>6,000</b>	<b>5,294</b>	<b>3,859</b>

**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 2017**

**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>Investments in Similar Business / Vertical Integration</b>	<b>Proposed Utilisation</b>	<b>Revised Utilisation</b>	<b>Relocation/ Variation</b>	<b>Actual Utilisation as at 28 November 2017</b>
	<b>RM'000</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	-	593
Purchase of raw materials being the chemical components required to produce plastic resins	3,500	2,582	173	1,416
Purchase of machines required for vertical integration	5,975	4,407	(1,253)	3,154
Investments in Similar Business	-	-	1,080	1,080
	<b>10,975</b>	<b>8,095</b>	<b>-</b>	<b>6,243</b>

<b>Estimated Expenses Relating to the Corporate Exercise</b>	<b>Proposed Utilisation</b>	<b>Revised Utilisation</b>	<b>Actual Utilisation as at 28 November 2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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>

**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 2017**

---

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

**B7 GROUP BORROWINGS**

The Group's borrowings as at 30 September 2017 are as follows:-

	<b>Short term (Secured) RM'000</b>	<b>Long term (Secured) RM'000</b>	<b>Total RM'000</b>
<b>Hire purchase liabilities</b>	88	107	<u>195</u>

**DENOMINATED IN FOREIGN  
CURRENCY**

	<b>Short term (Secured) USD'000</b>	<b>Long term (Secured) USD'000</b>	<b>Total USD'000</b>
<b>Hire purchase liabilities</b>	21	25	<u>46</u>

**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.

[the remainder of this page is intentionally left blank]

**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 2017**

**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 (“EPS”) / LOSS PER SHARE (“LPS”)**

**(i) Basic EPS / (LPS)**

The basic earnings/(loss) 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 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Net profit/(loss) attributable to shareholders	313	(109)	1,061	(725)
Preference share dividend on ICPS	(478)	-	(478)	-
	(165)	(109)	583	(725)
Weighted average number of ordinary shares ('000)	321,714	246,973	305,963	171,334
<b>Basic (LPS) / EPS (sen)</b>	<b>(0.05)</b>	<b>(0.04)</b>	<b>0.19</b>	<b>(0.42)</b>

**(ii) Diluted EPS / (LPS)**

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 ICPS and warrants issued are fully exercised and converted into ordinary shares.

	Quarter Ended		Year to Date	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Net (loss)/profit attributable to shareholders	(165)	(109)	583	(725)
Weighted average number of shares - basic	321,714	246,973	305,963	171,334
Add assuming:				
Conversion of ICPS	*	*	119,349	*
Effect of dilution of unexercised Warrant-A	*	*	29,218	*
Effect of dilution of unexercised Warrant-B	*	*	17,513	*
Weighted average number of shares – diluted	321,714	246,973	472,043	171,334
<b>Diluted (LPS) / EPS (sen)</b>	<b>(0.05)</b>	<b>(0.04)</b>	<b>0.12</b>	<b>(0.42)</b>

\* Not taken into account in the computation of diluted LPS because the effect is anti-dilutive.

The computation for diluted LPS is not applicable for individual quarter and period ended 30 September 2016 as it has an anti-dilution effect.

**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 2017**

**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:-

	As at 30 September 2017 RM'000	As at 31 December 2016 RM'000
Total accumulated losses of the Group:		
- Realised	13,132	21,975
- Unrealised	(862)	(1,591)
	12,270	20,384
Less: Consolidated adjustments	(16,533)	(26,219)
<b>Accumulated losses as per financial statements</b>	<b>(4,263)</b>	<b>(5,835)</b>

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

Profit/(loss) for the period was arrived after charging/(crediting):

	Quarter Ended		Year to Date	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
Amortisation	13	-	41	-
Reversal of impairment loss on other receivables	-	-	(855)	-
Bad debts written off	-	68	-	68
Depreciation	703	342	1,983	1,047
Interest expense	2	3	7	9
Interest income	(47)	(68)	(152)	(70)
Loss on foreign exchange - unrealised	116	267	411	52
Plant and equipment written off	1	4	1	4

**B13 AUTHORISATION FOR ISSUE**

The interim financial statements were authorised for issued by the Board of Directors in accordance with a resolution of the Directors on 28 November 2017.

By Order of the Board

Ang Chuang Juay  
Executive Deputy Chairman

29 November 2017