



**INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED
31 DECEMBER 2017**



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

INTERIM FINANCIAL STATEMENTS FOR THE
FOURTH QUARTER ENDED 31 DECEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 DECEMBER 2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 DECEMBER 2016 RM'000	CURRENT YEAR- TO-DATE 31 DECEMBER 2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 DECEMBER 2016 RM'000
Revenue	B1	35,600	26,020	122,245	81,711
Cost of sales		(31,281)	(19,457)	(98,329)	(62,420)
Gross profit		<u>4,319</u>	<u>6,563</u>	<u>23,916</u>	<u>19,291</u>
Other income		105	785	1,408	1,444
Administration expense		(3,702)	(4,112)	(15,923)	(13,602)
Distribution and selling expenses		(1,387)	(1,490)	(5,817)	(4,457)
Other expenses		(172)	(621)	(646)	(985)
Depreciation and amortisation		(750)	(435)	(2,774)	(1,482)
(Loss)/profit from operations		<u>(1,587)</u>	<u>690</u>	<u>164</u>	<u>209</u>
Finance costs, net		(23)	(36)	(109)	(114)
(Loss)/profit before tax	B1	<u>(1,610)</u>	<u>654</u>	<u>55</u>	<u>95</u>
Income tax expense	B5	104	(74)	(786)	(240)
(Loss)/profit net of tax		<u>(1,506)</u>	<u>580</u>	<u>(731)</u>	<u>(145)</u>
Other comprehensive (expenses)/income:					
Foreign currency translation		(714)	1,357	(1,460)	513
Total comprehensive (expenses)/income for the period		<u>(2,220)</u>	<u>1,937</u>	<u>(2,191)</u>	<u>368</u>
(Loss)/profit attributable to:					
Owners of the Company		(1,289)	714	(228)	(11)
Non-controlling interest		(217)	(134)	(503)	(134)
		<u>(1,506)</u>	<u>580</u>	<u>(731)</u>	<u>(145)</u>
Total comprehensive (expenses)/income attributable to:					
Owners of the Company		(2,004)	2,081	(1,678)	512
Non-controlling interest		(216)	(144)	(513)	(144)
		<u>(2,220)</u>	<u>1,937</u>	<u>(2,191)</u>	<u>368</u>
(Loss)/earnings per share attributable to owners of the Company (sen)					
- Basic	B10 (i)	<u>(0.40)</u>	<u>0.25</u>	<u>(0.23)</u>	<u>(0.005)</u>
- Diluted	B10 (ii)	<u>(0.40)</u>	<u>0.16</u>	<u>(0.23)</u>	<u>(0.005)</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.)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
	AS AT	AS AT
	31 DECEMBER 2017	31 DECEMBER 2016
	(UNAUDITED)	(AUDITED)
Note	RM'000	RM'000
ASSETS		
Non-current assets		
Plant and equipment	10,876	10,146
Intangible assets	741	-
Other investment	1,080	-
Deferred tax assets	383	392
	<u>13,080</u>	<u>10,538</u>
Current assets		
Inventories	19,327	12,899
Trade receivables	33,144	27,322
Other receivables	7,499	5,507
Cash and bank balances	13,789	14,607
	<u>73,759</u>	<u>60,335</u>
TOTAL ASSETS	<u>86,839</u>	<u>70,873</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	32,234	28,683
Equity component of irredeemable convertible preference share	10,864	11,102
Warrants reserve	2,043	3,032
Foreign exchange reserve	533	1,993
Accumulated losses	(5,552)	(5,835)
	<u>40,122</u>	<u>38,975</u>
Non-controlling interests	632	503
Total equity	<u>40,754</u>	<u>39,478</u>
Non-current liabilities		
Borrowings	77	173
Other payables	10	10
Liability component of irredeemable convertible preference share	1,391	1,422
	<u>1,478</u>	<u>1,605</u>
Current liabilities		
Borrowings	76	94
Trade payables	38,910	22,262
Other payables	5,573	7,369
Tax Payable	48	65
	<u>44,607</u>	<u>29,790</u>
Total liabilities	<u>46,085</u>	<u>31,395</u>
TOTAL EQUITY AND LIABILITIES	<u>86,839</u>	<u>70,873</u>
Net Assets Per Share (RM)	<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
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**INTERIM FINANCIAL STATEMENTS FOR THE
FOURTH QUARTER ENDED 31 DECEMBER 2017**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent		Attributable to Equity Holders of the Parent				Total Equity RM'000	
	Share Capital RM'000	Share Premium RM'000	ICPS - equity component RM'000	Non-Distributable	Foreign Exchange Reserve RM'000	Accumulated Losses RM'000		Total RM'000
At 1 January 2016	21,661	2,070	-	1,480	(4,351)	-	20,860	-
Loss for the year	-	-	-	-	(11)	-	(11)	(134)
Other comprehensive income for the year	-	-	-	523	-	-	523	(10)
Total comprehensive income	-	-	-	523	(11)	-	512	(144)
Transactions with owners of the Company								
Issuance of ICPS	-	-	16,248	-	-	-	16,248	-
Issuance of ordinary shares pursuant to - conversion of ICPS	7,022	(511)	(4,063)	-	-	-	2,448	-
Effects on deferred tax liability on conversion of ICPS	-	-	341	-	-	-	341	-
Reclassification from equity component to liability component	-	-	(1,422)	-	-	-	(1,422)	-
Issuance of warrants	-	(1,559)	-	3,032	(1,473)	-	-	-
Capital contribution by non-controlling interest	-	-	-	(10)	-	-	(10)	647
Total transactions with owners of the Company	7,022	(2,070)	11,102	3,032	(1,473)	(1,473)	17,603	647
At 31 December 2016	28,683	-	11,102	1,993	(5,835)	(5,835)	38,975	503
At 1 January 2017	28,683	-	11,102	1,993	(5,835)	(5,835)	38,975	503
Loss for the year	-	-	-	-	(228)	-	(228)	(503)
Other comprehensive expenses for the year	-	-	-	(1,450)	-	-	(1,450)	(10)
Total comprehensive expenses	-	-	-	(1,450)	(228)	-	(1,678)	(513)
Transactions with owners of the Company								
Issuance of ordinary shares pursuant to - conversion of ICPS	1,046	-	(262)	-	-	-	784	-
- exercise of warrants	2,505	-	-	(989)	989	-	2,505	-
Effects on deferred tax liability on conversion of ICPS	-	-	(7)	-	-	-	(7)	-
Reclassification from liability component to equity component	-	-	31	-	-	-	31	-
ICPS dividend paid	-	-	-	-	(478)	-	(478)	-
Capital contribution by non-controlling interest	-	-	-	(10)	-	-	(10)	642
Total transactions with owners of the Company	3,551	-	(238)	(989)	511	-	2,825	642
At 31 December 2017	32,234	-	10,864	2,043	(5,552)	(5,552)	40,122	632

(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.)

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INTERIM FINANCIAL STATEMENTS FOR THE
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR-TO-DATE 31 DECEMBER 2017 RM'000	PRECEDING YEAR CORRESPONDING CUMULATIVE PERIOD 31 DECEMBER 2016 RM'000
Cash flows from operating activities		
Profit before tax	55	95
Adjustments for:		
Amortisation of intangible asset	69	-
Bad debts written off	-	834
Bad debts recovered	(374)	-
Depreciation of plant and equipment	2,705	1,482
Gain on disposal of plant and equipment	(37)	-
Loss/(Gain) on foreign exchange- unrealised	578	(444)
Interest expenses	9	24
Interest income	(205)	(146)
Inventory written off	183	-
Reversal of impairment loss on trade receivables	(477)	-
Plant and equipment written off	1	4
Operating profit before working capital changes	2,507	1,849
Changes in working capital:		
Inventories	(7,552)	(5,350)
Receivables	(9,782)	(12,835)
Payables	16,132	13,506
Cash generated from/(used in) operations	1,305	(2,830)
Interest paid	(9)	(24)
Tax paid	(804)	(240)
Net cash generated from/(used in) operating activities	492	(3,094)
Cash flows from investing activities		
Acquisition of other investment	(1,080)	-
Interest received	205	146
Proceeds from disposal of plant and equipment	56	10
Purchase of intangible asset	(808)	-
Purchase of plant and equipment	(3,935)	(7,109)
Net cash used in investing activities	(5,562)	(6,953)
Cash flows from financing activities		
Non-controlling interest arising from investment in subsidiaries	642	647
Proceeds from issuance of ICPS	-	12,183
Proceeds from issuance of ordinary shares pursuant to :		
- Conversion of ICPS	1,046	7,022
- Exercise of warrants	2,505	-
Conversion of ICPS expenses	-	(511)
Dividend paid	(478)	-
Repayment of hire purchase	(88)	(78)
Net cash generated from financing activities	3,627	19,263
Net (decrease)/increase in cash and cash equivalents	(1,443)	9,216
Effects of exchange rate changes	625	532
Cash and cash equivalents at beginning of the financial year	14,607	4,859
Cash and cash equivalents at end of the financial year	13,789	14,607
Cash and cash equivalents are represented by		
Cash and at bank balances	13,789	14,607
	<u>13,789</u>	<u>14,607</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 FOURTH QUARTER ENDED
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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 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.

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**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.

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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 31 December 2017 (Unaudited) RM'000	As at 31 December 2016 (Unaudited) 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")	808	-
Less: amortisation to date	(67)	-
	741	-

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:-

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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 December 2017							
REVENUE AND EXPENSES							
REVENUE							
External sales	-	100,038	26,791	51,715	178,544	(56,299)	122,245
RESULTS							
Operating (loss)/profit	(979)	(552)	1,270	389	128	36	164
Finance cost, net	(1)	(37)	(39)	(32)	(109)	-	(109)
(Loss)/profit before tax	(980)	(589)	1,231	357	19	36	55
Taxation	-	(350)	-	(436)	(786)	-	(786)
(Loss)/profit after tax	(980)	(939)	1,231	(79)	(767)	36	(731)
Minority interest	-	503	-	-	503	-	503
Net (loss)/profit attributable to owners of the Company	(980)	(436)	1,231	(79)	(264)	36	(228)

ASSETS AND LIABILITIES

Segment assets

Consolidated total assets	38,172	57,151	15,695	15,740	126,758	(39,919)	86,839
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Segment liabilities

Consolidated total liabilities	6,576	44,896	432	9,857	61,761	(15,676)	46,085
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OTHER INFORMATION

Depreciation & amortisation	13	2,174	542	45	2,774	-	2,774
Capital expenditure	5	2,534	1,336	60	3,935	-	3,935

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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 December 2016							
REVENUE AND EXPENSES							
REVENUE							
External sales	-	62,199	25,230	35,535	122,964	(41,253)	81,711
RESULTS							
Operating profit/(loss)	7,018	(532)	3,129	841	10,456	(10,247)	209
Finance cost, net	(2)	(53)	(33)	(26)	(114)	-	(114)
Profit/(Loss) before tax	7,016	(585)	3,096	815	10,342	-	95
Taxation	-	(101)	-	(139)	(240)	-	(240)
Profit/(Loss) after tax	7,016	(686)	3,096	676	10,102	-	(145)
Minority interest	-	134	-	-	134	-	134
Net profit/(loss) attributable to owners of the Company	7,016	(552)	3,096	676	10,236	-	(11)

ASSETS AND LIABILITIES

Segment assets

Consolidated total assets	36,467	41,917	13,984	16,984	109,352	(38,479)	70,873
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Segment liabilities

Consolidated total liabilities	6,814	29,225	3,700	11,239	50,978	(19,583)	31,395
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OTHER INFORMATION

Depreciation & amortisation	16	1,010	390	66	1,482	-	1,482
Capital expenditure	29	6,681	325	61	7,096	-	7,096

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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 December 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.

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**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.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED
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**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING
REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET**

B1 REVIEW OF PERFORMANCE

	Individual Quarter		%	Cumulative Quarter		%
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-Date	Preceding Year Corresponding Period	
	31 Dec 2017	31 Dec 2016		31 Dec 2017	31 Dec 2016	
	RM'000	RM'000		RM'000	RM'000	
Revenue	35,600	26,020	36.8%	122,245	81,711	49.6%
Operating (loss)/profit	(1,587)	690	-330%	164	209	-21.5%
(Loss)/profit before tax	(1,610)	654	-346.2%	55	95	-42.1%
(Loss)/profit after tax	(1,506)	580	-359.7%	(731)	(145)	-404.1%
(Loss)/profit attributable to owners of the company	(1,289)	714	-280.5%	(228)	(11)	-1972.7%
The following average exchange rates were used in the calculation of currency translation:						
USD:RM				4.3004	4.1430	
RMB:RM				0.6363	0.6236	

Current Year-To-Date vs Preceding Year Corresponding Period

Overall Review of Group's Financial Performance

For the current financial period ended 31 December 2017, the Group's revenue and profit before tax were RM122.2 million and RM0.06 million respectively, compared to its preceding year's corresponding period's revenue of RM81.7 million and profit before tax of RM0.1 million.

Segmental Analysis

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

Despite increase in sales, the Group's profit before tax however recorded lower due to sales of certain low margin products, general reduction in selling price, increase in commodities costs and operating expenses and negative impact of changes in foreign currency in inventory.

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

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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)

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 revenue and loss before tax were RM35.6 million and RM1.6 million respectively, compared to its preceding year's corresponding quarter's revenue of RM26.0 million and marginal profit before tax of RM0.7 million.

Segmental Analysis

The Group achieved higher sales from USA and China offset by lower sales from Singapore. The increase mainly due to higher sales from key customers, and sales from two China subsidiaries in current quarter.

The Group's loss before tax was recorded in current quarter mainly due to sales of certain low margin products, general reduction in selling price, and negative impact of changes in foreign currency in inventory.

B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Current Quarter 31 Dec 2017	Immediate Preceding Quarter 30 Sep 2017	%
	RM'000	RM'000	
Revenue	35,600	32,029	11.1%
Operating (loss)/profit	(1,587)	577	-375%
(Loss)/profit before tax	(1,610)	543	-396.5%
(Loss)/profit after tax	(1,506)	294	-612.2%
(Loss)/profit attributable to owners of the company	(1,289)	313	-511.8%

In current quarter, the Group recorded a revenue of RM35.6 million and a loss before tax of RM1.61 million as compared to the revenue and profit before tax at RM32.0 million and RM0.5 million respectively for the preceding quarter ended 30 September 2017.

The Group achieved higher sales from China but lower sales from USA and Singapore.

The Group recorded loss before tax which was mainly due to lower sales from USA and Singapore, general reduction in selling price and negative impact of changes in foreign currency in inventory.

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B3 PROSPECTS FOR THE FINANCIAL YEAR 2018

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	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Current taxation:				
Domestic	-	-	-	-
Foreign tax	104	(94)	(836)	(180)
	<u>104</u>	<u>(94)</u>	<u>(836)</u>	<u>(180)</u>
Under provision in prior year:				
Domestic	-	-	-	-
Foreign tax	-	(61)	50	(61)
	<u>104</u>	<u>(155)</u>	<u>(786)</u>	<u>(241)</u>
Deferred taxation	-	81	-	1
	<u>104</u>	<u>(74)</u>	<u>(786)</u>	<u>(240)</u>

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:

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-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.

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B6 STATUS OF CORPORATE PROPOSAL (CONT'D)

As at 27 February 2018, the status of utilisation of proceeds is as follow:

Description	Proposed Utilisation RM'000	Revised Utilisation RM'000	Actual Utilisation as at 27 February 2018 RM'000	Balance RM'000	Intended Timeframe for Utilisation of Proceeds
Capital expenditure	2,500	2,206	815	1,391	¹⁾ Within 24 months
Working capital	6,000	5,294	4,118	1,176	¹⁾ Within 24 months
Investments in similar business / vertical integration	10,975	8,095	²⁾ 8,095	-	Within 36 months
Estimated expenses in relation to corporate exercise	550	651	651	0	Completed
Total	20,025	16,246	13,679	2,567	

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

²⁾ 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.

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B6 STATUS OF CORPORATE PROPOSAL (CONT'D)

Capital Expenditure	Proposed Utilisation RM'000	Revised Utilisation RM'000	Actual Utilisation as at 27 February 2018 RM'000
Cable extrusion machine	1,000	882	402
Auto soldering machine	500	441	60
Auto braiding machine	300	265	0
Auto crimping machine	300	265	0
Auto testing machine	400	353	353
Total	2,500	2,206	815
Working Capital	RM'000	RM'000	RM'000
Human resource expenses of the Group, such as salaries and staff welfare	1,500	1,324	809
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	4,118

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B6 STATUS OF CORPORATE PROPOSAL (CONT'D)

Investments in Similar Business / Vertical Integration	Proposed Utilisation	Revised Utilisation	Relocation/ Variation	Actual Utilisation as at 27 February 2018
	RM'000	RM'000	RM'000	RM'000
Salaries and staff welfare for new staff required for the vertical integration	1,500	1,106	-	1,106
Purchase of raw materials being the chemical components required to produce plastic resins	3,500	2,582	173	2,755
Purchase of machines required for vertical integration	5,975	4,407	(1,253)	3,154
Investments in Similar Business	-	-	1,080	1,080
	10,975	8,095	-	8,095

Estimated Expenses Relating to the Corporate Exercise	Proposed Utilisation	Revised Utilisation	Actual Utilisation as at 27 February 2018
	RM'000	RM'000	RM'000
Professional fees	370	427	427
Fees payable to authorities	50	86	86
Underwriting fees	130	138	138
	550	651	651

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B7 GROUP BORROWINGS

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

	Short term (Secured) RM'000	Long term (Secured) RM'000	Total RM'000
Hire purchase liabilities	76	77	153

**DENOMINATED IN FOREIGN
CURRENCY**

	Short term (Secured) USD'000	Long term (Secured) USD'000	Total USD'000
Hire purchase liabilities	19	19	38

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 (“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	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Net (loss)/profit attributable to shareholders	(1,289)	714	(228)	(11)
Preference share dividend on ICPS	-	-	(478)	-
	(1,289)	714	(706)	(11)
Weighted average number of ordinary shares ('000)	321,714	282,249	310,045	242,281
Basic (LPS) / EPS (sen)	(0.40)	0.25	(0.23)	(0.005)

(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	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Net (loss)/profit attributable to shareholders	(1,289)	714	(706)	(11)
Weighted average number of shares - basic	321,714	282,249	310,045	242,281
Add assuming:				
Conversion of ICPS	*	118,945	*	*
Effect of dilution of unexercised Warrant-A	*	31,109	*	*
Effect of dilution of unexercised Warrant-B	*	14,440	*	*
Weighted average number of shares – diluted	321,714	446,743	310,045	242,281
Diluted (LPS) / EPS (sen)	(0.40)	0.16	(0.23)	(0.005)

* 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 year ended 31 December 2016 as it has an anti-dilution effect.

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B11 REALISED AND UNREALISED (LOSSES)/PROFITS DISCLOSURE

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

	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000
Total accumulated losses of the Group:		
- Realised	14,082	21,975
- Unrealised	(149)	(1,591)
	<u>13,933</u>	<u>20,384</u>
Less: Consolidated adjustments	(19,485)	(26,219)
Accumulated losses as per financial statements	<u>(5,552)</u>	<u>(5,835)</u>

B12 NOTE TO THE STATEMENT OF COMPREHENSIVE INCOME

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

	Quarter Ended		Year to Date	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
Amortisation	28	-	69	-
Reversal of impairment loss on trade receivables	2	-	(477)	-
Bad debts written off	-	598	-	666
Bad debts recover	1	(132)	(374)	(132)
Depreciation	722	435	2,705	1,482
Interest expense	2	3	9	12
Interest income	(53)	(76)	(205)	(146)
Loss on foreign exchange – unrealised	167	(430)	578	(378)
Plant and equipment written off	-	-	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 27 February 2018.

By Order of the Board

Ang Chuang Juay
Executive Deputy Chairman

27 February 2018