



**INTERIM FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED  
31 DECEMBER 2019**



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

INTERIM FINANCIAL STATEMENTS FOR THE  
FOURTH QUARTER ENDED 31 DECEMBER 2019

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 DECEMBER 2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 DECEMBER 2018 RM'000	CURRENT YEAR-TO-DATE 31 DECEMBER 2019 RM'000	PRECEDING YEAR CORRESPONDING YEAR 31 DECEMBER 2018 RM'000
Revenue	B1	13,252	18,425	52,616	99,641
Cost of sales		(9,314)	(15,910)	(42,515)	(85,821)
<b>Gross profit</b>		<u>3,938</u>	<u>2,515</u>	<u>10,101</u>	<u>13,820</u>
Other income		912	1,331	2,088	2,566
Administration expense		(2,773)	(3,507)	(11,555)	(15,081)
Distribution and selling expenses		(854)	(944)	(3,366)	(4,081)
Other expenses		(2,940)	(5,341)	(3,372)	(6,291)
<b>Loss from operations</b>		<u>(1,717)</u>	<u>(5,946)</u>	<u>(6,104)</u>	<u>(9,067)</u>
Finance costs, net		(58)	(200)	(523)	(474)
Share of loss of associate		(224)	(351)	(529)	(351)
<b>Loss before tax</b>	B1	<u>(1,999)</u>	<u>(6,497)</u>	<u>(7,156)</u>	<u>(9,892)</u>
Income tax expense	B5	8	190	135	(311)
<b>Loss net of tax</b>		<u>(1,991)</u>	<u>(6,307)</u>	<u>(7,021)</u>	<u>(10,203)</u>
<b>Other comprehensive expenses:</b>					
Foreign currency translation		(363)	(361)	(77)	229
<b>Total comprehensive expenses for the period</b>		<u>(2,354)</u>	<u>(6,668)</u>	<u>(7,098)</u>	<u>(9,974)</u>
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company		(2,315)	(5,855)	(7,317)	(9,461)
Non-controlling interest		324	(452)	296	(742)
		<u>(1,991)</u>	<u>(6,307)</u>	<u>(7,021)</u>	<u>(10,203)</u>
<b>Total comprehensive (expenses)/ income attributable to:</b>					
Owners of the Company		(2,720)	(6,208)	(7,445)	(9,237)
Non-controlling interest		366	(460)	347	(737)
		<u>(2,354)</u>	<u>(6,668)</u>	<u>(7,098)</u>	<u>(9,974)</u>
<b>Loss per share attributable to owners of the Company (sen)</b>					
- Basic	B10 (i)	<u>(0.70)</u>	<u>(1.78)</u>	<u>(2.22)</u>	<u>(2.88)</u>
- Diluted	B10 (ii)	<u>(0.70)</u>	<u>(1.78)</u>	<u>(2.22)</u>	<u>(2.88)</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 2018 and the accompanying explanatory notes attached to this interim financial statements.)

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**INTERIM FINANCIAL STATEMENTS FOR THE**  
**FOURTH QUARTER ENDED 31 DECEMBER 2019**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	AS AT 31 DECEMBER 2019 (UNAUDITED) RM'000	AS AT 31 DECEMBER 2018 (AUDITED) RM'000
Note		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant and equipment	3,050	3,315
Right-of-use assets	7,238	-
Other receivable	4,986	-
Other investment	-	1,080
Deferred tax assets	57	374
Investment in associate	-	529
	<u>15,331</u>	<u>5,298</u>
<b>Current assets</b>		
Inventories	8,012	8,095
Trade receivables	8,349	12,223
Other receivables	2,159	9,739
Other investment	575	1,525
Cash and bank balances	9,517	10,431
	<u>28,612</u>	<u>42,013</u>
<b>TOTAL ASSETS</b>	<u><u>43,943</u></u>	<u><u>47,311</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	32,930	32,930
Equity component of irredeemable convertible preference share	10,401	10,725
Warrants reserve	2,034	2,034
Foreign exchange reserve	687	764
Accumulated losses	(20,699)	(13,382)
	<u>25,353</u>	<u>33,071</u>
Non-controlling interests	(2,031)	(2,378)
<b>Total equity</b>	<u>23,322</u>	<u>30,693</u>
<b>Non-current liabilities</b>		
Borrowings	206	690
Lease liabilities	4,049	-
Liability component of irredeemable convertible preference share	1,353	1,353
	<u>5,608</u>	<u>2,043</u>
<b>Current liabilities</b>		
Borrowings	73	136
Lease liabilities	3,467	-
Trade payables	7,924	9,554
Other payables	3,549	4,812
Tax Payable	-	73
	<u>15,013</u>	<u>14,575</u>
<b>Total liabilities</b>	<u>20,621</u>	<u>16,618</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>43,943</u></u>	<u><u>47,311</u></u>
<b>Net Assets Per Share (RM)</b>	<u>0.07</u>	<u>0.09</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 2018 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 CHANGES IN EQUITY**

	← Attributable to owners of the Company →					Total RM'000	Non- controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	ICPS - equity component RM'000	Warrants Reserve RM'000	Foreign Exchange Reserve RM'000	Accumulated Losses RM'000			
<b>At 1 January 2018</b>	32,234	10,864	2,043	535	(5,555)	40,121	632	40,753
Adjustment on initial application of MFRS 9	-	-	-	-	(399)	(399)	-	(399)
	<u>32,234</u>	<u>10,864</u>	<u>2,043</u>	<u>535</u>	<u>(5,954)</u>	<u>39,722</u>	<u>632</u>	<u>40,354</u>
Loss for the year	-	-	-	-	(9,461)	(9,461)	(742)	(10,203)
Other comprehensive income for the year	-	-	-	224	-	224	5	229
<b>Total comprehensive income/(expenses)</b>	-	-	-	224	(9,461)	(9,237)	(737)	(9,974)
<b>Transactions with owners of the Company</b>								
Issuance of ordinary shares pursuant to :								
- conversion of ICPS	670	(168)	-	-	-	502	-	502
- exercise of Warrant-A	13	-	-	-	-	13	-	13
- exercise of Warrant-B	13	-	(9)	-	9	13	-	13
Effects on deferred tax asset on conversion of ICPS	-	(9)	-	-	-	(9)	-	(9)
Reclassification from equity component to liability component	-	38	-	-	-	38	-	38
Capital contribution by non-controlling interest	-	-	-	5	-	5	-	5
Arising from dilution equity interest in subsidiary company	-	-	-	-	2,024	2,024	(2,024)	-
De-recognition of a subsidiary company	-	-	-	-	-	-	(249)	(249)
<b>Total transactions with owners of the Company</b>	<u>696</u>	<u>(139)</u>	<u>(9)</u>	<u>5</u>	<u>2,033</u>	<u>2,586</u>	<u>(2,273)</u>	<u>313</u>
<b>At 31 December 2018</b>	<u><u>32,930</u></u>	<u><u>10,725</u></u>	<u><u>2,034</u></u>	<u><u>764</u></u>	<u><u>(13,382)</u></u>	<u><u>33,071</u></u>	<u><u>(2,378)</u></u>	<u><u>30,693</u></u>
<b>At 1 January 2019</b>	32,930	10,725	2,034	764	(13,382)	33,071	(2,378)	30,693
(Loss)/Profit for the year	-	-	-	-	(7,317)	(7,317)	296	(7,021)
Other comprehensive (expenses)/income for the year	-	-	-	(128)	-	(128)	51	(77)
<b>Total comprehensive (expenses)/income</b>	-	-	-	(128)	(7,317)	(7,445)	347	(7,098)
<b>Transactions with owners of the Company</b>								
Reversal of timing differences relating to ICPS	-	(324)	-	-	-	(324)	-	(324)
Capital contribution by non-controlling interest	-	-	-	51	-	51	-	51
<b>Total transactions with owners of the Company</b>	<u>-</u>	<u>(324)</u>	<u>-</u>	<u>51</u>	<u>-</u>	<u>(273)</u>	<u>-</u>	<u>(273)</u>
<b>At 31 December 2019</b>	<u><u>32,930</u></u>	<u><u>10,401</u></u>	<u><u>2,034</u></u>	<u><u>687</u></u>	<u><u>(20,699)</u></u>	<u><u>25,353</u></u>	<u><u>(2,031)</u></u>	<u><u>23,322</u></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 2018 and the accompanying explanatory notes attached to this interim financial statements.)

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**INTERIM FINANCIAL STATEMENTS FOR THE  
FOURTH QUARTER ENDED 31 DECEMBER 2019**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>CURRENT YEAR-TO-DATE 31 DECEMBER 2019 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING CUMULATIVE PERIOD 31 DECEMBER 2018 RM'000</b>
<b>Cash flows from operating activities</b>		
Loss before tax	(7,156)	(9,892)
Adjustments for:		
Allowance for impairment loss on		
- trade receivables	91	402
- other receivables	1,981	1,839
- other investment	1,080	-
Bad debts written off	18	-
Amortisation of intangible asset	-	73
Depreciation of plant and equipment	827	2,635
Depreciation of right-of-use asset	3,258	-
Gain on derecognition of subsidiary	-	(1,002)
(Gain)/Loss on disposal of plant and equipment	(9)	98
Loss on foreign exchange- unrealised	155	427
Intangible asset written off	-	655
Interest expenses	470	317
Interest income	(76)	(109)
Plant and equipment written off	-	2,457
Share of loss in associate	529	351
Operating profit/(loss) before working capital changes	1,168	(1,749)
Changes in working capital:		
Inventories	(49)	6,297
Receivables	3,714	(199)
Payables	(2,346)	(7,818)
Cash generated from/(used in) operations	2,487	(3,469)
Interest paid	(470)	(317)
Tax paid	(69)	(735)
<b>Net cash generated from/(used in) operating activities</b>	1,948	(4,521)
<b>Cash flows from investing activities</b>		
Movement in other investment	951	(1,525)
Interest received	76	109
Net cash flows on de-recognition of subsidiary	-	2,465
Proceeds from disposal of plant and equipment	10	454
Proceeds from disposal of plant and equipment written off	147	-
Purchase of plant and equipment	(604)	(786)
<b>Net cash generated from investing activities</b>	580	717
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares pursuant to conversion of ICPS	-	671
Proceeds from issue of shares upon exercise of warrants	-	26
Conversion of ICPS expenses	-	(168)
Repayment of hire purchase	(542)	(267)
Repayment of lease liability	(3,401)	-
<b>Net cash (used in)/generated from financing activities</b>	(3,943)	262
<b>Net decrease in cash and cash equivalents</b>	(1,415)	(3,542)
<b>Effects of exchange rate changes</b>	501	184
<b>Cash and cash equivalents at beginning of the financial period</b>	10,431	13,789
<b>Cash and cash equivalents at end of the financial period</b>	9,517	10,431
<b>Cash and cash equivalents are represented by</b>		
Deposits with licensed bank	816	1,480
Cash on hand and at banks	8,701	8,951
	9,517	10,431

(The unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial statements.)

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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 2018.

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 except for MFRS 16 Leases as disclosed below:

MFRS 16: Leases

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019, comparative are not restated. The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets

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

**A2 SIGNIFICANT ACCOUNTING POLICIES (CONT’D)**

The following table presents the impact of changes to the consolidated statement of financial position as at 1 January 2019:

<b>Group</b>	<b>As at 31 December 2018 RM'000</b>	<b>Changes RM'000</b>	<b>As at 1 January 2019 RM'000</b>
<b>Non-current assets</b>			
Right-of-use asset	-	8,483	8,483
<b>Non-current liabilities</b>			
Lease liability	-	5,660	5,660
<b>Current liabilities</b>			
Lease liability	-	2,823	2,823

**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 2018.

**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 financial year 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, except derecognition of subsidiary to associate company. The details are disclosed in Note A13.

**A6 MATERIAL CHANGES IN ESTIMATES**

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

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**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**

There were no issuances or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year under review.

**A8 VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

There was no revaluation on any of the Group's property, plant and equipment during the current financial year under review. The valuation of property, plant and equipment has been brought forward, without amendment from the previous audited financial statements.

**A9 DIVIDENDS**

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

**A10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD**

Save as disclosed in Notes A14 and B6, there were no other material events subsequent to the current financial year ended 31 December 2018 up to the date of this report.

**A11 CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

There was no contingent liabilities and contingent assets since the last audited financial report and up to the date of this report.

**A12 CAPITAL COMMITMENTS**

There was no capital commitments as at the current financial year under review.

**A13 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)**

**A13 SEGMENTAL INFORMATION (CONT’D)**

**(ii) Geographical Segments**

	<b>Malaysia RM’000</b>	<b>China RM’000</b>	<b>Singapore RM’000</b>	<b>USA RM’000</b>	<b>Total RM’000</b>	<b>Elimination RM’000</b>	<b>Consolidated RM’000</b>
<b>31 DECEMBER 2019</b>							
<b>REVENUE AND EXPENSES</b>							
<b>REVENUE</b>							
External sales	-	22,941	5,498	32,223	60,662	(8,046)	<b>52,616</b>
<b>RESULTS</b>							
Operating (loss)/profit	(2,487)	(3,347)	(215)	(55)	(6,104)	-	<b>(6,104)</b>
Finance cost, net	(27)	(204)	(44)	(248)	(523)	-	<b>(523)</b>
Share of loss of associate	-	(529)	-	-	(529)	-	<b>(529)</b>
Loss before tax	(2,514)	(4,080)	(259)	(303)	(7,156)	-	<b>(7,156)</b>
Taxation	-	(1)	-	173	172	(37)	<b>135</b>
(Loss)/Profit after tax	(2,514)	(4,081)	(259)	(130)	(6,984)	(37)	<b>(7,021)</b>
Minority interest	-	(325)	-	-	(325)	29	<b>(296)</b>
Net (loss)/profit attributable to owners of the Company	(2,514)	(4,406)	(259)	(130)	(7,309)	(8)	<b>(7,317)</b>
<b>ASSETS AND LIABILITIES</b>							
<b>Segment assets</b>							
Consolidated total assets	27,640	18,621	16,348	17,298	79,907	(35,964)	<b>43,943</b>
<b>Segment liabilities</b>							
Consolidated total liabilities	6,955	19,607	2,594	10,783	39,939	(19,318)	<b>20,621</b>
<b>OTHER INFORMATION</b>							
Depreciation	88	2,634	115	1,248	4,085	-	<b>4,085</b>
Capital expenditure	-	412	34	158	604	-	<b>604</b>

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

**A13 SEGMENTAL INFORMATION (CONT’D)**

**(ii) Geographical Segments**

	<b>Malaysia RM’000</b>	<b>China RM’000</b>	<b>Singapore RM’000</b>	<b>USA RM’000</b>	<b>Total RM’000</b>	<b>Elimination RM’000</b>	<b>Consolidated RM’000</b>
<b>31 DECEMBER 2018</b>							
<b>REVENUE AND EXPENSES</b>							
<b>REVENUE</b>							
External sales	200	69,012	17,353	37,301	123,866	(24,225)	<b>99,641</b>
<b>RESULTS</b>							
Operating (loss)/profit	(7,488)	(7,779)	(1,342)	1,033	(15,576)	6,509	<b>(9,067)</b>
Finance cost, net	(14)	(382)	(57)	(21)	(474)	-	<b>(474)</b>
Share of loss of associate	-	(351)	-	-	(351)	-	<b>(351)</b>
(Loss)/profit before tax	(7,502)	(8,512)	(1,399)	1,012	(16,401)	6,509	<b>(9,892)</b>
Taxation	-	-	-	(311)	(311)	-	<b>(311)</b>
(Loss)/profit after tax	(7,502)	(8,512)	(1,399)	701	(16,712)	6,509	<b>(10,203)</b>
Minority interest	-	761	-	-	761	(19)	<b>742</b>
Net (loss)/profit attributable to owners of the Company	(7,502)	(7,751)	(1,399)	701	(15,951)	6,490	<b>(9,461)</b>
<b>ASSETS AND LIABILITIES</b>							
<b>Segment assets</b>							
Consolidated total assets	30,615	22,461	18,077	11,811	82,964	(35,653)	<b>47,311</b>
<b>Segment liabilities</b>							
Consolidated total liabilities	7,090	19,446	3,922	5,158	35,616	(18,998)	<b>16,618</b>
<b>OTHER INFORMATION</b>							
Depreciation & amortisation	30	2,092	550	36	2,708	-	<b>2,708</b>
Capital expenditure	42	404	337	3	786	-	<b>786</b>

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

**A14 CHANGES IN THE COMPOSITION OF THE GROUP**

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

1. On 28 November 2018, the Company’s wholly-owned subsidiary, Rapid Conn (Shenzhen) Co. Ltd. ( “RCC” ) had entered into a Share Sales Agreement to dispose 31% of the equity interests in Shenzhen Rapid Power Co. Ltd. ( “Rapid Power” ), representing 2,325,000 ordinary shares of RMB1/- each to existing minority shareholder for a total disposal consideration of RMB2,325,000/- (Ren Min Bi: Two Million Three Hundred and Twenty-Five Thousand) only (“Partial Disposal” or “Transfer of Shares”).

The Transfer of Shares was approved by the State Administration of Industry and Commerce of the People’s Republic of China on 8 January 2019 and the notification on the approval was received by RCC on 9 January 2019.

Consequential to the completion of Partial Disposal, Rapid Power will cease as an indirect subsidiary of Connect and in turn becomes an associate company of Connect and it 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 ended 31 December 2018.

2. On 22 March 2019, the Company incorporated a wholly-owned subsidiary, IBEX Entertainment Sdn. Bhd. (“IBEX”) with a total paid-up share capital of RM1 comprising of 1 ordinary share. However, IBEX is currently a dormant company.

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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 December 2019	31 December 2018		31 December 2019	31 December 2018	
	RM'000	RM'000		RM'000	RM'000	
Revenue	13,252	18,425	-28.1%	52,616	99,641	-47.2%
Operating loss	(1,717)	(5,946)	-71.1%	(6,104)	(9,067)	-32.7%
Loss before tax	(1,999)	(6,497)	-69.2%	(7,156)	(9,892)	-27.7%
Loss after tax	(1,991)	(6,307)	-68.4%	(7,021)	(10,203)	-31.2%
Loss attributable to owners of the company	(2,315)	(5,855)	-60.5%	(7,317)	(9,461)	-22.7%
The following average exchange rates were used in the calculation of currency translation:						
				4.1419	4.0351	
				0.5998	0.6104	

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

Overall Review of Group's Financial Performance

For the current financial year ended 31 December 2019 the Group's revenue and loss before tax were RM52.6 million and RM7.2 million, compared to its preceding year's corresponding period's revenue and loss before tax of RM99.6 million and RM9.9 million respectively.

Segmental Analysis

The Group's sales dropped in all segments. It was mainly due to lower sales from key customers amid unfavourable market conditions. The de-recognition of a subsidiary in China has also resulted lower sales in current year.

Despite drop in sales, the Group's recorded lower loss before tax in current financial year mainly due to the exceptional higher previous financial year's other expenses e.g. write off of equipment and impairment on other receivables.

Other income mainly consists of interest income, rental income, government grant, realised forex exchange gain and the recovery of stock losses.

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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 RM13.3 million and RM2.0 million respectively, compared to its preceding year's corresponding quarter's revenue of RM18.4 million and loss before tax of RM6.5 million.

Segmental Analysis

The Group's sales dropped in China and Singapore segments but offset by increase in USA segment. The drop was mainly due to lower sales from key customers amid unfavourable market conditions and de-recognition of a subsidiary in China.

Despite drop in sales, the Group's recorded lower loss before tax in current financial year mainly due to the exceptional higher previous financial year's other expenses e.g. write off of equipment and impairment on other receivables.

Other income mainly consists of interest income, rental income, government grant, realised forex exchange gain and the recovery of stock losses.

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

	<b>Current Quarter</b>	<b>Immediate Preceding Quarter</b>	<b>%</b>
	<b>31 December 2019</b>	<b>30 September 2019</b>	
	<b>RM'000</b>	<b>RM'000</b>	
Revenue	13,252	13,554	-2.2%
Operating loss	(1,717)	(1,340)	28.1%
Loss before tax	(1,999)	(1,479)	35.2%
Loss after tax	(1,991)	(1,349)	47.6%
Loss attributable to owners of the company	(2,315)	(1,352)	71.2%

In current quarter, the Group recorded a revenue of RM13.3 million and a loss before tax of RM2.0 million as compared to the revenue and loss before tax at RM13.6 million and RM1.5 million respectively for the preceding quarter ended 30 September 2019.

Further loss before tax recorded in current quarter was mainly due to the impairment of other receivables.

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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)**

**B3 PROSPECTS FOR THE FINANCIAL YEAR 2020**

It will be a challenging year for the Company as we are continuing to expose to external risks such as respiratory disease outbreak in China which may affect the global economy through the disruptions of supply from China manufacturers. The Company is monitoring the situation if the supply and demand imbalance is temporary. However, we expect the Company performance for first quarter 2020 will be impacted due to the spread of coronavirus. Factory is unable to resume production due to lock down in most of the villages and cities in china

It is still uncertain about the international trade war tensions that may happen again affecting global supply chain. Thus certain customers might continue pushing back orders due to the risk in tariffs hike. Other risks affected are increase in operating cost in basic pay, hiring cost and rental expenses particularly in China.

Nevertheless, 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. The Group is also exploring the possibilities to reduce risk in supply chain such as relocation of production plants.

**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 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
Current taxation:				
Domestic	-	-	-	-
Foreign tax	3	192	-	(364)
	<u>3</u>	<u>192</u>	<u>-</u>	<u>(364)</u>
Under provision in prior year:				
Domestic	-	-	-	-
Foreign tax	(4)	(2)	126	53
	<u>(1)</u>	<u>190</u>	<u>126</u>	<u>(311)</u>
Deferred taxation	9	-	9	-
	<u><b>8</b></u>	<u><b>190</b></u>	<u><b>135</b></u>	<u><b>(311)</b></u>

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

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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**

The Company has submitted corporate proposal to Bursa Securities on 11 November 2019 in respect of proposed private placement of up to 87,707,500 new ordinary shares representing up to 10% of the total issued shares of connect (excluding treasury shares) to independent third party investors (“Proposed Private Placement”). Bursa Securities has, vide its letter dated 5 December 2019 approved the listing and quotation of up to 87,707,500 Placement Shares pursuant to the Proposed Private Placement.

**B7 GROUP BORROWINGS**

The Group’s borrowings as at 31 December 2019 are as follows:-

	<b>Short term (Secured) RM'000</b>	<b>Long term (Secured) RM'000</b>	<b>Total RM'000</b>
Ringgit Malaysia	73	206	<b>279</b>

**Denominated in each currency**

	<b>Short term (Secured) '000</b>	<b>Long term (Secured) '000</b>	<b>Total '000</b>
Ringgit Malaysia	73	206	<b>279</b>

**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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**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 (LPS) / EPS**

The basic (loss)/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 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
Net loss attributable to shareholders	(2,315)	(5,855)	(7,317)	(9,461)
Weighted average number of ordinary shares ('000)	329,305	329,305	329,305	328,681
<b>Basic LPS (sen)</b>	<b>(0.70)</b>	<b>(1.78)</b>	<b>(2.22)</b>	<b>(2.88)</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	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
Net loss attributable to shareholders	(2,315)	(5,855)	(7,317)	(9,461)
Weighted average number of shares - basic	329,305	329,305	329,305	328,681
Add assuming:				
Conversion of ICPS	*	*	*	*
Effect of dilution of unexercised Warrant-A	*	*	*	*
Effect of dilution of unexercised Warrant-B	*	*	*	*
Weighted average number of shares – diluted	329,305	329,305	329,305	328,681
<b>Diluted LPS (sen)</b>	<b>(0.70)</b>	<b>(1.78)</b>	<b>(2.22)</b>	<b>(2.88)</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 31 December 2019 as it has an anti-dilution effect.



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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 NOTE TO THE STATEMENT OF COMPREHENSIVE INCOME**

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

	Quarter Ended		Year to Date	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
Allowance for impairment loss on				
- trade receivables	(67)	371	91	402
- other receivables	1,981	1,839	1,981	1,839
- other investment	1,080	-	1,080	-
Bad debts written off	18	-	18	-
Amortisation of intangible asset	-	13	-	73
Depreciation of plant and equipment	254	578	827	2,635
Depreciation of right-of-use asset	811	-	3,258	-
Gain on derecognition of subsidiary	-	(1,002)	-	(1,002)
Loss on disposal of plant and equipment	(9)	1	(9)	98
(Gain)/Loss on foreign exchange – unrealised	(109)	(97)	155	427
Intangible asset written off	-	655	-	655
Interest expense	47	134	470	317
Interest income	(14)	(21)	(76)	(109)
Plant and equipment written off	-	2,404	-	2,457
Share of loss in associate	224	351	529	351
Proceeds from disposal of plant and equipment written off in previous year	(147)	-	(147)	-

**B12 AUTHORISATION FOR ISSUE**

The interim financial statements were authorised for issuance on 27 February 2020 by the Board in accordance with a resolution passed by the directors.

By Order of the Board

Ang Chuang Juay  
Executive Deputy Chairman

27 February 2020