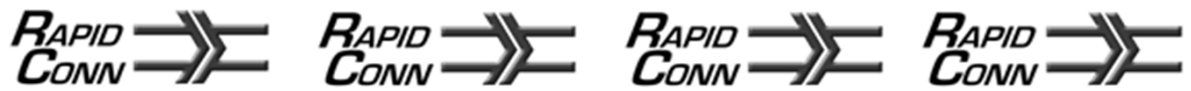




**INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED
31 MARCH 2020**



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

**INTERIM FINANCIAL STATEMENTS FOR THE
FIRST QUARTER ENDED 31 MARCH 2020**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 MARCH 2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 MARCH 2019 RM'000	CURRENT YEAR TO-DATE 31 MARCH 2020 RM'000	PRECEDING YEAR CORRESPONDING YEAR 31 MARCH 2019 RM'000
Revenue	B1	11,979	13,661	11,979	13,661
Cost of sales		(9,217)	(11,123)	(9,217)	(11,123)
Gross profit		2,762	2,538	2,762	2,538
Other income		618	453	618	453
Administration expense		(3,171)	(2,621)	(3,171)	(2,621)
Distribution and selling expenses		(936)	(891)	(936)	(891)
Other expenses		(63)	(16)	(63)	(16)
Loss from operations		(790)	(537)	(790)	(537)
Finance costs, net		(110)	(174)	(110)	(174)
Share of loss of equity accounted associate, net of tax		-	(134)	-	(134)
Loss before tax	B1	(900)	(845)	(900)	(845)
Income tax expense	B5	(156)	(1)	(156)	(1)
Loss net of tax		(1,056)	(846)	(1,056)	(846)
Other comprehensive income/ (expenses)					
<i>Item that are or may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign operation		788	(153)	788	(153)
Total comprehensive expenses for the period		(268)	(999)	(268)	(999)
Loss attributable to:					
Owners of the Company		(1,055)	(823)	(1,055)	(823)
Non-controlling interest		(1)	(23)	(1)	(23)
		<u>(1,056)</u>	<u>(846)</u>	<u>(1,056)</u>	<u>(846)</u>
Total comprehensive expenses attributable to:					
Owners of the Company		(267)	(971)	(267)	(971)
Non-controlling interest		(1)	(28)	(1)	(28)
		<u>(268)</u>	<u>(999)</u>	<u>(268)</u>	<u>(999)</u>
Loss per ordinary share attributable to Owners of the Company (sen)					
- Basic	B9 (i)	<u>(0.32)</u>	<u>(0.25)</u>	<u>(0.32)</u>	<u>(0.25)</u>
- Diluted	B9 (ii)	<u>(0.32)</u>	<u>(0.25)</u>	<u>(0.32)</u>	<u>(0.25)</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 2019 and the accompanying explanatory notes attached to this interim financial statements.)

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

INTERIM FINANCIAL STATEMENTS FOR THE
FIRST QUARTER ENDED 31 MARCH 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	AS AT 31 MARCH 2020 (UNAUDITED) RM'000	AS AT 31 DECEMBER 2019 (AUDITED) RM'000
ASSETS			
Non-current assets			
Plant and equipment		2,706	2,749
Right-of-use assets		7,013	7,588
Deferred tax assets		449	446
Other receivables		3,191	3,400
		13,359	14,183
Current assets			
Inventories		7,800	8,012
Trade receivables		10,312	8,429
Other receivables		2,686	2,864
Short term investment		278	575
Tax recoverable		27	178
Deposits, cash and bank balances		10,956	9,529
		32,059	29,587
TOTAL ASSETS		45,418	43,770
EQUITY AND LIABILITIES			
Equity			
Share capital		33,000	32,930
Irredeemable convertible preference shares ("ICPS")		10,370	10,387
Warrants reserve		2,034	2,034
Fair value reserve		(1,080)	(1,080)
Foreign currency translation reserve		1,537	749
Accumulated losses	B11	(21,128)	(20,073)
Equity attributable to owners of the Company		24,733	24,947
Non-controlling interests		(2,035)	(2,034)
TOTAL EQUITY		22,698	22,913
Non-current liabilities			
Lease liabilities		3,513	4,255
Irredeemable convertible preference shares ("ICPS")		1,618	1,618
		5,131	5,873
Current liabilities			
Lease liabilities		3,741	3,540
Trade payables		8,368	7,031
Other payables		5,480	4,413
		17,589	14,984
TOTAL LIABILITIES		22,720	20,857
TOTAL EQUITY AND LIABILITIES		45,418	43,770
Net assets per share (RM)		0.07	0.07

(The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial statements.)

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

**INTERIM FINANCIAL STATEMENTS FOR THE
FIRST QUARTER ENDED 31 MARCH 2020**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Attributable to owners of the Company						Accumulated Losses RM'000	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	Fair Value Reserve RM'000	Foreign Exchange Reserve RM'000	Non-distributable				
At 1 January 2019	32,930	10,725	2,034	-	764	(13,382)	33,071	(2,378)	30,693	
Loss for the financial period	-	-	-	-	-	(823)	(823)	(23)	(846)	
Other comprehensive expenses:										
Foreign currency translation differences for foreign operations	-	-	-	-	(148)	-	(148)	(5)	(153)	
Total other comprehensive expenses	-	-	-	-	(148)	-	(148)	(5)	(153)	
Total comprehensive expenses	-	-	-	-	(148)	(823)	(971)	(28)	(999)	
Transaction with Owners of the Company										
Capital contribution by non-controlling interest	-	-	-	-	(5)	-	(5)	-	(5)	
Total transaction with Owners of the Company	-	-	-	-	(5)	-	(5)	-	(5)	
At 31 March 2019	32,930	10,725	2,034	-	611	(14,205)	32,095	(2,406)	29,689	
At 1 January 2020	32,930	10,387	2,034	(1,080)	749	(20,073)	24,947	(2,034)	22,913	
Loss for the financial year	-	-	-	-	-	(1,055)	(1,055)	(1)	(1,056)	
Other comprehensive income:										
Foreign currency translation differences for foreign operations	-	-	-	-	788	-	788	-	788	
Total other comprehensive income	-	-	-	-	788	-	788	-	788	
Total comprehensive income/(expenses)	-	-	-	-	788	(1,055)	(267)	(1)	(268)	
Transactions with Owners of the Company										
Issuance of ordinary shares pursuant to: - conversion of ICPS	70	(17)	-	-	-	-	53	-	53	
Total transaction with Owners of the Company	70	(17)	-	-	-	-	53	-	53	
At 31 March 2020	33,000	10,370	2,034	(1,080)	1,537	(21,128)	24,733	(2,035)	22,698	

(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 2019 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
FIRST QUARTER ENDED 31 MARCH 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR-TO-DATE 31 MARCH 2020 RM'000	PRECEDING YEAR CORRESPONDING CUMULATIVE PERIOD 31 MARCH 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(900)	(845)
<i>Adjustments for:</i>		
Bad debts written off on:		
Depreciation of plant and equipment	187	987
Depreciation of right-of-use assets	900	-
Interest expenses	-	158
Interest income	(10)	(23)
Loss/(gain) on foreign exchange - unrealised	78	(133)
Lease interest	102	-
Share of loss of associate, net of tax	-	134
	<u>357</u>	<u>278</u>
Operating profit before working capital changes	357	278
Inventories	603	2
Receivables	(480)	3,160
Payables	1,160	(280)
	<u>1,640</u>	<u>3,160</u>
Cash generated from operations	1,640	3,160
Interest paid	(102)	(158)
Tax paid	-	(73)
	<u>1,538</u>	<u>2,929</u>
Net cash generated from operating activities	<u>1,538</u>	<u>2,929</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	10	23
Purchase of plant and equipment	(28)	(23)
	<u>(18)</u>	<u>-</u>
Net cash used in investing activities	<u>(18)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares pursuant to conversion of ICPS	70	-
Conversion of ICPS expenses	(17)	-
Repayment of lease liabilities	(881)	(496)
Repayment of finance lease	-	(676)
	<u>(828)</u>	<u>(1,172)</u>
Net cash used in financing activities	<u>(828)</u>	<u>(1,172)</u>
Net increase in cash and cash equivalents	692	1,757
Effects of exchange rate changes	439	(1,271)
Cash and cash equivalents at beginning of financial year	10,103	11,956
Cash and cash equivalents at end of financial year	<u>11,234</u>	<u>12,442</u>
Cash and cash equivalents comprise the followings		
Short term investment	278	1,437
Cash on hand and at banks	10,136	9,700
Deposits with licensed bank	820	1,305
	<u>11,234</u>	<u>12,442</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 2019 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 FIRST QUARTER ENDED
31 MARCH 2020

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 2019.

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 2019.

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 period 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 period under review.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED
31 MARCH 2020

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

During the financial year-to-date, the number of issued shares capital of the Company was increased from 329,304,925 to 394,765,135 by way of allotment and issuance of:

- 33,000,000 new ordinary shares arising from placement of up to 10% of the total number of issued shares;
- 30,163,800 new ordinary shares arising from conversion of irredeemable convertible preference shares (“ICPS”) by surrendering 30,163,800 number of ICPS;
- 1,644,856 new ordinary shares arising from the exercise of Warrants 2011/2021 (“Warrants-A”); and
- 651,554 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 financial period 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 period 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 2019 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 period under review.

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED
31 MARCH 2020**

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

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:-

[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 FIRST QUARTER ENDED
31 MARCH 2020

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

	Malaysia RM’000	China RM’000	Singapore RM’000	USA RM’000	Total RM’000	Elimination RM’000	Consolidated RM’000
31 MARCH 2020							
REVENUE AND EXPENSES							
REVENUE							
External sales	-	3,057	529	9,706	13,292	(1,313)	11,979
RESULTS							
Operating (loss)/profit	(894)	(716)	479	818	(313)	(477)	(790)
Finance cost, net	(5)	(35)	(3)	(67)	(110)	-	(110)
(Loss)/Profit before tax	(899)	(751)	476	751	(423)	(477)	(900)
Taxation	-	-	-	(156)	(156)	-	(156)
(Loss)/Profit after tax	(899)	(751)	476	595	(579)	(477)	(1,056)
Minority interest	-	-	-	-	-	1	1
Net (loss)/profit attributable to owners of the Company	(899)	(751)	476	595	(579)	(476)	(1,055)
ASSETS AND LIABILITIES							
Segment assets							
Consolidated total assets	18,492	18,342	7,550	18,436	62,820	(17,402)	45,418
Segment liabilities							
Consolidated total liabilities	7,691	20,792	2,739	11,218	42,440	(19,720)	22,720
OTHER INFORMATION							
Depreciation	21	644	28	394	1,087	-	1,087
Capital expenditure	-	15	-	13	28	-	28

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED
31 MARCH 2020

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

	Malaysia RM’000	China RM’000	Singapore RM’000	USA RM’000	Total RM’000	Elimination RM’000	Consolidated RM’000
31 MARCH 2019							
REVENUE AND EXPENSES							
REVENUE							
External sales	-	6,075	2,933	7,811	16,819	(3,158)	13,661
RESULTS							
Operating (loss)/profit	(398)	38	124	(301)	(537)	-	(537)
Finance cost, net	(7)	(78)	(29)	(60)	(174)	-	(174)
Share of loss of associate	-	(134)	-	-	(134)	-	(134)
(Loss)/profit before tax	(405)	(174)	95	(361)	(845)	-	(845)
Taxation	-	(1)	-	-	(1)	-	(1)
(Loss)/profit after tax	(405)	(175)	95	(361)	(846)	-	(846)
Minority interest	-	3	-	-	3	20	23
Net (loss)/profit attributable to owners of the Company	(405)	(172)	95	(361)	(843)	20	(823)
ASSETS AND LIABILITIES							
Segment assets							
Consolidated total assets	30,282	23,684	17,456	15,668	87,090	(35,551)	51,539
Segment liabilities							
Consolidated total liabilities	7,163	20,858	3,378	9,407	40,806	(18,956)	21,850
OTHER INFORMATION							
Depreciation	22	656	48	261	987	-	987
Capital expenditure	-	22	-	1	23	-	23

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED
31 MARCH 2020**

**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

There was no change in the composition of the Group during the financial year-to-date.

[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 FIRST QUARTER ENDED
31 MARCH 2020

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 March 2020	31 March 2019		31 March 2020	31 March 2019	
	RM'000	RM'000		RM'000	RM'000	
Revenue	11,979	13,661	-12.3%	11,979	13,661	-12.3%
Operating loss	(790)	(537)	47.1%	(790)	(537)	47.1%
Loss before tax	(900)	(845)	6.5%	(900)	(845)	6.5%
Loss after tax	(1,056)	(846)	24.8%	(1,056)	(846)	24.8%
Loss attributable to owners of the company	(1,055)	(823)	28.2%	(1,055)	(823)	28.2%
The following average exchange rates were used in the calculation of currency translation:						
USD:RM				4.1784	4.0912	
RMB:RM				0.5984	0.6063	

Current Quarter vs Preceding Year Corresponding Quarter

Overall Review of Group's Financial Performance

For the current quarter under review, the Group's revenue and loss before tax were RM12.0 million and RM0.9 million respectively compared to its preceding year's corresponding quarter's revenue and loss before tax of RM13.7 million and RM0.8 million respectively.

Segmental Analysis

The Group's sales dropped in China and Singapore segment mainly due to lower sales amid unfavourable market conditions and effects from COVID-19 pandemic. However, it was offset by increase in USA segment contributed from key customer's scheduled orders.

The Group's recorded higher loss before tax in current financial year in tandem with the lower revenue and higher professional fees.

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

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED
31 MARCH 2020

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

B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Current Quarter 31 March 2020 RM'000	Immediate Preceding Quarter 31 December 2019 RM'000	%
Revenue	11,979	13,252	-9.6%
Operating loss	(790)	(1,332)	-40.7%
Loss before tax	(900)	(1,389)	-35.2%
Loss after tax	(1,056)	(1,317)	-19.8%
Loss attributable to owners of the company	(1,055)	(1,691)	-37.6%

In current quarter, the Group recorded a revenue of RM12.0 million and a loss before tax of RM0.9 million as compared to the revenue and loss before tax at RM13.3 million and RM1.4 million respectively for the preceding quarter ended 31 December 2019.

Lower revenue in current quarter was mainly due to unfavourable market conditions and effects from COVID-19 pandemic. However, lower loss before tax recorded in current quarter was mainly because of impairment loss on amount due from associate in preceding quarter.

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 COVID-19 pandemic which affected the global economy. As the Company performance was already affected in first quarter 2020, we are monitoring the situation closely.

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.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED
31 MARCH 2020

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

B5 TAXATION

	Quarter Ended		Year to Date	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Current taxation:				
Domestic	-	-	-	-
Foreign tax	(156)	(1)	(156)	(1)
	(156)	(1)	(156)	(1)
Under provision in prior year:				
Domestic	-	-	-	-
Foreign tax	-	-	-	-
	(156)	(1)	(156)	(1)
Deferred taxation	-	-	-	-
	(156)	(1)	(156)	(1)

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.

Placement of up to 10% of the total number of issued shares ("Placement")

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.

The Board had, on 15 May 2020 ("Price Fixing Date"), fixed the issue price at RM0.0855 per Placement Share ("Issue Price").

The Issue Price represents a discount of approximately 9.5% to the 5-day WAMP of the Shares up to and including 14 May 2020, being the last full trading day immediately prior to the Price Fixing Date, of RM0.0945 per Share.

Subsequently on 28 May 2020, the Company had completed the Placement on the ACE Market of Bursa Malaysia Securities Berhad following the listing of and quotation for 33,000,000 Shares on the ACE Market of Bursa Securities.

The Company raised actual total gross proceeds of RM2,821,500 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 FIRST QUARTER ENDED
31 MARCH 2020

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 25 June 2020, the status of utilisation of proceeds is as follow:-

Description	Proposed Utilisation RM'000	Revised Utilisation RM'000	Actual Utilisation as at 25 June 2020 RM'000	Balance RM'000	Intended Timeframe for Utilisation of Proceeds
Regional expansion	1,000.0	1,000.0	-	1,000.0	Within 24 months
Product development	1,000.0	1,000.0	-	1,000.0	Within 24 months
Working capital	477.0	726.6	-	726.6	Within 24 months
Estimated expenses	190.0	94.9	94.9	-	Completed
Total	2,667.0	2,821.5	94.9	2,726.6	

B7 MATERIAL LITIGATIONS

There is no pending material litigation as at the date of this announcement.

B8 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 FIRST QUARTER ENDED
31 MARCH 2020

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

B9 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 March 2020 RM’000	31 March 2019 RM’000	31 March 2020 RM’000	31 March 2019 RM’000
Net loss attributable to shareholders	(1,055)	(823)	(1,055)	(823)
Weighted average number of ordinary shares (’000)	330,005	329,305	330,005	329,305
Basic LPS (sen)	(0.32)	(0.25)	(0.32)	(0.25)

(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 March 2020 RM’000	31 March 2019 RM’000	31 March 2020 RM’000	31 March 2019 RM’000
Net loss attributable to shareholders	(1,055)	(823)	(1,055)	(823)
Weighted average number of shares - basic	330,005	329,305	330,005	329,305
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	330,005	329,305	330,005	329,305
Diluted LPS (sen)	(0.32)	(0.25)	(0.32)	(0.25)

* 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 March 2020 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 FIRST QUARTER ENDED
31 MARCH 2020

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

B10 NOTE TO THE STATEMENT OF COMPREHENSIVE INCOME

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

	Quarter Ended		Year to Date	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Depreciation of plant and equipment	187	987	187	987
Depreciation of right-of-use asset	900	-	900	-
(Gain)/Loss on foreign exchange – unrealised	78	(133)	78	(133)
Interest expense	102	158	102	158
Interest income	(10)	(23)	(10)	(23)
Share of loss in associate	-	134	-	134

B11 AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issuance on 25 June 2020 by the Board in accordance with a resolution passed by the directors.

By Order of the Board

Ang Chuang Juay
Executive Deputy Chairman

25 June 2020