



**INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED
30 JUNE 2020**



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

**INTERIM FINANCIAL STATEMENTS FOR THE
SECOND QUARTER ENDED 30 JUNE 2020**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30 JUNE 2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 JUNE 2019 RM'000	CURRENT YEAR TO-DATE 30 JUNE 2020 RM'000	PRECEDING YEAR CORRESPONDING YEAR 30 JUNE 2019 RM'000
Revenue	B1	13,548	12,149	25,527	25,810
Cost of sales		(11,086)	(10,274)	(20,303)	(21,397)
Gross profit		2,462	1,875	5,224	4,413
Other income		695	287	1,313	740
Administration expense		(3,075)	(3,721)	(6,246)	(6,342)
Distribution and selling expenses		(816)	(798)	(1,752)	(1,689)
Other expenses		(77)	(153)	(140)	(169)
Loss from operations		(811)	(2,510)	(1,601)	(3,047)
Finance costs, net		(131)	(150)	(241)	(324)
Share of loss of equity accounted associate, net of tax		-	(173)	-	(307)
Loss before tax	B1	(942)	(2,833)	(1,842)	(3,678)
Income tax expense	B5	(67)	(2)	(223)	(3)
Loss net of tax		(1,009)	(2,835)	(2,065)	(3,681)
Other comprehensive (expenses)/income					
<i>Item that are or may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign operation		(144)	190	644	37
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Net change in fair value of equity value through other comprehensive income ("FVOCI")		-	-	-	-
Foreign currency translation		(144)	190	644	37
		-	(5)	-	-
		(144)	185	644	37
Total comprehensive expenses for the period		(1,153)	(2,645)	(1,421)	(3,644)
Loss attributable to:					
Owners of the Company		(1,008)	(2,827)	(2,063)	(3,650)
Non-controlling interest		(1)	(8)	(2)	(31)
		(1,009)	(2,835)	(2,065)	(3,681)
Total comprehensive expenses attributable to:					
Owners of the Company		(1,152)	(2,642)	(1,419)	(3,613)
Non-controlling interest		(1)	(3)	(2)	(31)
		(1,153)	(2,645)	(1,421)	(3,644)
Loss per ordinary share attributable to Owners of the Company (sen)					
- Basic	B9 (i)	(0.26)	(0.86)	(0.58)	(1.11)
- Diluted	B9 (ii)	(0.26)	(0.86)	(0.58)	(1.11)

(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
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INTERIM FINANCIAL STATEMENTS FOR THE
SECOND QUARTER ENDED 30 JUNE 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	AS AT 30 JUNE 2020 (UNAUDITED) RM'000	AS AT 31 DECEMBER 2019 (AUDITED) RM'000
ASSETS			
Non-current assets			
Plant and equipment		2,678	2,749
Right-of-use assets		6,056	7,588
Deferred tax assets		433	446
Other receivables		2,964	3,400
		12,131	14,183
Current assets			
Inventories		8,720	8,012
Trade receivables		9,895	8,429
Other receivables		3,318	2,864
Short term investment		3,533	575
Tax recoverable		-	178
Deposits, cash and bank balances		15,105	9,529
		40,571	29,587
TOTAL ASSETS		52,702	43,770
EQUITY AND LIABILITIES			
Equity			
Share capital		45,357	32,930
Irredeemable convertible preference shares ("ICPS")		8,138	10,387
Warrants reserve		1,989	2,034
Fair value reserve		(1,080)	(1,080)
Foreign currency translation reserve		1,393	749
Accumulated losses	B11	(22,091)	(20,073)
Equity attributable to owners of the Company		33,706	24,947
Non-controlling interests		(2,036)	(2,034)
TOTAL EQUITY		31,670	22,913
Non-current liabilities			
Lease liabilities		2,895	4,255
Irredeemable convertible preference shares ("ICPS")		1,553	1,618
		4,448	5,873
Current liabilities			
Lease liabilities		4,030	3,540
Trade payables		8,840	7,031
Other payables		3,692	4,413
Tax payable		22	-
		16,584	14,984
TOTAL LIABILITIES		21,032	20,857
TOTAL EQUITY AND LIABILITIES		52,702	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
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**INTERIM FINANCIAL STATEMENTS FOR THE
SECOND QUARTER ENDED 30 JUNE 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				
At 1 January 2019	32,930	10,725	2,034	-	764	(13,382)	33,071	(2,378)	30,693
Loss for the financial year	-	-	-	-	-	(3,650)	(3,650)	(31)	(3,681)
Other comprehensive income:									
Foreign currency translation differences for foreign operations	-	-	-	-	37	-	37	-	37
Total other comprehensive income	-	-	-	-	37	-	37	-	37
Total comprehensive income/(expenses)	-	-	-	-	37	(3,650)	(3,613)	(31)	(3,644)
At 30 June 2019	32,930	10,725	2,034	-	801	(17,032)	29,458	(2,409)	27,049
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	-	-	-	-	-	(2,063)	(2,063)	(2)	(2,065)
Other comprehensive income:									
Foreign currency translation differences for foreign operations	-	-	-	-	644	-	644	-	644
Total other comprehensive income	-	-	-	-	644	-	644	-	644
Total comprehensive income/(expenses)	-	-	-	-	644	(2,063)	(1,419)	(2)	(1,421)
Transactions with Owners of the Company									
Issurance of ordinary shares pursuant to:									
- conversion of ICPS	9,375	(2,343)	-	-	-	-	7,032	-	7,032
- exercise of Warrant-A	165	-	-	-	-	-	165	-	165
- exercise of Warrant-B	65	-	(45)	-	-	45	65	-	65
- private placement	2,822	-	-	-	-	-	2,822	-	2,822
Reclassification from ICPS liability component	-	94	-	-	-	-	94	-	94
Total transaction with Owners of the Company	12,427	(2,249)	(45)	-	-	45	10,178	-	10,178
At 30 June 2020	45,357	8,138	1,989	(1,080)	1,393	(22,091)	33,706	(2,036)	31,670

(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
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INTERIM FINANCIAL STATEMENTS FOR THE
SECOND QUARTER ENDED 30 JUNE 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR-TO-DATE 30 JUNE 2020 RM'000	PRECEDING YEAR CORRESPONDING CUMULATIVE PERIOD 30 JUNE 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(1,842)	(3,678)
<i>Adjustments for:</i>		
Bad debts written off on:		
- trade receivables	-	159
Depreciation of plant and equipment	369	421
Depreciation of right-of-use assets	1,824	1,622
Interest expenses	-	297
Interest income	(18)	(44)
Addition/(reversal) of loss allowance on:		
- trade receivables	70	-
Loss/(gain) on foreign exchange - unrealised	(73)	(1)
Lease interest	195	-
Share of loss of associate, net of tax	-	307
Remeasurement of imputed interest expenses	29	-
	<u>554</u>	<u>(917)</u>
Operating profit/(loss) before working capital changes	554	(917)
Inventories	(367)	(65)
Receivables	410	6,131
Payables	132	(4,077)
	<u>729</u>	<u>1,072</u>
Cash generated from /(used in) operations	729	1,072
Interest paid	(195)	(297)
Tax paid	(14)	(76)
	<u>520</u>	<u>699</u>
Net cash generated from/(used in) operating activities	520	699
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	18	44
Purchase of plant and equipment	(196)	(299)
	<u>(178)</u>	<u>(255)</u>
Net cash (used in)/generated from investing activities	(178)	(255)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares pursuant to conversion of ICPS	9,375	-
Proceeds from issue of shares upon exercise of warrants	230	-
Proceeds from issuance of ordinary shares pursuant to private placement	2,822	-
Conversion of ICPS expenses	(2,344)	-
Private placement expenses	(479)	-
Repayment of lease liabilities	(1,795)	(1,373)
Repayment of finance lease	-	(520)
	<u>7,809</u>	<u>(1,893)</u>
Net cash (used in)/generated from financing activities	7,809	(1,893)
Net decrease in cash and cash equivalents	8,151	(1,449)
Effects of exchange rate changes	383	1,423
Cash and cash equivalents at beginning of financial year	10,103	11,956
Cash and cash equivalents at end of financial year	18,637	11,930
Cash and cash equivalents comprise the followings		
Short term investment	3,533	949
Cash on hand and at banks	15,054	9,669
Deposits with licensed bank	50	1,312
	<u>18,637</u>	<u>11,930</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
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED
30 JUNE 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.

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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

During the financial year-to-date, the number of issued shares capital of the Company was increased from 329,304,925 to 510,125,135 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;
- 145,323,800 new ordinary shares arising from conversion of irredeemable convertible preference shares (“ICPS”) by surrendering 145,323,800 number of ICPS;
- 1,744,856 new ordinary shares arising from the exercise of Warrants 2011/2021 (“Warrants-A”); and
- 751,554 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.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED
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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

(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

	Malaysia	China	Singapore	USA	Total	Elimination	Consolidated
	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000
30 JUNE 2020							
REVENUE AND EXPENSES							
REVENUE							
External sales	-	9,280	1,259	18,122	28,661	(3,134)	25,527
RESULTS							
Operating (loss)/profit	(1,698)	(969)	(480)	1,015	(2,132)	531	(1,601)
Finance cost, net	(40)	(64)	(6)	(131)	(241)	-	(241)
(Loss)/Profit before tax	(1,738)	(1,033)	(486)	884	(2,373)	531	(1,842)
Taxation	(16)	-	-	(207)	(223)	-	(223)
(Loss)/Profit after tax	(1,754)	(1,033)	(486)	677	(2,596)	531	(2,065)
Minority interest	-	-	-	-	-	2	2
Net (loss)/profit attributable to owners of the Company	(1,754)	(1,033)	(486)	677	(2,596)	533	(2,063)
ASSETS AND LIABILITIES							
Segment assets							
Consolidated total assets	27,573	17,878	7,797	18,139	71,387	(18,685)	52,702
Segment liabilities							
Consolidated total liabilities	7,503	20,573	3,996	10,883	42,955	(21,923)	21,032
OTHER INFORMATION							
Depreciation	44	1,294	56	799	2,193	-	2,193
Capital expenditure	-	183	-	13	196	-	196

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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

	Malaysia RM’000	China RM’000	Singapore RM’000	USA RM’000	Total RM’000	Elimination RM’000	Consolidated RM’000
30 JUNE 2019							
REVENUE AND EXPENSES							
REVENUE							
External sales	-	11,367	3,693	15,492	30,552	(4,742)	25,810
RESULTS							
Operating loss	(807)	(1,763)	(100)	(377)	(3,047)	-	(3,047)
Finance cost, net	(14)	(143)	(33)	(134)	(324)	-	(324)
Share of loss of associate	-	(307)	-	-	(307)	-	(307)
(Loss)/profit before tax	(821)	(2,213)	(133)	(511)	(3,678)	-	(3,678)
Taxation	-	-	-	(3)	(3)	-	(3)
(Loss)/profit after tax	(821)	(2,213)	(133)	(514)	(3,681)	-	(3,681)
Minority interest	-	4	-	-	4	27	31
Net (loss)/profit attributable to owners of the Company	(821)	(2,209)	(133)	(514)	(3,677)	27	(3,650)
ASSETS AND LIABILITIES							
Segment assets							
Consolidated total assets	29,786	20,650	16,930	15,769	83,135	(35,257)	47,878
Segment liabilities							
Consolidated total liabilities	7,081	19,838	2,911	9,634	39,464	(18,635)	20,829
OTHER INFORMATION							
Depreciation	22	330	54	15	421	-	421
Capital expenditure	-	291	-	8	299	-	299

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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

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

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CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT” or the “Company”)
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND 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 30 JUNE 2020 RM'000	Preceding Year Corresponding Quarter 30 JUNE 2019 RM'000		Current Year To-Date 30 JUNE 2020 RM'000	Preceding Year Corresponding Period 30 JUNE 2019 RM'000	
Revenue	13,548	12,149	11.5%	25,527	25,810	-1.1%
Operating loss	(811)	(2,510)	-67.7%	(1,601)	(3,047)	-47.5%
Loss before tax	(942)	(2,833)	-66.7%	(1,842)	(3,678)	-49.9%
Loss after tax	(1,009)	(2,835)	-64.4%	(2,065)	(3,681)	-43.9%
Loss attributable to owners of the company	(1,008)	(2,827)	-64.3%	(2,063)	(3,650)	-43.5%
The following average exchange rates were used in the calculation of currency translation:						
USD:RM				4.2498	4.1196	
RMB:RM				0.6042	0.6072	

Current Year-To-Date vs Preceding Year Corresponding Quarter

Overall Review of Group's Financial Performance

For the current financial period ended 30 June 2020, the Group's revenue and loss before tax were RM25.5 million and RM1.8 million respectively compared to its preceding year's corresponding period's revenue and loss before tax of RM25.8 million and RM3.7 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 lower loss before tax in current financial year mainly due to better contribution from USA segment, lower operating expenses and previous year's share of associate loss, despite offset by higher professional fees.

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

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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

For the current quarter under review, the Group's revenue and loss before tax were RM13.5 million and RM0.9 million respectively compared to its preceding year's corresponding quarter's revenue and loss before tax of RM12.1 million and RM2.8 million respectively.

Segmental Analysis

The Group's sales increase was mainly attributable to increase in China and USA segment contributed from key customer's scheduled orders.

The Group's recorded lower loss before tax in current in current quarter in tandem with the better revenue and product mix margin.

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

B2 COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Current Quarter 30 June 2020 RM'000	Immediate Preceding Quarter 31 March 2020 RM'000	%
Revenue	13,548	11,979	13.1%
Operating loss	(811)	(790)	63.3%
Loss before tax	(942)	(900)	57.9%
Loss after tax	(1,009)	(1,056)	40.9%
Loss attributable to owners of the company	(1,008)	(1,055)	40.9%

In current quarter, the Group recorded a revenue of RM13.5 million and a loss before tax of RM0.9 million as compared to the revenue and loss before tax at RM12.0 million and RM0.9 million respectively for the preceding quarter ended 31 March 2020.

Higher revenue in current quarter was attributable to the resume of China operation which was lock down in first quarter during COVID-19 pandemic. However, it was offset by lower contribution from USA segment.

Higher loss before tax recorded in current quarter was mainly because of product mix margin .

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND 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 (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 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.

B5 TAXATION

	Quarter Ended		Year to Date	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Current taxation:				
Domestic	-	-	-	-
Foreign tax	(51)	(2)	(207)	(3)
	(51)	(2)	(207)	(3)
Under provision in prior year:				
Domestic	-	-	-	-
Foreign tax	-	-	-	-
	(51)	(2)	(207)	(3)
Deferred taxation	(16)	-	(16)	-
	(67)	(2)	(223)	(3)

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.

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED
30 JUNE 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)

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.

As at 27 August 2020, the status of utilisation of proceeds is as follow:-

Description	Proposed Utilisation RM'000	Revised Utilisation RM'000	Actual Utilisation as at 27 August 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	

**CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT” or the “Company”)
Company No. 618933-D
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED
30 JUNE 2020**

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

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.

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	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Net loss attributable to shareholders	(1,008)	(2,827)	(2,063)	(3,650)
Weighted average number of ordinary shares ('000)	380,590	329,305	355,297	329,305
Basic LPS (sen)	(0.26)	(0.86)	(0.58)	(1.11)

CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT” or the “Company”)
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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED
30 JUNE 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”) (CONT’D)

(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	(1,008)	(2,827)	(2,063)	(3,650)
Weighted average number of shares - basic	380,590	329,305	355,297	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	380,590	329,305	355,297	329,305
Diluted LPS (sen)	(0.26)	(0.86)	(0.58)	(1.11)

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

The computation for diluted LPS is not applicable for individual quarter and period ended 30 June 2020 as it has an anti-dilution effect.

CONNECTCOUNTY HOLDINGS BERHAD (“CONNECT” or the “Company”)
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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED
30 JUNE 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	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Bad debts written off on trade receivables	-	159	-	159
Depreciation of plant and equipment	182	227	369	421
Depreciation of right-of-use asset	924	829	1,824	1,622
Interest expense	93	139	195	297
Interest income	(8)	(21)	(18)	(44)
Addition of loss allowance on trade receivables	70	-	70	-
(Gain)/Loss on foreign exchange – unrealised	(151)	132	(73)	(1)
Plant and equipment written off	-	-	-	-
Share of loss in associate	-	173	-	307
Remeasurement of imputed interest expenses	29	-	29	-

B11 AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issuance on 27 August 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 August 2020