



2 April 2015

ASX Compliance Pty Ltd
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Melbourne. VIC 3000

GoConnect Limited
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By Email

Attention: Simone Papas

Dear Simone,

We refer to your letter of 1 April 2015. We are pleased to provide our response as set out in this letter. The numbers below correspond with the numbers to the questions in your letter.

1. (a) and (b) Yes.

2. As stated in our half yearly report released to ASX on 27 March 2015:

The Directors believe that there are reasonable grounds to believe that the Consolidated Entity will be able to continue as a going concern, after consideration of the following factors:

(i) The Consolidated Entity has 16.67 million shares (pre a 2 for 5 consolidation) equivalent to 6.667 million shares post consolidation of capital in Priority One Network Group Ltd which can be realised for cash in either off market sales or potential future on market trades. Priority One is seeking listing on the ASX, prior to 30 June 2015, and the success of this listing will significantly influence the ability of the Consolidated Entity to realise the value of its shareholding. This investment is recognised at cost of nil as at 31 December 2014. Since the end of the half year to 31 December 2014, the Consolidated Entity has disposed of part of these shares in Priority One to enable them to discharge liabilities.

(ii) The Consolidated Entity owns 1/3 equity interest in Go Zhongshe Ltd (Go Zhongshe) which is a standalone investment of the Consolidated Entity. This investment is recognised using the equity method of accounting. As at 31 December 2014 the equity accounted value of the investment is nil. The investment in Go Zhongshe enables the Consolidated Entity to benefit from the value of a number of high growth businesses in China together with strong local partners while minimizing its own direct operational expenses. Go Zhongshe provides a substantial asset to the Consolidated Entity which can also be realised to generate additional liquidity.

(iii) The Consolidated Entity entered into a 50/50 partnership agreement (Partnership) with an Asian group with a communication application for smartphone. The application which has in excess of 16 million registered users will be integrated with uctv.fm, our IPTV platform, to

provide to the smartphone users a one stop media entertainment and communication application. The integrated application with its substantial worldwide user base will enable the Partnership to deliver not only communication services in voice, video, instant message in type text, and hand written notes, but also deliver more effectively and proactively to a substantial worldwide registered user base, free and Pay Per View (PPV) video entertainment content via uctv.fm. The market acceptance of this application is expected to generate a significant revenue stream for the Consolidated Entity.

(iv) As indicated in Note 5 Subsequent Events, Go Connect Australia Pty Ltd is currently being liquidated. There is approximately \$450,000 worth of liabilities associated with Go Connect Australia Pty Ltd that the Consolidated Entity will now not have to repay as a result of this process.

The Consolidated Entity has unused credit facilities of \$560,000 provided by a related entity, Sino Investment Services Pty Ltd. The ability of Sino Investment Services Pty Ltd to provide the unused credit facilities is contingent on the value of its investments, primarily in the first instance its investment in Priority One shares, and the ability for the value of these investments to be realized.

The continuing viability of the Consolidated Entity and its ability to continue as a going concern and meet its debts and commitments as they fall due is subject to the continued support of creditors of the Consolidated Entity and the Consolidated Entity being successful with:

- Realising the value of its Priority One Network Group Ltd shares which is highly dependent on the successful ASX listing of Priority One;
- Realising the value of Go Zhongshe Ltd which the Consolidated Entity owns 1/3 equity interest in;
- Expanding and licensing of uctv.fm IPTV distribution platforms;
- Capitalising the uctv.fm IPTV network and continuing to improve its value by aggregating and producing quality entertainment and infotainment content;
- Generating revenue including PPV revenue via smartphone communication app integrated with uctv.fm media entertainment; and
- Acceptance of PPV application by the market.

The Consolidated Entity is proactively working on all of the above matters directly and with its partners. The directors are confident that the Consolidated Entity will be successful in the above matters.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

3. Please refer to response re 2. above.

4. Of the \$4.5 million of recorded current liabilities, only about \$2.7 million would be payable as current liabilities. The company and the auditors have chosen a more conservative and technical approach in the classification of current liabilities. The company has satisfied the auditors that the balance of such liabilities, though classified as current liabilities, majority of which are not immediately payable. Our working capital requirements will continue to be satisfied by the steps as stated in response 2. above, and in particular by way of liquidating its Priority One shares in off market sales until the generation of sufficient revenue.

5. Please refer to responses 2. and 4. above. The company's day to day working capital requirement is low due to the restructuring of our operations and re-focus of our businesses outside of

Australia, as well as having significant businesses conducted under the various partnerships. The company is not responsible for these partnerships' operating costs. Our online services including uctv.fm are now hosted by cloud services more efficiently and at a fraction of the costs previously incurred by hosting at a local data centre.

6. The company's Priority One shares were obtained from the Licensee of the undercover channel on uctv.fm as per the licence agreement entered into with the Licensee. The company is able to sell these shares off market to generate cash. However, since Priority One was not yet listed during the half year reporting period, Directors were not able to determine a true and fair view on the value of these shares for revenue and balance sheet purposes as at 31 December 2014 other than attributing a nil value to these shares. The company currently is entitled to 6.267 million Priority One shares.
7. There has never been any cross guarantee between GoConnect Ltd and GoConnect Australia in respect of these liabilities. The company has also recently settled with the liquidator of GoConnect Australia and acquired back all of its equipment and hard assets as per the asset register for an undisclosed sum.
8. Please refer to response 2. above. In addition, Sino Investment Services obtained a large portion of its Priority One shares as fees for service and has been able to sell some of these shares off market to provide the credit facility to GoConnect Ltd. Sino Investment Services will continue to support the company in this regard. Sino Investment Services currently holds over 3 million Priority One shares in its own right. In the December 2014 quarter, Sino Investment Services generated over \$180,000 in cash by way of off market sales of Priority One shares to its clients and supported the company with majority of the proceeds.
9. Go Zhongshe is responsible for its own operating and business development costs but Go Zhongshe will continue to work closely with the company in respect of IPTV business and with Go FreePP Ltd in respect of distribution of content on uctv.fm and Go FreePP. Go Zhongshe has secured a number of projects and as reported to the ASX on 27 January 2015, has a number of divisions established at various stages of development. Go Zhongshe has also secured compelling Hollywood Pay Per View contents which it aims for the China market. However, these contents will also be provided to uctv.fm for licensed distribution via Go FreePP Ltd on a revenue share basis to a worldwide user base of over 16 million FreePP users which Go FreePP is able to leverage on for generating revenue. Please refer to ASX release re uctv.fm-FreePP Partnership on 27 March 2015. It is expected that such revenue will commence in May this year. GoConnect Ltd and owner of the FreePP app, are already fast tracking the integration of uctv.fm to the FreePP app to ensure the early generation of revenue from the substantial worldwide user base. A marketing campaign will be conducted by Go FreePP Ltd and the PPV content provider via FreePP to its worldwide user base in April 2014 and monthly from then on. Subject to the success of the campaign, each 0.1% acceptance of FreePP's user base is budgeted by the company to generate in excess of \$77,000 revenue monthly for Go FreePP Ltd's share without accounting for any advertising and sponsorship sales.
10. Yes in respect of Listing Rule 12.1. The company has developed a global IPTV network uctv.fm distributed on desktops, all brands of smartphones, and LG Smart TV worldwide. uctv.fm has attracted significant licensing interests from Australia and now overseas as evidenced by the licensing agreements already entered into. The company however, decided to provide full impairment of \$4.3 million against this asset's value in the accounts. The \$4.3 million non-cash provision formed a substantial part of the reported loss of \$4.9 million for the reporting period. The non-cash impairment charge has in no way diminished the commercial value of uctv.fm to the company, to its partners and uctv.fm licensees. The company has developed significant IPTV technologies and intellectual properties over the past 15 years but has not capitalized any value of its technologies and intellectual properties in the balance sheet.

11. Yes in respect of Listing Rule 12.2. Please also refer to responses above for the complete picture of the company's financial position and expected early generation of revenue.
12. Please refer to responses above. In addition to continuing disposal of non-core assets, the company has a number of revenue generating activities directly and in conjunction with its partners. The company's IPTV network distribution infrastructure is of significant value. The network has continued to expand and has just expanded substantially with the addition of another 16 million plus users worldwide through Go FreePP. The company and its partners are already fast tracking the development of their various projects to ensure the early generation of cash flows.
13. Yes.

Yours faithfully

Richard Li
Executive Chairman



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1 April 2015

Mr Richard Li
Executive Chairman
GoConnect Limited

By email

Dear Richard,

GoConnect Limited (the "Company")

ASX refers to the following:

1. The Company's Appendix 4D and half year report and accounts for the year ended 31 December 2014, lodged with ASX on 27 March 2015 (the "Half Year Accounts").
2. The Independent Auditor's Review Report on pages 13 to 14 of the Half Year Accounts ("Auditor's Report") which contains an Emphasis of Matter paragraph stating the following:

Emphasis of Matter

Without modifying our conclusion expressed above, we draw attention to Note 1 in the half-year financial report which indicates that the consolidated entity reported operating losses of \$4,961,835 (2013: \$1,006,197) and negative operating cash flows of \$590,024 (2013: \$218,398) during the financial period ended 31 December 2014. Furthermore, at 31 December 2014, the Consolidated entity had cash balances of \$nil (30 June 2014: \$159), net current liabilities of \$4,509,504 (30 June 2014 \$4,551,797) and net liabilities of \$6,509,820 (30 June 2014: \$1,923,485).

These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Relevant Listing Rules and Guidance

- Listing Rule 12.1 – *The level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued quotation of the entity's securities and its continued listing.*
- Listing Rule 12.2 – *An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.*
- Listing Rule 19.11A – *If a listing rule requires an entity to give ASX accounts, the following rules apply:*
 - (b) *The accounts must be prepared to Australian accounting standards. If the entity is a foreign entity the accounts may be prepared to other standards agreed by ASX.*

Questions for Response

In light of the information contained in the Half Year Accounts, and the application of the listing rules stated above, please respond to each of the following questions:

1. Is the Company able to confirm that in the Directors' opinion the Half Year Accounts:
 - (a) comply with the relevant Accounting Standards; and
 - (b) give a true and fair view of the financial performance and financial position of the Company?
2. Please explain the basis for and the factors considered by the Directors to satisfy themselves that the financial statements could be prepared on a going concern basis given the minimal revenue earned and assets held by the Company.
3. What steps does the Company intend to take to address the going concern issues of the Company?
4. We note that the Company has total current assets of \$18,917 and total current liabilities of \$4,528,421 as per the Condensed Statement of Financial Position at 31 December 2014 on page 5 of the Half Year Accounts. Please explain on what basis the Company has adequate working capital to carry out its stated objectives.
5. We note that the Company's cash and cash equivalents balance is nil as per the Condensed Statement of Financial Position at 31 December 2014 on page 5 of the Half Year Accounts. In light of this balance, please explain how the Company is able to meet its current and future general working capital expenses and day-to-day costs (including but not limited to office rent, employee expenses and operating costs).
6. We note that the Company's holds 6.667 million shares (on a post consolidation basis) in Priority One Network Group Ltd ("Priority One") which "can be realised for cash in either off market sales or potential future on market trades". Please explain in more detail how this value has been and will be realised (noting the possible application of the ASX escrow regime in listing rule 9.1.3 if Priority One were to list on ASX in the future). In responding to this question, please also explain why the Company's investment in Priority One is recognised at a cost of nil at 31 December 2014 and is not included in the Condensed Statement of Financial Position.
7. We note that Go Connect Australia Pty Ltd is currently being liquidated. We understand that there is approximately \$450,000 worth of liabilities associated with Go Connect Australia Pty Ltd that the Consolidated Entity will now not have to repay as a result of this process. Please explain why the Company is no longer liable for these debts.
8. We note that the Company has unused credit facilities of \$560,000 provided by a related entity, Sino Investment Services Pty Ltd ("Sino") and that the ability of Sino to provide the unused credit facilities is primarily contingent on its investment in Priority One shares, and the ability for the value of these investments to be realised, as stated on page 9 of the Half Year Accounts. Please provide an update in relation to the status and availability of this credit facility and how the value in Sino's investments will be realised to enable it to provide the credit facility to the Company (noting the possible application of the ASX escrow regime in listing rule 9.1.3 if Priority One were to list on ASX in the future).
9. We note that the ability for the Company to continue as a going concern is subject to the Company being successful with the following (amongst other considerations) as stated on page 9 of the Half Year Accounts:
 - Realising the value of Go Zhongshe Ltd which the Company owns 1/3 equity interest in;
 - Expanding and licensing of uctv.fm IPTV distribution platforms;

- Capitalising the uctv.fm IPTV network and continuing to improve its value by aggregating and producing quality entertainment and infotainment content; and
- Generating revenue including PPV revenue via smartphone communication app integrated with uctv.fm media entertainment.

In light of the above, please provide the following information in relation to each project:

- a. The current stage of the project
 - b. Timeframe of expected commercialisation
 - c. Expected outlays to achieve commercialisation
 - d. Timeframe and indication of expected revenues
 - e. Any other information necessary to the understanding
10. Does the Company consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX in accordance with the requirements of listing rule 12.1? In answering this question, please explain the basis for this conclusion.
 11. Does the Company consider that the financial condition of the Company is sufficient to warrant continued listing on ASX in accordance with the requirements of listing rule 12.2? In answering this question, please also explain the basis for this conclusion.
 12. If the answer to questions 10 or 11 is "No", please explain what steps the Company has taken, or proposes to take, to warrant continued listing on ASX in accordance with the requirements of listing rules 12.1 and 12.2.
 13. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Please note that ASX reserves its right under listing rule 18.7A to release this letter and the Company's response to the market. Accordingly, the Company's response should address each question separately and be in a format suitable for release to the market.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event by no later than 9.30 a.m. AEST on Wednesday, 8 April 2015.

Any response should be sent to me by return email. It should not be sent to the ASX Market Announcements Office.

If you have any queries regarding any of the above, please contact me.

Yours sincerely

[Sent electronically without signature]

Simone Papas

Adviser, Listings Compliance (Melbourne)