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T +61 2 9290 9600
F +61 2 9279 0664
W www.a2a.network

Mr J Williams
 Head of Admissions
 National Stock Exchange of Australia Limited
 1 Bligh Street
 SYDNEY NSW 2000

Email john.williams@nsx.com.au

Dear Sir

a2a - pre-quotations disclosure

We refer to the listing application of a2a GN Ltd (**a2a**), including its prospectus dated 21 March 2018 (**Prospectus**). We wish to update the market regarding certain issues to ensure full disclosure of relevant matters prior to a2a's admission to NSX's official list and commencement of trading.

1 Going concern and sufficiency of working capital

1.1 The financial information in section 7 of the Prospectus includes:

- (a) extracts from a2a's audited 31 December 2017 financial statements (a2a's corporate group's most recent financial year), including the profit and loss account for the year then ended, the statement of financial position as at 31 December 2017, and a pro forma statement of financial position which comprises the statement of financial position as at 31 December 2017 and pro forma adjustments which are expected as a result of the listing process (principally, listing expenses); and
- (b) a notation in section 7.7.2 (a), relating to a material uncertainty as to a2a's ability to continue as a going concern and the basis under which the directors of a2a believe that the a2a's corporate group is a going concern, as follows:

'The historical financial information and the pro forma statement of financial position have been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

For the period ended 31 December 2016 a2a Global Network incurred a loss of AUD 758,391 and for the year ended 31 December 2017 it incurred a loss of AUD 919,341. At 31 December 2017 the Group had pro forma cash and cash equivalents of AUD 793,674 and pro forma net current assets of AUD 552,306.

The ability of the Company and the Group to continue to pay their debts as and when they fall due are dependent upon the Company and the Group making sufficient profits or sourcing additional working capital as required. These conditions, along with other matters as set forth in (this) Note 7.7.2 (a), indicate the existence of a material

uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

As is common in new technology-based businesses, early stage shareholders have invested capital, which has been used for initial and development expenditures relating to the Group's technological and operational platform and losses are necessarily incurred in this model prior to revenues being generated. The Directors are of the view that a significant portion of initial and development expenditures have been incurred and the Group is in a position to leverage its technology platform. Whilst not expected to be required, there is the option to reduce expenditure should this be necessary. Cost reductions could result in expansion plans being delayed, scaled back or not carried out at all, which could impact the company's revenue and financial performance and position.

The Directors have already raised capital to get to the current stage and are confident of raising sufficient additional capital from shareholders and financiers as and when it may be required. Supporting this, Tai Shoo Loo, Saw Leng Yue and Yee Mun Loo ("Guaranteeing Directors") have jointly and severally provided a personal undertaking to the Company and the Group with the effect that together the Guaranteeing Directors will make sufficient funds up to a maximum of AUD 1 million available to the Company and the Group if required to enable the Company and the Group to meet the Company and the Group's obligations in the normal course of business for a period of 12 months from 31 March 2018 or the Listing Date, whichever is the latter, and that the Guaranteeing Directors are in a position to give this undertaking.

Accordingly, the financial information in this prospectus is prepared on a going concern basis. No adjustments have been made to the financial information relating to the recoverability or classification of the recorded asset amounts and classification of liabilities that may be necessary should the Group not continue as a going concern.

The historical financial information and the pro forma statement of financial position (in the second replacement prospectus) have been prepared on the basis that the Company and the Group can meet their commitments as and when they fall due and can therefore continue normal business activities, and the realisation of assets and liabilities in the ordinary course of business.'

- 1.2 The audited financial statements for the year ended 31 December 2017, signed on 20 March 2018, contain a similar notation regarding a material uncertainty as to a2a's ability to continue as a going concern as noted in paragraph 1.1(b) above.
- 1.3 As at the date of this pre-quotation disclosure, the board considers that following information is relevant given the material uncertainty as disclosed in the Prospectus:
 - (a) the Group has prepared audited interim financial statements for the three months ended 31 March 2018 and these showed revenues of \$606,487 and a total comprehensive income of a loss of \$25,120 for this period;
 - (b) the undertaking provided by certain directors (as noted in paragraph 1.1(b) above) has not been drawn upon as at the date of this letter, and continues to be available should it be required; and
 - (c) the a2a group continues to develop its business model including sourcing customers, and the directors continue to be of the opinion that a number of expenses which have been historically incurred by a2a, which are expenses typical of start-up companies in the technology industry,

will not need to be repeated. However, a2a acknowledges that it is seeking to establish itself in the Australian market and that this will require expenditure to put this into effect.

- 1.4 As a result of the above matters, as at the date of this letter, the directors believe that the a2a group will continue to be in a position to realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the Prospectus. No adjustments are expected to be required to be made to the financial information in the Prospectus relating to the recoverability or classification of the recorded asset amounts and classification of liabilities, which may be necessary should the a2a group not continue as a going concern.
- 1.5 In the event that the a2a group does not achieve the conditions stated by the directors, the ability of the a2a group to continue as a going concern may be impacted and therefore the a2a group may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the Prospectus.

2 Connection to Australia

- 2.1 We are pleased to announce that the office in Sydney has been established. a2a's Sydney address is Level 26, 44 Market Street, Sydney. Being a technology-based company, a duplicate of the head office will not be needed.
- 2.2 A business development team consisting of one business development manager and two executives has been set up to bring online and offline merchants (**Affiliate Partners**) in Australia on board the a2a platform.
- 2.3 The Company intends to expand into the Australian market through the following strategies:
 - (a) recruitment of Affiliate Partners through:
 - (i) co-branding loyalty programs with local chain stores and local franchise stores;
 - (ii) application programming interface integration – working with each Affiliate Partner to integrate their IT platforms with a2a's platform, and in doing so implementing easy and convenient business processes for Affiliate Partners (thereby enhancing their operational efficiency);
 - (iii) furnishing participating Affiliate Partners with business performance reports – basic database reports to demonstrate value-add capability, with additional reports obtainable by payment of a subscription fee;
 - (iv) providing Affiliate Partners with a method by which to make their products available online; and
 - (v) increasing the number of Affiliate Partners with international online marketplaces;
 - (b) enhancing brand awareness and increasing users and members through exhibitions and roadshows; and
 - (c) advertisements and promotions by:
 - (i) conventional advertising to enhance brand awareness; and
 - (ii) social media campaigns to increase users and members.

- 2.4 Initially, it is planned that the Australian team will focus its development activities in food & beverages, fast-moving consumables goods and renowned online market places in Australia. The development of a2a's consumer base (users and members) will take place simultaneously by working together with the Australian Affiliate Partners.
- 2.5 As the number of Affiliate Partners increase, the Company will gradually increase the staff head count in Australia to between five and ten personnel (depending on the assessed need at the time) consisting of business development, technical support, administrative and human resources.

3 Compliance with Australian laws

- 3.1 a2a is an Australian public company and the directors of a2a are aware of their obligations to comply with Australian laws. They have engaged deeply with their Australian advisors as part of the NSX listing process, and these relationships are long-term.
- 3.2 The directors of a2a have been made aware on numerous occasions of their obligations under the *Corporations Act 2001* (Cth) (**Act**) and their continuing obligations under the Act and NSX Listing Rules, once listed. We emphasise that the directors take their responsibilities extremely seriously and will continue to seek appropriate advice to ensure that a2a is compliant at all times with Australian legislation, as a2a does business in Australia.
- 3.3 a2a seeks Australian legal advice as and when it is required and its Australian advisers are supported by experienced advisers in the relevant other jurisdictions in which a2a operates.

Yours faithfully



Michael Loo
Chairman