

Dear Mr. Cho,

16 April 2019

AdvanceTC Limited (the "Company" or "A88")**Periodic Disclosure Query**

We refer to the 2018 Annual Financial Report¹ lodged on 29 March 2019 on which NSX has made below observations.

Mr. Chee Seng Cho
Company Secretary
AdvanceTC Limited
Level 12, 225 George Street
Sydney NSW Australia

1. Revenue generated for the period ended 31 December 2018 is MYR126,000.
2. Cash and cash equivalents recorded for the period ended 31 December 2018 is MYR8,727.
3. Total Current Assets recorded for the period ended 31 December 2018 is MYR1,533,105 and Total Current Liabilities is MYR5,028,498. Hence, Net Current Liabilities is MYR3,495,393.
4. Net Liabilities recorded for the period ended 31 December 2018 is MYR5,199,265.
5. The Independent Auditor's Report noted the following:

"Disclaimer of opinion

We were engaged to audit the financial report of AdvanceTC Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

We do not express an opinion on the accompanying financial report of the Group (emphasis added). Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this financial report.

Basis for disclaimer of opinion

As disclosed in Note 2 to the financial report, there are a number of conditions which give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. We have been unable to obtain sufficient appropriate audit evidence to support management's assessment of the Group's ability to continue as a going concern (emphasis added). Specifically, we have been unable to obtain sufficient evidence to support claims of successful and timely commercialisation of a new product range. Furthermore, we have been unable to obtain evidence that the related entity has the ability to provide ongoing support until such time arises.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so."

In relation to the above observations please respond to the below questions.

- a) Please confirm the basis for and the factors considered by the directors and the management team of the Company to satisfy themselves that AdvanceTC Limited has sufficient financial resources to continue as a going concern.
- b) Given the auditor has been unable to obtain sufficient evidence to support claims of successful and timely commercialisation of a new product range and the related entity has the ability to provide ongoing support until such time arises, please explain in detail why the directors and the

¹ <https://www.nsx.com.au/ftp/news/021736704.PDF>

management team believe otherwise. Please provide any documentation supporting the Company's analysis and judgement of its Going Concern status – those documents will not be released to the market.

- c) Given the Company has MYR8,727 cash on hand and MYR3,495,393 net current liabilities, please confirm whether the Company believes it is solvent and provide supporting rationale.
- d) Please provide a list of the short-term liabilities due before 30 June 2019 in the following format.

Due date of the liability	Amount payable before 30 June 2019	Is the counterparty a related party? (Yes or No)

- e) Does the Company consider that it carries out sufficient level of operations which can be demonstrated to the Exchange to warrant the continued listing of its securities on the NSX as required by listing rule 6.54? If the answer is "Yes", please explain the basis on which the Company has formed its conclusion.
- f) What steps will the Company take to obtain an unqualified audit report for future financial periods?

We would be grateful for your written response to all questions by 4pm on 23 April 2019. Your response will be released to the market along with this letter.

If you wish to discuss the content of your response, please do not hesitate to contact me as soon as possible.

Please be reminded that the Issuer must comply with Chapter 6CA of the Corporations Act and Listing Rules Section IIA 6.4, 6.5 and 6.5A under continuous disclosure.

Yours sincerely

Ingrid Wei
Market Surveillance Analyst