

# AdvanceTC Limited

ACN 600 238 444

## Annual Financial Report

For the Year Ended 31 December 2019

# AdvanceTC Limited and controlled entities

ACN 600 238 444

Year ended 31 December 2019

## Contents

For the Year Ended 31 December 2019

	Page
<b>Financial Statements</b>	
Corporate Information	1
Chairman's Report	2
Directors' Report	3
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	14
Corporate Governance Statement	15
Consolidated Statement of Profit or Loss and Other Comprehensive Income	24
Consolidated Statement of Financial Position	25
Consolidated Statement of Changes in Equity	26
Consolidated Statement of Cash Flows	27
Notes to the Consolidated Financial Statements	28
Directors' Declaration	55
Independent Auditor's Report	56
Additional Information for Listed Public Companies	58

## **AdvanceTC Limited and controlled entities**

ACN 600 238 444

Year ended 31 December 2019

### **Corporation Information**

#### **Directors**

Cheng Pheng Loi  
Gim Keong Lee  
Jonathan Yeow Koon Loi  
Chee Tuck Cho  
Chee Seng Cho  
Jeffrey William King

#### **Company Secretary**

Chee Seng Cho

#### **Registered Office**

Level 12, Grosvenor Place  
225 George Street  
SYDNEY NSW 2000  
Australia

#### **Principal Place of Business**

Level 12, Grosvenor Place  
225 George Street  
SYDNEY NSW 2000  
Australia

B-01-08, Sunway Nexus,  
Jalan PJU 5/1,  
Kota Damansara,  
47810 Petaling Jaya, Selangor D.E.  
Malaysia

#### **Share Registry**

Boardroom Pty Ltd  
Level 12, Grosvenor Place  
225 George Street  
SYDNEY NSW 2000  
Australia

#### **Solicitors**

GRT Lawyers  
Level 1, 400 Queen Street  
Brisbane QLD 4000  
Australia

#### **Bankers**

HSBC Malaysia Berhad  
8<sup>th</sup> Floor, South Tower  
No 2, Leboh Ampang,  
50100 Kuala Lumpur, Malaysia

Commonwealth Bank  
Commonwealth Bank of Australia  
48, Martin Place Branch  
Sydney CBD Area,  
Sydney NSW 2000

#### **Auditors**

LNP Audit and Assurance Pty Ltd  
Level 14, 309 Kent Street,  
Sydney NSW 2000  
AUSTRALIA

Advance TC Limited shares are listed on the National Stock Exchange of Australia (NSX code A88)

## **AdvanceTC Limited and controlled entities**

ACN 600 238 444

**Year ended 31 December 2019**

### **Chairman's Report**

**31 December 2019**

Dear Shareholder

The 2019 ATC Annual Report showed continued losses due to delay to commercialise our new innovative Satellite Android dual mode smart phone.

This will change as we begin to make commercial shipments for our X7, our main mass market product X5 and our unique full data and voice Android Satellite Smart phone product X8 this year.

The Group sees huge business potential for space connectivity capable mobile communication devices such as its innovative dual mode Android Satellite Smart phone which it has invented.

Satellite connectivity and communication has improved in cost and performance in recent years. And space connectivity bandwidth has much expanded in recent years as market begins to realise its huge advantages in coverage and performance over traditional terrestrial cellular connectivity for broadband mobile communication devices.

The Group is first to market its dual mode Android Satellite and smart phone mobile communication devices. It will fast track to add new products. It will seek new market partners in particular, Telco, to fast track to mass distribute its products to the global market. The Group will also work aggressively in the much larger US capital market to raise adequate equity fund to support and fund its global business growth.

The Group has signed an established electronics contract manufacturer Crestronics (M) Sdn Bhd to assemble and ship our products from Malaysia.

This is a well established Company with over 47 years combined experience from all the Directors. We will assemble and ship out product under a professionally organised and well equipped factory to ensure product quality and performance.

The Group recently signed a collaboration agreement with a national Telco, Mobile XOX Sdn Bhd, to distribute our products to their over 2.5 million subscribers in Malaysia, Thailand and Indonesia.

The Group is on good progress to dual list in the US OTC trade counter and ultimately at the NASDAQ to access larger global equity fund to fund its global sales growth.

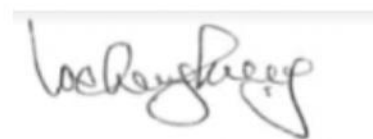
The Group aims for mass market domination for its Innovative satellite smart phone communication devices. It will escalate its volume to improve cost. It will add new products aimed at the mass market to make its products affordable and value for money for its customers.

This year we will be measured by the above progress and achievements.

Due to the current situation in relation to Coronavirus (COVID-19), the business and economic environment is extremely uncertain. On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected.

We expect the recent movement controls and lockdown orders imposed by the various governments due to the COVID-19 Pandemic will have an impact on our 2020 results but we cannot say what this might be at this time, and we will be implementing measures to overcome or minimise the effects as the situation develops.

Yours sincerely,



Cheng Pheng Loi

31 March 2020



## AdvanceTC Limited and controlled entities

ACN 600 238 444

Year ended 31 December 2019

### Directors' Report

The Directors present their report, together with the financial statements of the Group, being AdvanceTC Limited (the Company) and its controlled entities, for the financial year ended 31 December 2019.

#### 1. General information

##### Information on directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

Cheng Pheng Loi	Executive Chairman, appointed 20 June 2014.
Qualifications	Mr Loi holds a Bachelor of Economics, majoring in Business Administration from the University of Malaya.
Experience	Mr Loi is one of the founding members of the Company since its inception in 2005. He has more than 30 years of experiences in sales & marketing and business dealing in the mobile wireless telecommunication sector.
Interest in shares and options	Shares: 40,500,047 fully paid ordinary shares.
Special responsibilities	Mr Loi holds the position of Chief Executive Officer of the Group.
Other current directorships in listed entities	None
Other directorships in listed entities held in the previous three years	None
Gim Keong Lee	Executive Director, appointed 14 July 2014.
Qualifications	Mr Lee holds in-house Matsushita certifications.
Experience	Mr Lee has more than 29 years of operation experience, involving factory operations, particularly in Procurement, Quality Control, Cost Control and Manufacturing. He is a co-inventor of the Group's Core Technology patent. Mr Lee worked with Panasonic Group Malaysia for 21 years and was the Chairman / Vice Chairman of various sub-groups. Mr Lee is a regular Invited Guest Speaker on Work Places for the Malaysian National Institute of Occupational, Safety and Health Organisation (NIOSH).
Interest in shares and options	Shares: 3,280,000 fully paid ordinary shares.
Special responsibilities	Mr Lee holds the position of Chief Operations Officer of the Group. He oversees operations in the Manufacturing, Procurement and Marketing unit of the Group.
Other current directorships in listed entities	None
Other directorships in listed entities held in the previous three years	None

## AdvanceTC Limited and controlled entities

ACN 600 238 444

Year ended 31 December 2019

### Directors' Report

#### Information on directors (continued)

Jonathan Yeow Koon Loi	Executive Director, appointed 14 July 2014.
Qualifications	Mr Loi holds a diploma in Computing and Information Technology from Asia Pacific Institute of Information Technology.
Experience	Mr. Loi is one of the founding members of the Company, and the lead author and co-inventor of the Company's Core Technology patent. Mr. Loi has extensive knowledge and experience in hardware and software user interfaces, user experience and firewall systems. His other experiences include developing customised firewall software and consulting for software companies.
Interest in shares and options	Shares: 69,549,840 fully paid ordinary shares.
Special responsibilities	Mr Loi holds the position of Chief Technology Officer of the Group.
Other current directorships in listed entities	None
Other directorships in listed entities held in the previous three years	None
Chee Tuck Cho	Independent Non-executive Director, appointed 14 July 2014.
Qualifications	Mr. Cho holds an IDPM Higher Diploma (UK), Systematic Higher Diploma and NCC Diploma (UK) in Computing Computer Studies. He is also an associate member of the Institute of the Management of Information Systems.
Experience	Mr. Cho was a Senior Executive in the Finance IT division with Sime Darby Plantation Sdn Bhd, managing bio-metric solutions and Weighbridge security-based user authentication system project. Prior to that, he was a Senior System Analyst with Kumpulan Guthrie Berhad.
Interest in shares and options	Shares: 2,955,960 fully paid ordinary shares.
Other current directorships in listed entities	None
Other directorships in listed entities held in the previous three years	None
Chee Seng Cho	Independent Non-executive Director, appointed 20 June 2014, has resigned on 1 November 2017 and re-appointed on 4 January 2019.
Qualifications	Mr. Cho holds a Technician Diploma in Mechanical Engineering from Singapore Polytechnic.
Experience	Mr. Cho is an engineer by profession with more than 22 years of experience in the engineering field especially in the oil and gas sector. He was a deputy manager, project manager, and senior project engineer for various companies in design and building facilities for oil gas and mining industries.
Interest in shares and options	None
Other current directorships in listed entities	None
Other directorships in listed entities held in the previous three years	None

## AdvanceTC Limited and controlled entities

ACN 600 238 444

Year ended 31 December 2019

### Directors' Report

#### Information on directors (continued)

Jeffrey William King	Independent Non-executive Director, appointed 4 October 2018.
Qualifications	Mr. Jeffrey holds Institute of Chartered Accountants of Australia (ACA), Diploma of Business (Accounting) Swinburne University Advanced Diploma of Management.
Experience	Mr. Jeffrey has experienced CFO and Company Secretary with extensive financial reporting and broad commercial skills. Strategic commercial thinker with strong business development background. Complimentary experience in corporate finance, capital raising and markets. Sound communication skills with internal and external stakeholders, and easy rapport with Boards and ability to provide strong reliable advice. An ability to resolve, and provide solutions for technical and financial issues. Highly experienced in R&D law and tax issues.
Interest in shares and options	NIL
Other current directorships in listed entities	None
Other directorships in listed entities held in the previous three years	None
Zi Xin Kang	Independent Non-executive Director, appointed 29 October 2019.
Qualifications	Miss. Kang holds a Bachelor of Science (Honours) Degree in Accounting and Financial Management from University of Hull and a Master's Degree of Finance and Investment from the University of Nottingham, United Kingdom.
Experience	Miss. Kang has experienced for various corporate planning, perform in-dept financial analysis, including industry analysis, comparative valuation and conducted due diligence exercise on potential business.
Interest in shares and options	Shares: 300,000 fully paid ordinary shares.
Other current directorships in listed entities	None
Other directorships in listed entities held in the previous three years	None
Hooi Beng Lim	Independent Non-executive Director and Chairman, appointed 2 December 2019.
Qualifications	Mr. Lim has extensive business connections in Asia Pacific Region.
Experience	Mr. Lim has extensive business connections in Asia Pacific Region 20 years of experience in the financial industries. He participated in various international diplomatic activities including Malaysia and Philippines diplomacy via Abubakar Peace Economic Zone (APEZ) in the year 2005. Mr. Lim has wide experiences especially in the area of business development and investment strategies.
Interest in shares and options	Shares: 9,189,125 fully paid ordinary shares.
Other current directorships in listed entities	None
Other directorships in listed entities held in the previous three years	None



## AdvanceTC Limited and controlled entities

ACN 600 238 444

Year ended 31 December 2019

## Directors' Report

### Company secretary

Chee Seng CHO – refer above for details of qualifications and other directorships

### Interests in the shares and options of the Group and related bodies corporate

As at the date of this report, the interests of the directors in the shares of AdvanceTC Limited were:

	Number of Ordinary Shares
Jonathan Yeow Koon Loi	63,382,298
Cheng Pheng Loi	39,192,540
Gim Keong Lee	3,280,000
Chee Tuck Cho	2,955,960
Chee Seng Cho	-
Jeffrey William King	-
Hooi Beng Lim	9,189,125
Zi Xin Kang	300,000

### Principal activities and significant changes in nature of activities

The principal activities of the Group during the financial year were the design, development and commercialisation of high tech mobile wireless computing and telecommunication devices. It is the creator of the MAGIC™ brand of mobile computing devices and operates development facilities in Malaysia including its proprietary software and applications services. AdvanceTC Limited acts as the holding company for AdvanceTC Sdn Bhd, a company incorporated and having its principal place of business in Malaysia. AdvanceTC Sdn Bhd owns 60.1% of Advance Tech Communications Sdn Bhd, a company also incorporated in Malaysia, which is the group's operating entity. AdvanceTC Limited owns a further 35.3% of Advance Tech Communications Sdn Bhd taking the total consolidated ownership to 95.4%.

There were no significant changes in the nature of the principal activities occurred during the financial year.

## 2. Operating results and review of operations for the year

The consolidated profit of the Group after income tax amounted to MYR 3,283,467, after writing back payables to a related party of MYR 4,900,000 and reversing excess income tax provision from prior year of MYR 976,145.

The sales revenues of MYR 174,840 were contributed by Android Window Smartphone. We have achieved a total revenue of MYR 174,840 which represents a 39% increase compared to last year.

The Group has been focusing on research and development of its new products MAGIC X6 and MAGIC X7.

## AdvanceTC Limited and controlled entities

ACN 600 238 444

Year ended 31 December 2019

## Directors' Report

### 3. Financial review

#### Financial position

The total equity of the Group has increased by MYR 3,283,467 from previous financial year which is mainly attributable to current year's profits.

### 4. Future development and results

Coronavirus (COVID-19) had become a pandemic on 11 March 2020. The impact of COVID-19 on the Group's business including its customers, suppliers and affiliates is unknown at this stage. The full impact and subsequent recovery from the COVID-19 outbreak continues to evolve as at the date of this report. The Group is unable to estimate the effects of the COVID-19 outbreak on financial position, liquidity and operations however remained confident that as the COVID-19 is controlled and overcome, hopefully within the next 12 months, the Group performance will correspondingly improve and strengthen.

### 5. Other items

#### Dividends paid or recommended

No dividends have been paid or recommended during the financial year.

#### Events after the reporting date

Due to the current situation in relation to Coronavirus (COVID-19), the business and economic environment is extremely uncertain. On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Governments are taking increasingly stringent steps to help contain or delay the spread of COVID-19. Due to these circumstances, there is a significant increase in business and economic uncertainty, which is for example, evidenced by; more volatile markets, currency exchange rates, and uncertainty in asset values.

Malaysia government implemented Movement Control Order with effective date of 18 March 2020, in response to COVID-19 pandemic. Under the business continuity plan the Group has instituted a work from home policy following the respective Malaysia government guidelines. This policy will continue to be reviewed as the progress of the pandemic unfolds. The Group has long worked in a culture where working from home is encouraged and has appropriate process and controls to work effectively with no significant impact to the business.

As for the Group's 31 December 2019 financial statements, the COVID-19 outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, the Group cannot reasonably estimate the impact these events will have on the Group's financial position, results of operations or cash flows in the future.

Refer to Note 3 for further details of potential events which could impact the liquidity, solvency and realisable value of assets, and hence, the Group's ability to continue as a going concern.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group's in future financial years.

#### Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.



## AdvanceTC Limited and controlled entities

ACN 600 238 444

Year ended 31 December 2019

## Directors' Report

### Meetings of directors

During the financial year, two meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Cheng Pheng Loi	2	2	1	1
Gim Keong Lee	2	2	-	-
Yeow Koon, Jonathan Loi	2	-	-	-
Chee Tuck Cho	2	2	1	1
Chee Seng Cho	2	1	1	1
Jeffrey William King	2	2	-	-
Zi Xin Kang	1	-		

### Indemnification and insurance of Directors Officers and Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an Officer or Auditor of AdvanceTC Limited.

### Options

At the date of this report, there are no unissued ordinary shares of AdvanceTC Limited under option.

During the year ended 31 December 2019, no ordinary shares of AdvanceTC Limited were issued on the exercise of options granted.

### Proceedings on behalf of Group

As at the date of this report, no person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not party to any such proceedings during the year.

### Non-audit services

The auditor has not provided any non-audit services to Group during the year (2018: nil).

### Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 31 December 2019 has been received and can be found on page 14 of the financial report.

## AdvanceTC Limited and controlled entities

ACN 600 238 444

Year ended 31 December 2019

## Directors' Report

### Remuneration report

#### Remuneration policy

The remuneration policy of AdvanceTC Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component. No specific long-term incentives has been offered based on key performance areas affecting the Group's financial results. The Board of AdvanceTC Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- The remuneration policy has been developed and approved by the Board.
- All key management personnel receive a base salary.
- The Remuneration Committee will be formed in second half of financial year 2020, the committee will review key management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.
- Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement. Key management personnel are paid a percentage of between 5-10% of their salary in the event of redundancy. Any options not exercised before or on the date of termination will lapse.
- All remuneration paid to key management personnel is valued at the cost to the Group and expensed.

#### Relationship between remuneration policy and Group performance

The Group's performance and its impact on shareholder wealth since listing is summarised as follows:

	On Listing	31 December 2017	31 December 2018	31 December 2019
Profit / (Loss)	-	MYR (8,943,482)	MYR (4,940,492)	MYR 3,283,467
Share price	AUD0.55	AUD0.79	AUD0.865	AUD 0.865
Dividends	-	-	-	-
Market capitalisation	AUD165,174,653	AUD271,111,668	AUD337,471,573	AUD337,471,573

## AdvanceTC Limited and controlled entities

ACN 600 238 444

Year ended 31 December 2019

## Directors' Report

### Employment details of members of key management personnel

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the Group. All key management personnel were in office for the full financial year unless otherwise stated.

Key management personnel	Position
Cheng Pheng Loi	Chief Executive Officer and Executive Director
Gim Keong Lee	Chief Operating Officer and Executive Director
Jonathan Yeow Koon Loi	Chief Technology Officer and Executive Director
Chee Tuck Cho	Non-Executive Director
Chee Seng Cho	Non-Executive Director
Herve Jegou	Chief Executive Officer of AdvanceTC Cilicon SAS
Jeffrey William King	Non-Executive Director
Hooi Beng Lim	Chairman and Non-Executive Director (Appointed on 2 December 2019)
Zi Xin Kang	Non-Executive Director (Appointed on 29 October 2019)

### Service Agreements

#### Non-executive directors

On appointment to the Board, all non-executive directors enter into a service agreement with the company in the form of a letter of appointment. The agreements summarise the Board policies and terms, including remuneration, relevant to the office of director. There is no fixed duration for these contracts. The agreements require a termination period of at least two (2) months written notice. Remuneration of AUD\$600 per month is payable for all directors, apart from Chee Seng Cho were paid AUD\$1,000 for additional ad-hoc services provided during the year.

#### Executive directors and other key management personnel

In addition to the above AUD\$600 per month, all executive directors and other key management personnel are employed pursuant to service agreements. There are no fixed durations for these contracts. The agreements require a termination period of at least two (2) months written notice (except in cases of termination for cause where termination is immediate). In case of resignation, no separation payment is made to the executive (except for amounts due and payable up to the date of ceasing employment).

The respective remuneration packages for the year ended 31 December 2019 are summarised as follows:

Cheng Pheng Loi (CEO) contract allows for an annual salary of MYR 300,000

Gim Keong Lee (COO) contract allows for an annual salary of MYR 180,000

Jonathan Keow Koon Loi (CTO) contract allows for an annual salary of MYR 72,000

Herve Jegou (CEO Advance TC Cilicon SAS) contract allows for an annual salary of MYR 60,000

There are no provisions in the agreements for short term bonuses or long-term incentive plans and no pre-determined future salary increases.

Subsequent to the service agreements with the Chief Executive Officer (CEO), Chief Operating Officer (COO) and Chief Technology Officer (CTO), the Company entered into a Financial Services Agreement with a director related entity (which manufactures the Group's products) in respect of certain expenses which are to be borne by the two entities. Under this Agreement dated 1 January 2019, the remuneration costs of the CEO and COO were to be borne by AdvanceTC and the remuneration costs of the CTO were to be borne by the director related entity.

# AdvanceTC Limited and controlled entities

ACN 600 238 444

Year ended 31 December 2019

## Directors' Report

### Remuneration report (audited) continued

#### Remuneration details of members of key management personnel for the year ended 31 December 2019

The following table of benefits and payments details, the components of remuneration for each member of the key management personnel of the Group, in respect to the financial year.

#### Table of benefits and payments

	Short term		Post employment	Long term	Share based	
	Cash salary fees	Bonus & other	Pension and superannuation	benefits	payments	Total
	MYR	MYR	MYR	MYR	Options, rights & shares	MYR
2019						
Directors						
Cheng Pheng Loi	322,800	-	-	-	-	322,800
Gim Keong Lee	202,800	-	-	-	-	202,800
Jonathan Yeow Koon Loi	94,800	-	-	-	-	94,800
Chee Tuck Cho	22,800	-	-	-	-	22,800
Chee Seng Cho	37,200	-	-	-	-	37,200
Jeffrey William King	22,800	-	-	-	-	22,800
	703,200	-	-	-	-	703,200

#### Remuneration details of members of key management personnel for the year ended 31 December 2018:

	Short term		Post employment	Long term	Share based	
	Cash salary fees	Bonus & other	Pension and superannuation	benefits	payments	Total
	MYR	MYR	MYR	MYR	Options, rights & shares	MYR
2018						
Directors						
Cheng Pheng Loi	322,800	-	-	-	-	322,800
Gim Keong Lee	190,800	-	-	-	-	190,800
Jonathan Yeow Koon Loi	190,800	-	-	-	-	190,800
Chee Tuck Cho	22,800	-	-	-	-	22,800
Chee Seng Cho	37,200	-	-	-	-	37,200
Jeffrey William King	5,700	-	-	-	-	5,700
Herve Jegou	60,000	-	-	-	-	60,000
	830,100	-	-	-	-	830,100



## Directors' Report

### Remuneration report (audited) continued

#### Securities received that are not performance related

No members of key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package.

#### Cash performance-related bonuses

There were no bonuses granted as remuneration during the year to key management personnel during the year.

#### Description of options/rights granted as remuneration

There were no options granted as remuneration to key management personnel and executives during the year.

#### Key management personnel options and rights holdings

There were no options to take up unissued ordinary shares of the Group held by key management personnel during the financial year.

#### Key management personnel shareholdings

The number of ordinary shares in AdvanceTC Limited held by each key management person of the Group during the financial year is as follows:

	Balance at beginning of year	Other changes in the year	Issued on exercise of options	Balance at end of year
<b>31 December 2019</b>				
<b>Key management personnel</b>	MYR	MYR	MYR	MYR
Cheng Pheng Loi	39,192,540	-	-	39,192,540
Jonathan Yeow Koon Loi	69,549,840	(6,167,542)	-	63,382,298
Gim Keong Lee	3,280,000	-	-	3,280,000
Chee Tuck Cho	2,955,960	-	-	2,955,960
Chee Seng Cho	-	-	-	-
Jeffrey William King	-	-	-	-
Hooi Beng Lim	-	9,189,125	-	9,189,125
Zi Xin Kang	-	300,000	-	300,000

There were no shares held nominally at 31 December 2019 (2018: nil).

#### Transaction (excluding loans)

There were no transactions with KMP except as disclosed in Note 22 to the financial statements.

Loans provided by/(to) KMP and other related entities. Refer to Note 22 for details.

#### End of Remuneration Report (audited)



**AdvanceTC Limited and controlled entities**

ACN 600 238 444

**Year ended 31 December 2019**

**Directors' Report**

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.



Director: .....

Cheng Pheng LOI

Dated this ...31/3/2020.....

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+61 7 3607 6379  
[www.lnpaudit.com](http://www.lnpaudit.com)

## AUDITORS INDEPENDENCE DECLARATION

### UNDER SECTION 307C OF THE CORPORATION ACT 2001 TO THE DIRECTORS OF ADVANCETC LIMITED

I declare that to the best of my knowledge and belief, during the year ended 31 December 2019 there have been:

1. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

LNP Audit and Assurance Pty Ltd



Anthony Rose

Director

Sydney 31 March 2020

## **Corporate Governance Statement**

The Board is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in place to ensure they meet the interests of shareholders.

The Group complies with the National Stock Exchange (NSX) of Australia's principles of corporate governance (the Principles).

### **Principle 1: Lay solid foundations for management and oversight**

#### **Role of the Board and Management**

The Board of Directors is responsible for the corporate governance of the Group. The Board provides strategic guidance for the Group, and effective oversight of management. The Board guides and monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board has adopted a Charter that details its roles and responsibilities, which is available on our website.

The Board has delegated responsibility for day-to-day management of the Group to the Chief Executive Officer (CEO) and there is a formal delegations structure in place which sets out the powers delegated to the CEO and those specifically retained by the Board, these delegations are reviewed on a regular basis.

#### **Responsibilities of the Board**

The Board is responsible for:

- Overseeing the Group, including its control and accountability systems;
- Overseeing the integrity of the accounting and corporate systems, including external audit;
- Appointing and removing the CEO;
- Where appropriate, ratifying the appointment and removal of senior executives;
- Providing input into and final approval of management's development of corporate strategy and performance objectives;
- Reviewing, ratifying and monitoring systems of risk management and internal controls, codes of conduct and legal compliance;
- Monitoring senior executives performance and implementation of strategy;
- Ensuring timely and balanced disclosure of all material information concerning the Group that a reasonable person would expect to have a material effect on the price or value of the company's securities;
- Ensuring appropriate resources are available to senior executives;
- Approving and monitoring the operating budgets and progress of major capital expenditure, capital management and acquisitions and divestures; and
- Monitoring the effectiveness of the entity's governance practices.

## **Corporate Governance Statement**

### **Allocation of individual responsibilities**

Formal letters of appointment are provided to all new Directors and Senior Executives setting out key terms and conditions of their appointment.

### **Responsibilities of management**

Management are responsible for implementing the strategic objectives of the Group and operating within the risk appetite set by the Board as well as other aspects of the day-to-day running of the Group.

Management is also responsible for providing the Board with accurate, timely clear information to enable the Board to perform its responsibilities.

### **The Company Secretary**

The Company Secretary is appointed by the Board and is responsible for:

- Advising the Board and its Committees on Governance matters;
- Monitoring compliance with Board policies and procedures;
- Co-ordinating Board papers;
- Accurately recording decisions and discussions from Board meetings; and
- Co-ordinating the induction and professional development of Directors.

### **Ongoing training**

Directors identify additional training needs on an ongoing basis and attend these as necessary to ensure they have the appropriate skills and knowledge to perform their role.

### **Evaluation of Directors and Senior Executives**

No performance evaluation for Directors and Senior Executives has taken place.

### **Appointment of Board Members**

Prior to appointing or putting forward a candidate for election to the Board, the candidate's working experience and resume must be provided. The Board would appoint candidate who are known to them.

### **Diversity policy**

In respect of diversity, the Board considers that diversity includes differences that relate to gender, age, ethnicity and cultural background. It also includes differences in background and life experience, communication styles, interpersonal skills, education and problem-solving skills.

The Board seeks to develop a culture of diversity within the Group whereby a mix of skills and diverse backgrounds are employed by the Group at all levels through structuring the recruitment processes so that a diverse range of candidates are considered and there are no excuses or unconscious biases that might discriminate against certain candidates.



## Corporate Governance Statement

The Group strives to:

1. Develop and maintain a diverse and skilled workforce through a transparent recruitment processes.
2. Promote an inclusive workplace culture that values and utilises the contributions of all employees backgrounds, experiences and perspectives though improved awareness of the benefits of workforce diversity.
3. Facilitate diversity in the workplace by developing programs that promote growth for all employees, so each employee may reach their full potential, and provide maximum benefit for the Group.
4. Set measurable objectives to encourage diversity within the Group.

AdvanceTC Limited considers the key management personnel, excluding Directors, to be the senior executives of the Group.

### Principle 2: Structure the Board to add Value

The Board's policy is structured to have an appropriate mix of skills, experience, expertise and diversity to be well equipped to help the Group navigate the range of challenges faced by the Group.

The names, independence status and terms of service of the members of the Board as at the date of this report are set out in the Directors' Report together with the Board member's experience, expertise and qualifications.

#### Composition of the Board

The Board seeks to ensure that:

- At any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Group and directors with an external or fresh perspective;
- There is a sufficient number of directors to serve on Board committees without overburdening the directors or making it difficult for them to fully discharge their responsibilities; and
- The size of the Board is appropriate to facilitate effective discussion and efficient decision making.

In accordance with the NSX Listing Rules, the Group holds an election of Directors each year at its Annual General Meeting.

#### Board committees

To ensure that the responsibilities of the Board are upheld and executed to the highest level, the Board will set up the following Board committees:

- Remuneration Committee
- Nomination & Governance Committee

Each of these committees will have charters and operating procedures in place which will be reviewed on a regular basis. The Board may establish other committees from time to time to deal with matters of special importance. The Committees will have access to the Group's executives and senior management as well as independent advice. Copies of the minutes of each Committee meeting will be made available to the full Board, and the Chairman of each Committee will provide an update on the outcomes at the Board meeting that immediately follows the Committee meeting.



## Corporate Governance Statement

### Board skills matrix

The key skills required by the Board are highlighted in the list as below, the Board believes that there are sufficient directors with these skills and there are no deficiencies in these skills in the current board.

- Risk and compliance: Identify key risks to the Group related to each key area of operations. Ability to monitor risk and compliance and knowledge of legal and regulatory requirements.
- Financial and Audit: Experience in accounting and finance to analyse statements, assess financial viability, contribute to financial planning, overseas budgets and funding arrangements.
- Strategy: Ability to identify and critically assess strategic opportunities and threats to the organisation. Develop strategies in context to our policies and business objectives.
- Policy development: Ability to identify key issues for the organisation and develop appropriate policy parameters within which the Group should operate.

### Independent decision making

The Board recognises the important contribution independent Directors make to good corporate governance. All Directors, whether independent or not, are required to act in the best interests of the Group and to exercise unfettered and independent judgement.

A Director is considered to be independent if he or she is free of any interest, position, association or relationship that might influence or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Group and its security holders generally.

If any Director believes there is a change in their independence status, they are required to notify the Board as soon as possible.

The Board has adopted specific principles in relation to directors' independence and considers the following, at least annually, when determining if a Director is independent:

Whether the Director:

- Is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company.
- Is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a year of at least three years between ceasing such employment and serving on the Board.
- Has within the last three years been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided.
- Is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- Has a material contractual relationship with the Company or another group member other than as a director.

**AdvanceTC Limited and controlled entities ACN 600 238 444**  
**Year ended 31 December 2019**

## **Corporate Governance Statement**

### **Role of the Chair**

The Chair of the Board is responsible for leadership of the Board and for the efficient organisation and conduct of the Board's functioning.

The Chair facilitates the effective contribution of all directors and promotes constructive and respectful relations between directors and between Board and management.

### **Nomination and Governance Committee**

The Nomination and Governance Committee will be formed in the second half of 2019 to assist the Board in fulfilling its corporate governance responsibilities in regard to:

- Board appointments, re-elections and performance and general succession planning for Board / Senior Management;
- Directors' induction and continuing development;
- Board Committee membership;
- Endorsement of Executive appointments; and
- Development and implementation of the Group's governance policies and monitoring compliance with those policies and practices.

The Nomination and Governance Committee once formed will responsible to the above tasks.

### **Access to information**

The Board is provided with the information it needs to discharge its responsibilities effectively and all Directors have complete access to senior management through the CEO or Company Secretary at any time.

## **Principle 3: Act ethically and responsibly**

### **Code of conduct**

The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A code of conduct has been established requiring directors and employees to:

- Act in the best interest of the entity;
- Act honestly and with high standards of personal integrity;
- Exercise due care and diligence in fulfilling the functions of office;
- Avoid conflicts and make full disclosure of any possible conflicts of interest;
- Comply with the laws and regulations that apply to the entity and its operations;

**AdvanceTC Limited and controlled entities ACN 600 238 444**  
**Year ended 31 December 2019**  
**Corporate Governance Statement**

- Not knowingly participate in any illegal or unethical activity; and
- Comply with the share trading policy outlined in the Code of Conduct.

**Principle 4: Safeguard integrity in corporate reporting**

**Audit and Risk Committee**

The Board have formed an Audit and Risk Committee. The ultimate responsibility for the integrity of the Group's financial reporting rests with the full Board. The Audit and Risk Committee assists the Board in fulfilling its corporate governance responsibilities in regard to:

- the adequacy of the entity's corporate reporting processes;
- whether the entity's financial statements reflect the understanding of the committee members of, and otherwise provide a true and fair view of, the financial position and performance of the entity;
- the appropriateness of the accounting judgements or choices exercised by management in preparing the entity's financial statements;
- the appointment or removal, rotation, independence and performance of the external auditor;
- the scope and adequacy of the external audit and any non-audit services;
- if the entity has an internal audit function:
  - \* the appointment or removal of the head of internal audit;
  - \* the scope and adequacy of the internal audit work plan; and
  - \* the objectivity and performance of the internal audit function.

The members of the Audit & Risk Committee are: Chee Tuck Cho (Chairman), Chee Seng Cho, and Cheng Pheng Loi.

The Audit and Risk Committee reports to the Board after every meeting on all matters relevant to the Committee's roles and responsibilities.

**External Auditor**

The External Auditor is invited to attend the AGM and is available to answer your shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

**Internal control**

The Board is responsible for reviewing the Group's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The Board has received from the Chief Executive Officer a declaration that, in their opinion, the financial records of have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.



## **Corporate Governance Statement**

### **Principle 5: Make timely and balanced disclosure**

AdvanceTC Limited has established policies and procedures to ensure timely and balanced disclosures of all material matters concerning the Group, and to ensure that all investors have equal and timely access to information on the Group's financial performance.

These policies and procedures include a comprehensive disclosure policy that includes identification of matters that may have a material effect on the price on the Company's securities, quality control procedures over announcements, notifying them to the NSX, posting relevant information on the Group's website and issuing media releases.

The Annual Report includes relevant information about the operations of the Group during the year, key financial information, changes in the state of affairs and indications of future developments. The Annual Reports for the current year and for previous years are available under "NSX A88" announcement.

The half year and full year financial results are announced to the NSX.

### **Principle 6: Respect the rights of security holders**

The Company Secretary has been nominated as the person responsible for communications with the NSX.

All Executive Management have an ongoing obligation to advise the Company Secretary of any material non-public information which may need to be communicated to the market.

The Group has an Investor Relations Program which promotes effective communication with shareholders, encourages participation at general meetings and encourages communications throughout the year.

The Group engages with its security holders through:

- Giving them ready access to information about the entity and its governance via the Group website;
- Communicating openly and honestly with them;
- Encouraging and facilitating their participation in meetings of security holders; and
- Providing an email address on all communication for security holders who wish to contact the Group.

The Notice of Annual General Meeting (AGM) will be provided to all shareholders and posted on the Group's website. Notices for general meetings and other communications with shareholders are drafted to ensure that they are honest, accurate and not misleading and that the nature of the business of the meeting is clearly stated and explained where necessary.

The Board encourages full participation by shareholders at the Annual General Meeting to ensure a high level of Director accountability to shareholders and shareholder identification with the Group's strategy and goals.

## **AdvanceTC Limited and controlled entities ACN 600 238 444**

**Year ended 31 December 2019**

### **Corporate Governance Statement**

#### **Principle 7: Recognise and manage risk**

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. Assessment of the business's risk profile is reviewed by the Management regularly.

The CEO has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly. The recent economic environment has emphasised the importance of managing and reassessing its key business risks.

The Audit and Risk Management Committee review the risk register and discuss any updates in identified risks at each meeting as a standard agenda item.

The Board is responsible for reviewing the Group's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The Board requires management to design and implement the risk management and internal control system to manage the Group's material business risks and report to it on whether those risks are being managed effectively.

The Board requires a report from management as to the effectiveness of the Group's management of its material business risks.

The Group does not have an internal audit function. The evaluation of the risk management and internal control process is the responsibility of the Audit & Risk Committee and is performed in conjunction with senior executives. External consultants may be used in certain circumstances, however have not been used during the financial year.

#### **Principle 8: Remunerate fairly and responsibly**

The Group's remuneration policy is designed in such a way that it:

- motivates senior executives to pursue the long-term growth and success of the Group and
- demonstrates a clear relationship between senior executives' performance and remuneration.

The remuneration policy, which sets the terms and conditions for the key management personnel (KMP) will be developed by the Remuneration Committee after seeking professional advice from independent consultants and was approved by the Board.

All executives receive a base salary, superannuation, fringe benefits, performance incentives and retirement benefits. The Remuneration Committee reviews executive packages annually by reference to Group performance, executive performance, comparable information from industry sectors and other listed corporations and independent advice. The performance of executives is measured against criteria agreed half yearly which are based on the forecast growth of the Group's profits and shareholder value. The policy is designed to attract the highest calibre executives and reward them for performance which results in long-term growth in shareholder value.

The Board expects that the remuneration structure implemented will result in the Group being able to attract and retain the best executives. It will also provide executives with the necessary incentives to work to grow long-term growth in shareholder value.

The payment of bonuses, options and other incentive payments are reviewed by the Board annually as part of the review of executive remuneration. All bonuses, options and incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria.



## Corporate Governance Statement

Further information about the Group's remuneration strategy and policies and their relationship to Group performance can be found in the Remuneration Report which forms part of the directors' report, together with details of the remuneration paid to key management personnel.

### Remuneration Committee

Once formed, the responsibilities of the Remuneration Committee include a review of and recommendation to the Board on:

- the Group's remuneration, recruitment, retention and termination policies and procedures for senior executives;
- senior executives' remuneration and incentives;
- superannuation arrangements;
- the remuneration framework for directors; and
- remuneration by gender.

Each member of the Remuneration Committee:

- the would be member of the remuneration committee shall be familiar with the legal and regulatory disclosure requirements in relation to remuneration; and
- shall have adequate knowledge of executive remuneration issues, including executive remuneration issues, including executive retention and termination policies and short term and long term incentive arrangements.

**AdvanceTC Limited and controlled entities ACN 600 238 444**  
**Year ended 31 December 2019**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

For the Year Ended 31 December 2019

	NOTE	2019 MYR	2018 MYR
Revenue	4	174,840	126,000
Other income	4	4,954,700	31,099
Cost of sales	5	(72,652)	(284,300)
Employee benefits expense	5	(1,504,171)	(837,000)
Depreciation and amortisation expense	5	(5,717)	(9,537)
Other expenses		(1,238,571)	(3,963,037)
Finance costs	5	(1,107)	(3,719)
Profit/(loss) before Income tax		2,307,322	(4,940,494)
Income tax benefit	6	976,145	-
Profit/(loss) for the year		<u>3,283,467</u>	<u>(4,940,494)</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		<u>3,283,467</u>	<u>(4,940,494)</u>
Total comprehensive loss attributable to:			
Members of the parent entity		3,265,082	(3,480,486)
Non-controlling interest		18,385	(1,460,008)
Total comprehensive income/(loss) for the year		<u>3,283,467</u>	<u>(4,940,494)</u>
Earnings per share		Sen	Sen
From continuing operations			
Basic earnings per share – members of parent entity	12	0.84	(1.00)
Diluted earnings per share – members of parent entity		0.84	(1.00)

The accompanying notes form part of these financial statements.

**AdvanceTC Limited and controlled entities ACN 600 238 444**  
**Year ended 31 December 2019**

**Consolidated Statement of Financial Position**

As at 31 December 2019

	NOTE	2019 MYR	2018 MYR
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents		7,125	8,727
Trade and other receivables	8	1,760,062	1,496,878
Inventories		19,477	27,500
TOTAL CURRENT ASSETS		<u>1,786,664</u>	<u>1,533,105</u>
NON-CURRENT ASSETS			
Property, plant and equipment		15,138	20,856
TOTAL NON-CURRENT ASSETS		<u>15,138</u>	<u>20,856</u>
TOTAL ASSETS		<u>1,801,802</u>	<u>1,553,961</u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	9	3,664,576	4,041,883
Financial liabilities	10	6,832	20,532
Current tax liabilities	6	-	978,433
TOTAL CURRENT LIABILITIES		<u>3,671,408</u>	<u>5,040,848</u>
NON-CURRENT LIABILITIES			
Trade and other payables	9	-	1,648,121
Financial liabilities	10	46,192	64,257
TOTAL NON-CURRENT LIABILITIES		<u>46,192</u>	<u>1,712,378</u>
TOTAL LIABILITIES		<u>3,717,600</u>	<u>6,753,226</u>
NET LIABILITIES		<u>(1,915,798)</u>	<u>(5,199,265)</u>
<b>EQUITY</b>			
Contributed equity	11	24,857,277	24,857,277
Accumulated losses	13	(25,171,712)	(28,436,794)
Non-controlling interest		(1,601,363)	(1,619,748)
TOTAL SHAREHOLDERS DEFICIT		<u>(1,915,798)</u>	<u>(5,199,265)</u>

The accompanying notes form part of these financial statements.

**AdvanceTC Limited and controlled entities ACN 600 238 444**  
**Year ended 31 December 2019**

**Consolidated Statement of Changes in Equity**

For the Year Ended 31 December 2019

<u>2019</u>	Contributed Capital MYR	Accumulated Losses MYR	Non-controlling Interest MYR	Total MYR
Balance at 1 January 2019	24,857,277	(28,436,794)	(1,619,748)	(5,199,265)
Total comprehensive income for the year	-	3,265,082	18,385	3,283,467
Balance at 31 December 2019	24,857,277	(25,171,712)	(1,601,363)	(1,915,798)

<u>2018</u>	Contributed Capital MYR	Accumulated Losses MYR	Non-controlling Interest MYR	Total MYR
Balance at 1 January 2018	14,164,707	(16,542,200)	(866,967)	(3,244,460)
Adjustments on initial application of AASB 9	-	(955,321)	-	(955,321)
Adjusted balance at 1 January 2019	14,164,707	(17,497,521)	(866,967)	(4,199,781)
Total comprehensive income for the year	-	(3,480,486)	(1,460,008)	(4,940,494)
Shares issued during the year	10,692,570	-	-	10,692,570
Acquisition of non-controlling Interest subsidiary	-	(7,458,787)	707,227	(6,751,560)
Balance at 31 December 2018	24,857,277	(28,436,794)	(1,619,748)	(5,199,265)

The accompanying notes form part of these financial statements.



**AdvanceTC Limited and controlled entities ACN 600 238 444****Year ended 31 December 2019****Consolidated Statement of Cash Flows**

For the Year Ended 31 December 2019

	2019 MYR	2018 MYR
Receipts from customers	1,266,901	157,000
Payments to suppliers and employees	(1,230,850)	(1,986,656)
Interest and other costs of finance paid	(1,107)	(1,611)
Income taxes paid	(2,288)	-
<b>Net cash provided by / (used in) operating activities</b>	<b>32,656</b>	<b>(1,831,267)</b>
Payments for purchases of property, plant and equipment	-	(1,254,377)
Proceeds from disposal of property, plant and equipment	30,000	-
<b>Net cash provided by /(used in) investing activities</b>	<b>30,000</b>	<b>(1,254,377)</b>
Proceeds from borrowings	-	3,103,997
Repayment of borrowings	(64,257)	(20,265)
<b>Net cash provided by / (used in) financing activities</b>	<b>(64,257)</b>	<b>3,083,732</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,601)</b>	<b>(1,912)</b>
Cash at beginning of period	8,726	10,638
<b>Cash at end of period</b>	<b>7,125</b>	<b>8,726</b>

The accompanying notes form part of these financial statements.

## **AdvanceTC Limited and controlled entities ACN 600 238 444**

**Year ended 31 December 2019**

### **Notes to the Financial Statements**

The financial report covers Advance TC Limited (the company) and its controlled entities ('the Group' or 'the Consolidated Entity'). Advance TC Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia.

The principal activities of the Group is stated in the directors report.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Malaysian ringgits (MYR) which is the Group's functional and presentation currency.

The financial report was authorised for issue by the Directors on 31 March 2020.

#### **1 Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. These financial statements and associated notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected payables.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting years unless otherwise stated.

# AdvanceTC Limited and controlled entities ACN 600 238 444

Year ended 31 December 2019

## Notes to the Financial Statements

### 2 Summary of Significant Accounting Policies

#### (a) Principles of Consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a December financial year end.

#### *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

A list of controlled entities is contained in Note 20 to the financial statements.

#### *Non-controlling interest*

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

#### (b) Revenue from contracts with customers

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Revenue arises mainly from the sale of mobile wireless computing and telecommunication devices.

To determine whether to recognise revenue, the Group follows a 5-step process: (1) Identifying the contract with a customer; (2) Identifying the performance obligations; (3) Determining the transaction price; (4) Allocating the transaction price to the performance obligations; (5) Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. Control transfers at the point in time the customer takes undisputed delivery of the goods.

The Group provides a basic 1-year product warranty on its mobile wireless computing and telecommunication devices. Under the terms of this warranty customers can return product for repair or replacement if it fails to perform in accordance with published specifications. These warranties are accounted for under AASB 137 Provisions, Contingent Liabilities and Contingent Assets.



## **AdvanceTC Limited and controlled entities ACN 600 238 444**

**Year ended 31 December 2019**

### **Notes to the Financial Statements**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(c) Income Tax**

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable in respect of the taxable profit for the year and is measured at the amount expected to be paid to the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting year. Current tax liabilities are measured at the amounts expected to be paid to the relevant taxation authority

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the year except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.



## **AdvanceTC Limited and controlled entities ACN 600 238 444**

**Year ended 31 December 2019**

### **Notes to the Financial Statements**

#### **2 Summary of Significant Accounting Policies (continued)**

**(d) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the years in which they are incurred. The lease is not recognised in the statement of financial position.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

**Leases - Adoption of AASB 16**

The Group has adopted AASB 16 Leases using the modified retrospective (cumulative catch up) method from 1 January 2019 and therefore the comparative information for the year ended 31 December 2018 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations. The adoption did not have any financial impact on the Group as there are no leases more extending to more than 12 months.

**(e) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

**(f) Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO) or Inland Revenue Board of Malaysia (IRB).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO and the IRB is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cashflows.

## AdvanceTC Limited and controlled entities ACN 600 238 444

Year ended 31 December 2019

### Notes to the Financial Statements

#### 2 Summary of Significant Accounting Policies (continued)

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(h) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment of losses.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

#### Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired year of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Motor Vehicles	20%
Office Equipment	20%
Computer Equipment	20%
Improvements	10%

At the end of each annual reporting year, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

**AdvanceTC Limited and controlled entities ACN 600 238 444**  
**Year ended 31 December 2019**  
**Notes to the Financial Statements**

**2 Summary of Significant Accounting Policies (continued)**

(i) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

*Financial Assets*

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

**AdvanceTC Limited and controlled entities ACN 600 238 444**  
**Year ended 31 December 2019**  
**Notes to the Financial Statements**

**2 Summary of Significant Accounting Policies (continued)**

(i) Financial instruments (continued)

The Group's trade and most other receivables fall into this category of financial instruments. Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

*Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Group's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

*Impairment of Financial Assets*

At the end of the reporting year the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

*Financial assets at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been impaired, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.



## **AdvanceTC Limited and controlled entities ACN 600 238 444**

**Year ended 31 December 2019**

### **Notes to the Financial Statements**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(j) Impairment of non-financial assets**

At the end of each reporting year the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent years for all assets which have suffered an impairment loss, except for goodwill.

##### **(k) Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

# **AdvanceTC Limited and controlled entities ACN 600 238 444**

**Year ended 31 December 2019**

## **Notes to the Financial Statements**

### **2 Summary of Significant Accounting Policies (continued)**

#### **(l) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting year. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting year.

#### **(m) Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

#### **(n) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity net of any tax effects.

Share application monies relate to funds received for the future issuance of shares. Upon issue of shares, amounts will be transferred to issue capital.

## **AdvanceTC Limited and controlled entities ACN 600 238 444**

**Year ended 31 December 2019**

### **Notes to the Financial Statements**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(o) Foreign currency transactions and balances**

###### **Transaction and balances**

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting year:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting years are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

##### **(p) New, revised or amending Accounting Standards are interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

###### **Leases - Adoption of AASB 16**

The Group has adopted AASB 16 Leases using the modified retrospective (cumulative catch up) method from 1 January 2019 and therefore the comparative information for the year ended 31 December 2018 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations. The adoption did not have any financial impact on the Group as there are no leases more extending to more than 12 months.

# **AdvanceTC Limited and controlled entities ACN 600 238 444**

**Year ended 31 December 2019**

## **Notes to the Financial Statements**

### **3 Critical Accounting Estimates and Judgments**

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statement show ever as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

#### *Key estimates*

##### **a. Going concern**

Due to the current situation in relation to Covid-19, the business and economic environment is extremely uncertain. At 31 December 2019 The Group had cash of MYR 7,125, net current liabilities of MYR 1,884,744, total liabilities of MYR 3,717,600, and net liabilities of MYR 1,915,798. These conditions and other matters give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The ability of the Group to continue as a going concern is dependent upon the Group being able to manage its liquidity requirements by taking some or all of the following actions:

- Raising additional capital or securing other forms of financing,
- Reducing its expenditures
- Generating recurring revenues as a result of successful commercialisation of its range of the Smartphones, and proprietary community software applications.
- Being able to continue to operate during the COVID -19 disruptions currently being experienced.

Notwithstanding the above, the Directors consider it is appropriate to prepare the financial statements on a going concern basis after having regard to the following matters:

- The Group has signed a collaboration agreement with XOX Mobile Sdn Bhd on 17<sup>th</sup> February 2020 to promote and distribute the Group's Xplore devices to their South East Asia active subscriber to amplify the brand awareness.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amount and classification of liabilities that might be required should the Group not be able to achieve the matters set out above and thus be able to continue as a going concern.

##### **b. Carrying value of Deposits for Production**

As of 31 December 2019, the Group had paid MYR 1,755,726 as a deposit for production of Xplorer X7. Inventory costing of MYR 1,028,000 was received against this deposit in January 2020. The Group is currently marketing the inventory. However, due to COVID-19 this is proving the exceptionally difficult. The timing and value that the production deposits may be realised for is therefore subject to very significant uncertainty. No impairment estimate has been made against this asset.



**AdvanceTC Limited and controlled entities ACN 600 238 444**  
**Year ended 31 December 2019**  
**Notes to the Financial Statements**

**4 Revenue and other income**

		<b>2019</b>	2018
	Note	<b>MYR</b>	MYR
Sales revenue			
- Sales of goods		174,840	126,000
Total revenue		<u>174,840</u>	<u>126,000</u>
		<b>2019</b>	2018
		<b>MYR</b>	MYR
Debt forgiven by related party	22	4,900,000	-
Other Income		54,700	31,099
Total Other Income		<u>4,954,700</u>	<u>31,099</u>

**5 Results for the Year**

The results for the year was derived after charging/ (crediting) the following items

	<b>2019</b>	2018
	<b>MYR</b>	MYR
Finance Costs	<u>1,107</u>	<u>3,719</u>

The result for the year includes the following specific expenses:

Employee benefits expense	1,504,171	837,000
Audit fees	387,216	530,689
Consulting fees	191,504	376,383
Lease payments	75,200	30,000
Depreciation and Amortisation expense	5,717	9,537
Impairment of intangible assets - rights	-	1,961,448
Inventories written down	-	49,500
Fair value movement on non-current payables	-	126,243
Bad debts written off	-	8,560
Write off of other receivables	-	124,897

**AdvanceTC Limited and controlled entities ACN 600 238 444****Year ended 31 December 2019****Notes to the Financial Statements****6 Income tax expense**

The major components of tax (benefit) comprise:

	2019 MYR	2018 MYR
Income tax (benefit)	(976,145)	-

The major components of tax expense (income) comprise:

Profit/(Loss) before tax	2,307,322	(4,940,494)
Tax rate (weighted average based on 30% in Australia, 33.33% in France and 24% in Malaysia)	26.2%	29.6%
	604,518	(1,461,780)
Add:		
Tax effect of:		
- other non-allowable items	(1,283,800)	754,915
- deferred tax assets not brought to account	679,282	706,865
- over provision of prior year tax	(976,145)	
Income tax (benefit)	(976,145)	-

**Current tax liability**

	2019 MYR	2018 MYR
Opening balance	978,433	978,433
Income tax provision reversal (benefit)	(976,145)	-
Payment made	(2,288)	-
Closing balance	-	978,433

# AdvanceTC Limited and controlled entities ACN 600 238 444

Year ended 31 December 2019

## Notes to the Financial Statements

### 7 Operating segments

#### Segment information

##### Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Accordingly, management currently identified the Group as having only reportable segment, being the design development and commercialisation of high tech mobile wireless computing and telecommunications devices. The revenue of the Group is generated from customers domiciled in Malaysia.

The financial results from this segment are equivalent to the financial statements for the Group. There have been no changes in the operating segments during the year. All the non-current assets are located in Malaysia.

### 8 Trade and other receivables

	Note	2019 MYR	2018 MYR
CURRENT			
Trade receivables		-	1,035,065
Deposits for production	3(b)	1,755,726	441,300
Other receivables		4,336	20,513
<b>Total current trade and other receivables</b>		<b>1,760,062</b>	<b>1,496,878</b>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable in the financial Statement. The ageing analysis of receivables is as follows:

	2019 MYR	2018 MYR
Not past due	-	-
31 + days (past due not impaired)	-	-
91 + days (past due not impaired)	-	1,035,065
	<b>-</b>	<b>1,035,065</b>

Trade and other receivable balance as at 31 December 2019 are current.

**AdvanceTC Limited and controlled entities ACN 600 238 444****Year ended 31 December 2019****Notes to the Financial Statements****9 Trade and other payables**

	2019 MYR	2018 MYR
CURRENT		
Trade payables	253,267	1,711,558
Other payables and accruals	<u>3,411,309</u>	<u>2,330,325</u>
	<u>3,664,576</u>	<u>4,041,883</u>
	2019 MYR	2018 MYR
NON-CURRENT		
Related party payables	-	599,245
Other payables	<u>-</u>	<u>1,048,876</u>
	<u>-</u>	<u>1,648,121</u>



**AdvanceTC Limited and controlled entities ACN 600 238 444**

**Year ended 31 December 2019**

**Notes to the Financial Statements**

**10 Financial liabilities**

	Note	2019 MYR	2018 MYR
CURRENT			
Secured liabilities:			
Lease liabilities (a)	15	6,832	20,532
<b>Total current borrowings</b>		<b>6,832</b>	<b>20,532</b>
NON-CURRENT			
Unsecured liabilities:			
Amount owing to directors		46,192	43,742
		46,192	43,742
Secured liabilities:			
Lease liabilities (a)	15	-	20,515
		-	20,515
<b>Total non-current borrowings</b>		<b>46,192</b>	<b>64,257</b>

(a) Lease liabilities are secured on the assets to which they relate.

**AdvanceTC Limited and controlled entities ACN 600 238 444****Year ended 31 December 2019****Notes to the Financial Statements****11 Issued Capital**

	2019 MYR	2018 MYR
390,140,547 (2018: 390,140,547) ordinary shares (a)	21,499,611	21,499,611
Share application monies (b)	3,357,666	3,357,666
	<u>24,857,277</u>	<u>24,857,277</u>

**(a) Ordinary shares**

	2019 No.	2018 No.	2019 MYR	2018 MYR
At the beginning of the reporting year	390,140,547	345,365,182	24,857,277	14,164,707
Shares issued during the year (i)	-	16,420,884	-	3,941,010
Shares issued during the year (ii)	-	28,354,481	-	6,751,560
At the end of the reporting year	<u>390,140,547</u>	<u>390,140,547</u>	<u>24,857,277</u>	<u>24,857,277</u>

- i. On 28 November 2018, 16,420,884 ordinary shares were issued to Giro Multimedia Sdn Bhd, as part of the debt swap arrangement to settle the amount owed to TOP ATC Industries Sdn Bhd. As the fair value of equity issued could not be reliably measured due to limited trading of shares during the year, the fair value of loan extinguished was used.
- ii. On 28 November 2018, 28,354,481 ordinary shares were issued to Giro Multimedia Sdn Bhd to acquire its 8.21% interest in Advance Tech Communications Sdn Bhd. This resulted in an equity adjustment, being the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.

**(b) Share application monies**

	Consolidated 2019 MYR	2018 MYR
At the beginning of the reporting year	<u>3,357,666</u>	<u>3,357,666</u>
At the end of the reporting year	<u>3,357,666</u>	<u>3,357,666</u>

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

**Capital Management**

Management controls the capital of the Group in order to provide capital growth to shareholders and ensure the Group can fund its operations and continue as a going concern. The Group's capital comprises equity as shown on the statement of financial position. There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Groups' financial risk and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

**AdvanceTC Limited and controlled entities ACN 600 238 444****Year ended 31 December 2019****Notes to the Financial Statements****12 Earnings per Share****(a)** Earnings used to calculate overall earnings per share

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>MYR</b>	<b>MYR</b>
Earnings used to calculate overall earnings per share	3,265,082	(3,480,486)
Earnings per share (cent)	<b>0.84</b>	<b>(1.00)</b>

**(b)** Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>MYR</b>	<b>MYR</b>
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	390,140,547	349,547,496

**13 Accumulated losses**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>MYR</b>	<b>MYR</b>
Retained earnings (accumulated losses)		
At the beginning of the financial year	(28,436,794)	(16,542,200)
Adjustment on initial applied of AASB 9	-	(955,321)
Profit/(loss) for the year attributable to members of the parent entity	3,265,082	(3,480,486)
Acquisition of non-controlling Interest subsidiary	-	(7,458,787)
<b>Accumulated losses at end of the financial year</b>	<b>(25,171,712)</b>	<b>(28,436,794)</b>

**14 Non-controlling interest**

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

**AdvanceTC Limited and controlled entities ACN 600 238 444****Year ended 31 December 2019****Notes to the Financial Statements****15 Capital and Leasing Commitments****(a) Leases**

	Consolidated	
	2019	2018
	MYR	MYR
Minimum lease payments:		
- Not later than one year	8,302	21,876
- between one year and five years	-	21,007
- Later than five years	-	-
Minimum lease payments	8,302	42,883
Less: finance charges	(1,470)	(1,836)
Present value of minimum lease payments	6,832	41,047

**(b) Contracted Commitments**

The Group does not have any contractual commitments as of 31 December 2019 (2018: Nil)

**16 Financial Risk Management**

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The Group's overall financial risk management objectives are to ensure that Group creates value for its shareholders whilst minimising potential adverse effects on its financial performance and position. The Group is exposed mainly to credit risk, interest rate risk, liquidity and cash flow risk. Information on the management of the related exposures is detailed below.

**Objectives, policies and processes**

Risk management is carried out by the Group's risk management committee under the delegated power from the Board of Directors. The Head of Finance has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Group, these policies and procedures are then approved by the risk management committee and tabled at the board meeting following their approval.

Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure which the Risk Management Committee believes the Board should be aware of.

Specific information regarding the mitigation of each financial risk to which the Group is exposed is provided below.

**Liquidity risk**

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due.

The Group manages its liquidity needs by carefully monitoring and forecasting their cash commitments and maintains a level of cash and bank balances deemed adequate to finance the Group's activities.



**AdvanceTC Limited and controlled entities ACN 600 238 444****Year ended 31 December 2019****Notes to the Financial Statements****16 Financial Risk Management (continued)**

The Group's liabilities have contractual maturities which are summarised below:

Consolidated	On demand or within 1 year		1 to 5 years		More than 5 years		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	MYR	MYR	MYR	MYR	MYR	MYR	MYR	MYR
Lease liabilities	6,832	20,532	-	-	-	-	6,832	20,532
Amounts owing to directors	-	-	46,192	64,257	-	-	46,192	64,257
Trade and other payables	3,664,576	4,041,833	-	1,648,121	-	-	3,664,576	5,689,954
<b>Total</b>	<b>3,671,408</b>	<b>4,062,365</b>	<b>46,192</b>	<b>1,712,378</b>	<b>-</b>	<b>-</b>	<b>3,717,600</b>	<b>5,774,743</b>

**Market risk**

Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

**(a) Market risk-Cashflow interest rate sensitivity****(i) Interest rate risk**

The Group is not exposed to material interest rate risk as funds are borrowed at fixed rate.

**(ii) Other price risk**

The group is not exposed to a material level of commodity price risk, or exchange rate risk.

**(b) Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Cash deposits and receivables may give rise to credit risk which requires the loss to be recognised if a counterparty fails to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit terms are generally for a period of one (1) month, extending up to two (2) months. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group expects to recover the remaining balance in full in due course.

In respect of cash and bank balances, as they are placed with major financial institutions in Malaysia, the Directors believe that the possibility of non-performance by the financial institutions is remote on the basis of their financial strength.



# AdvanceTC Limited and controlled entities ACN 600 238 444

Year ended 31 December 2019

## Notes to the Financial Statements

### 16 Financial Risk Management (continued)

#### Exposure to credit risk

At the end of the reporting year, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position

#### Credit concentration profile

As at the end of the reporting year, the group did not have any trade receivables.

#### Financial assets that are past due but not impaired

Information regarding financial assets that are past due but not impaired is disclosed in Note 9 to the financial statements.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

### 17 Dividends

There were no dividends paid or recommended during the year or since the end of the year. There are no franking credits available to the shareholders of the Company.

### 18 Key Management Personnel Disclosures

Key management personnel remuneration included within employee expenses for the year is shown below:

	2019 MYR	2018 MYR
Short-term employee benefits	703,200	830,100

#### **Other key management personnel transactions**

For details of other transactions with key management personnel, refer to Note 22 to the financial statements.

### 19 Remuneration of Auditors

	2019 MYR	2018 MYR
Remuneration of the auditor of the parent entity		
- BDO Audit Pty Ltd	101,390	451,893
- LNP Audit and Assurance Pty Ltd	232,242	-
Remuneration of the auditors of subsidiaries	53,584	78,796
Total	387,216	530,689

# AdvanceTC Limited and controlled entities ACN 600 238 444

Year ended 31 December 2019

## Notes to the Financial Statements

### 20 Controlled Entities and Transactions with Non-Controlling Interests

#### (a) Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned(%)*	Percentage Owned(%)*
		2019	2018
<b>Subsidiaries:</b>			
AdvanceTC Sdn Bhd	Malaysia	100	100
Advance Tech Communications Sdn Bhd	Malaysia	95.4	95.4
AdvanceTC Cilicon SAS *	France	75	75

\* The Group has entered into an agreement with Cilicon Limited, a Hong Kong based entity associated with Mr Herve Jegou. Under this agreement the parties will establish an entity in France. While this entity has begun operations, the company is yet to be registered.

The subsidiary of the Group that has non-controlling interest ("NCI") is as follow:

<b>Advance Tech Communications Sdn Bhd</b>	<b>2019</b>	<b>2018</b>
	<b>MYR</b>	<b>MYR</b>
NCI percentage of ownership interest and voting interest	4.6%	4.6%
Carrying amount of NCI	<u>(389,656)</u>	<u>(1,010,080)</u>
Loss allocated to NCI	<u>189,258</u>	<u>(1,460,008)</u>
<b>AdvanceTC Cilicon SAS</b>	<b>2019</b>	<b>2018</b>
	<b>MYR</b>	<b>MYR</b>
NCI percentage of ownership interest and voting interest	25%	25%
Carrying amount of NCI	<u>(1,431,998)</u>	<u>(609,668)</u>
Loss allocated to NCI	<u>(207,644)</u>	<u>-</u>

**AdvanceTC Limited and controlled entities ACN 600 238 444****Year ended 31 December 2019****Notes to the Financial Statements****20      Controlled Entities and Transactions with Non-Controlling Interests (continued)****(b) Summarised Financial Information**

The summarised financial information before intra-group elimination of the subsidiary that has non-controlling interests as at the end of the reporting year is as follows:

<b>Advance Tech Communications Sdn Bhd</b>	<b>2019 MYR</b>	<b>2018 MYR</b>
<b>Summarised statement of financial position</b>		
Non-current assets	15,138	20,854
Current assets	32,993	51,918
Current liabilities	(5,031,542)	(2,873,588)
Non-current liabilities	(3,487,460)	(8,135,084)
Net liabilities	<u>(8,470,871)</u>	<u>(10,935,900)</u>
<b>Summarised statement of profit or loss and other comprehensive income</b>		
Revenue and other income	5,336,041	157,099
Expenses	(3,844,269)	(6,800,379)
Profit/(loss) before income tax expenses	1,491,772	(6,643,280)
Income tax expense	30,713	-
Profit/(loss) after income tax expenses	1,522,485	(6,643,280)
Other comprehensive income	-	-
Total comprehensive income	<u>1,522,485</u>	<u>(6,643,280)</u>
<b>Summarised statement of cash flows</b>		
Cash flows used in operating activities	2,580,243	(1,234,822)
Cash flows used in investing activities	(2,546,324)	1,255,603
Cash flows used in financing activities	(37,104)	(20,265)
Net (decrease)/increase in cash and cash equivalents	<u>(3,185)</u>	<u>516</u>

**AdvanceTC Limited and controlled entities ACN 600 238 444****Year ended 31 December 2019****Notes to the Financial Statements****20 Controlled Entities and Transactions with Non-Controlling Interests (continued)**

<b>AdvanceTC Cilicon SAS</b>	<b>2019 MYR</b>	<b>2018 MYR</b>
<b>Summarised statement of financial position</b>		
Non-current assets	-	-
Current assets	1,747,796	1,476,365
Current liabilities	-	-
Non-current liabilities	(7,475,789)	(6,373,783)
Net liabilities	<u>(5,727,993)</u>	<u>(4,897,418)</u>
<b>Summarised statement of profit or loss and other comprehensive income</b>		
Revenue and other income	-	-
Expenses	(830,574)	(2,438,671)
Profit/(loss) before income tax expenses	(830,574)	(2,438,671)
Income tax expense	-	-
Profit/(loss) after income tax expenses	(830,574)	(2,438,671)
Other comprehensive income	-	-
Total comprehensive income	<u>(830,574)</u>	<u>(2,438,671)</u>
<b>Summarised statement of cash flows</b>		
Cash flows used in operating activities	-	4,897,418
Cash flows used in investing activities	-	-
Cash flows used in financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	<u>-</u>	<u>4,897,418</u>

**21 Contingencies**

In the opinion of the Directors, the Group did not have any contingencies at 31 December 2019 (31 December 2018: None).

**22 Related Parties Transactions**

**The Group's main related parties are as follows:**

*(i) Entities exercising control over the Group:*

The Ultimate parent entity that exercises control over the Group is AdvanceTC Limited, which is incorporated in Australia.

*(ii) Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

# AdvanceTC Limited and controlled entities ACN 600 238 444

Year ended 31 December 2019

## Notes to the Financial Statements

### 22 Related Parties Transactions (continued)

#### (iii) Other related parties:

Other related parties include entities over which key management personnel have joint control.

The following transactions occurred with related parties:

#### Other related parties

	2019 MYR	2018 MYR
<u>Amounts outstanding from related parties:</u>		
Trade and other receivables:		
Unsecured loans are made to other related parties on terms that are not considered to be at arm's length basis. Repayment terms are not set for these loans. No interest is payable.		
Trade receivable owing from Cilicon Limited (a Group domiciled in Hong Kong of which Herve Jegou is the director and shareholder)		
Beginning of the year	1,035,065	1,035,065
Other receivables	-	-
Repayments received	(1,035,065)	-
End of the year	-	1,035,065
<b>Total related party receivables (refer note 8)</b>	<b>-</b>	<b>1,035,065</b>

#### (b) Amounts payable to related parties:

##### Trade and other payables:

Unsecured, at-call loans are provided by the directors and other related parties on terms that are not considered to be at arm's length basis. Repayment terms are not set for these loans. No interest is payable

(i) Loans from Directors:		
Beginning of the year	43,742	43,742
Loan advanced	2,450	-
Loan repayment received	-	-
Interest charged	-	-
Interest received	-	-
End of the year (refer to note 10)	46,192	43,742
(ii) Loans from Top ATC Industries Sdn Bhd		
Beginning of the year	688,447	1,579,192
Loan advanced	4,222,834	3,565,416
Loan repayment received	-	(515,150)
Interest charged	-	-
Loan written back	(4,900,000)	-
End of the year (refer to note 9)	11,281	4,629,458
Transfer of debt to Giro Multimedia Sdn Bhd	-	(3,941,011)
	11,281	688,447
(iii) Loans from Cilicon Limited		
Beginning of the year	1,457,765	-
Purchases during the year	-	1,457,765
Other movements	(1,457,765)	-
End of the year (refer to note 9)	-	1,457,765



## **Notes to the Financial Statements**

### **23 Events occurring after the reporting date**

Due to the current situation in relation to Coronavirus (COVID-19), the business and economic environment is extremely uncertain. On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Governments are taking increasingly stringent steps to help contain or delay the spread of COVID-19. Due to these circumstances, there is a significant increase in business and economic uncertainty, which is for example, evidenced by; more volatile markets, currency exchange rates, and uncertainty in asset values.

Malaysia government implemented Movement Control Order with effective date of 18 March 2020, in response to COVID-19 pandemic. Under the business continuity plan the Group has instituted a work from home policy following the respective Malaysia government guidelines. This policy will continue to be reviewed as the progress of the pandemic unfolds. The Group has long worked in a culture where working from home is encouraged and has appropriate process and controls to work effectively with no significant impact to the business.

As for the Group's 31 December 2019 financial statements, the COVID-19 outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, the Group cannot reasonably estimate the impact these events will have on the Group's financial position, results of operations or cash flows in the future.

Refer to Note 3(a) for further details of potential events which could impact the liquidity, solvency and realisable value of assets, and hence, the Group's ability to continue as a going concern.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group's in future financial years.

**AdvanceTC Limited and controlled entities ACN 600 238 444****Year ended 31 December 2019****Notes to the Financial Statements****24 Parent entity**

The following information has been extracted from the books and records of the parent, AdvanceTC Limited and has been prepared in accordance with Australian Accounting Standards.

The financial information for the parent entity, Advance TC Limited has been prepared on the same basis as the consolidated financial statements except as disclosed below.

*Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost less accumulated impairment in the financial statements of the parent entity.

	2019 MYR	2018 MYR
<b>Statement of Financial Position</b>		
<b>Assets</b>		
Current assets	6,404	4,820
Non-current assets	-	-
Total Assets	<u>6,404</u>	<u>4,820</u>
<b>Liabilities</b>		
Current liabilities	674,980	694,641
Total Liabilities	<u>674,980</u>	<u>694,641</u>
<b>Equity</b>		
Issue capital	24,857,279	24,857,277
Accumulated losses	(25,525,855)	(25,547,098)
Total (Deficit) / Equity	<u>(668,576)</u>	<u>(689,821)</u>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Total profit or loss for the year	73,032	(808,885)
Other comprehensive income	-	-
Total comprehensive income	<u>73,032</u>	<u>(808,885)</u>

(a) The parent company has no commitments as at 31 December 2019

(b) The parent company has no contingencies as at 31 December 2019

(c) The parent company has not provided any guarantees to its subsidiaries as at 31 December 2019.

**AdvanceTC Limited and controlled entities ACN 600 238 444**  
**Year ended 31 December 2019**

**Directors' Declaration**

The directors of the Company declare that:

1. The financial statements and notes for the year ended 31 December 2019 are in accordance with the Corporations Act 2001 and:
  - a. comply with Australia Accounting Standard, which, as stated in note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS), and
  - b. give a true and fair view of the financial position and performance of the consolidated group;
2. The Chief Executive Officer and Chief Finance Officer have given the declarations required by Section 295A that
  - a. the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001.
  - b. the financial statements and notes for the financial year comply with the Australian Accounting Standards; and
  - c. the financial statements and notes for the financial year give a true and fair view.
3. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
4. The remuneration disclosures contained in the Remuneration Report comply with s300A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.



Director  
Cheng Pheng LOI



INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF ADVANCETC LIMITED

***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 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Group.

We do not express an opinion on the accompanying financial report of the Group. Because of the significance of the matters 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***

The financial statements include the following material items for which we have been unable to obtain sufficient appropriate audit evidence.

- (a) As stated in Note 3(b) in the financial statements, as of 31 December 2019, the Group had paid MYR 1,755,726 as a deposit for production of X7. Inventory costing of MYR 1,028,000 was received against this deposit in January 2020. The Group is currently marketing the inventory. However, due to COVID-19 this is proving the exceptionally difficult. The timing and value that the production deposits may be realised for is therefore subject to very significant uncertainty. No impairment estimate has been made against this asset.
- (b) Note 3(a) in the financial statements discloses conditions that indicate the existence of the material uncertainties, relating to the matters surrounding the continuing use of the going concern assumption in the preparation of these financial statements. We have been unable to obtain sufficient appropriate audit evidence to support management assessment of the Group's ability to continue as a going concern, and in particular the effect of COVID-19 on the Group operations and cash flows.

We consider the impact of the above matters to be material and pervasive to the financial statements of the Group.

***Directors' Responsibilities***

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 Group's ability 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 cease operations, or have no realistic alternative but to do so.

***Auditor's Responsibilities for the Audit of the Financial Report***

Our responsibility is to conduct an audit of the financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

***Report on the Remuneration Report*****Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 9 to 12 of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of AdvanceTC Limited, for the year ended 31 December 2019, complies with section 300A of the Corporations Act 2001.

**Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

The engagement partner on the audit resulting in this independent auditor's report is Anthony Rose.

LNP Audit and Assurance Pty Ltd



Anthony Rose

Director

Sydney 31 March 2020



## AdvanceTC Limited and its subsidiaries

ACN 600 238 444

Year ended 31 December 2019

### Additional Information for Listed Public Companies

31 December 2019

#### NSX Additional Information

Additional information required by the NSX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 31 December 2019.

#### Substantial shareholders

The substantial shareholders are set out below:

Shareholders	%
Jonathan Loi Yeow Koon	16.22
Loi Cheng Pheng	10.05
Giro Multimedia SDN BHD	8.12

#### Voting rights

##### Ordinary Shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

##### Options

No voting rights.

#### Distribution of holders of quoted ordinary share

Range	Holders	Units	Percentage
1 - 1,000	222	209,258	0.05%
1,001 - 5,000	420	1,294,990	0.33%
5,001 - 10,000	152	1,317,566	0.34%
10,001 - 100,000	262	9,683,961	2.48%
100,001 and over	114	377,634,772	96.79%
	<b>1170</b>	<b>390,140,547</b>	<b>100%</b>

**AdvanceTC Limited and its subsidiaries**

ACN 600 238 444

**Year ended 31 December 2019****Additional Information for Listed Public Companies**

31 December 2019

	Ordinary shares Number held	% of Issued shares
Jonathan LoiYeow Koon	63,274,931	16.22%
Loi Cheng Pheng	39,192,540	10.05%
Giro Multimedia SDN BHD	31,663,761	8.12%
Ahmad Ghiti Bin MohdDaud	22,523,730	5.77%
Yong Loong Chen	16,400,000	4.20%
Soon Wan Ching	15,382,000	3.94%
Bvmalls Hong Kong Limited	15,000,000	3.84%
A88 Trading & Holdings Pte Ltd	15,000,000	3.84%
Azah Binti Md Khalid	14,323,730	3.67%
MrHooiBeng Lim	9,189,125	2.36%
Mon Space (M) SDN BHD	8,310,606	2.13%
Chang Tiam Hock	7,341,550	1.88%
Teck Soon Chong	7,000,000	1.79%
Chew Keng Yaw	6,782,475	1.74%
Mr Han Peir Low	6,621,054	1.70%
Yeong Kok Wah	6,600,000	1.69%
Wong Siew Yin	4,100,000	1.05%
Ng Guat Choo	3,800,000	0.97%
Lee GimKeong	3,280,000	0.84%
Hah Ting Siu	3,000,000	0.77%
Other shareholders	91,355,045	23.42%

**Unissued equity securities**

There are no unissued equity securities

**Securities exchange**

The Company is listed on the National Stock Exchange of Australia