

19th August, 2009

Ms. Melissa Grundy  
Manager, Issuers (Brisbane)  
ASX Markets Supervision Pty Ltd  
Level 5, Riverside Centre  
123 Eagle Street  
**Brisbane QLD 4000**

**Wintech Group Limited (the "Company")**

Dear Melissa,

We refer to your letter of 14th August 2009 and your queries therein and our responses are as follows:-

- 1. Items 1.2(a) and 1.24 of the Appendix 4C, indicate that a total of \$167,000.00 was paid during the quarter to directors of the entity and/or their associates. Page 47 of the Replacement Prospectus states that "From the funds raised under this Prospectus, the Company intends to set aside \$160,000.00 for the directors' fees for the three years ending 30 June 2010". Given the amount of the payments made during this quarter, please provide details as to the following.***

***1.1 To whom these payments were made.***

\$103,000.00 was paid to the employees of MTD. The \$64,000.00 payments made by WTG related to Executive Director Kim Wong ie. PAYG, Salary, expense allowances

***1.2 If more than one person was the recipient of funds, the amount paid to each recipient.***

As the records of MTD are currently with the Receiver and Manager, the payment details are unavailable. However there were 7 recipients.

**1.3 An explanation as to the reason for the payment in the June quarter of a sum in excess of the total amount that Company had allocated for directors' fees for the three years ended 30 June 2010.**

The payments in the 4<sup>th</sup> quarter are not related to director's fees other than the salary of Executive Director Kim Wong. The amount is large in comparison with previous quarters because this is the first quarter in which the company is reporting the expenses of MTD on a cash flow basis.

**2. Item 1.2(e) of the Appendix 4C indicates that a total of \$1,073,000.00 was expended on working capital. Please provide the following.**

**2.1 A breakdown as to the nature of this expenditure, together with the approximate amounts involved.**

The \$1,073,000.00 working capital includes the working capital of both WTG and MTD. \$971,000.00 of the YTD figure of \$1,588,000.00 is working capital for MTD. \$617,000.00 are expenses related to the working capital of WTG and includes items such as: rent, secretarial fees, audit fees, placement fees, legal fees, consultancy fees, utilities, telephone, etc. This averages to \$51,000.00 per month for WTG.

**2.2 Given that the Replacement Prospectus stated on page 47 that an amount of approximately \$1,164,000.00 was anticipated to be sufficient working capital for a period of two years following reinstatement, an explanation as to the reason for the expenditure of \$1,073,000.00 on working capital in June 2009 quarter.**

The working capital was used up more quickly than anticipated because the AR collection deteriorated very rapidly. Only \$102,000.00 of AR was collected during the quarter as such all the loans given to MTD by WTG were not "rotated" but used up as outflow expenses very quickly.

**3. Item 1.17 of the Appendix 4C indicates that the Company received proceeds from borrowings of \$354,000.00 (the "Proceeds"). Please advise the following.**

**3.1 As this amount is reported as a negative number, whether this is correctly reported as a receipt of funds.**

This is a correction to the earlier reported 4C figures. The YTD figure of \$1,654,000.00 proceeds from borrowing is correct and consistent with the accounts of the company.

**3.2 If the answer to question 3.1 is "no", please provide an explanation as to the correct classification of the Proceeds.**

No answer is required

4. ***Item 1.18 of the Appendix 4C indicates that borrowings of \$411,000.00 were repaid. Please provide full details as to the following.***

***4.1 The borrowings that were repaid.***

\$156,000.00 was used to repay working capital loans given by Zhong Tian Pty Ltd. The balance \$255,000.00 is a correction to the earlier reported 4C figures. The YTD figure of \$1,828,000.00 repayment of borrowings is consistent with the accounts of the company.

***4.2 If more than one party was a recipient of these funds, the amount paid to each recipient.***

*No answer is required*

5. ***To what extent have the Company's actual revenues and expenses in the quarter, as reported in the Appendix 4C, matched the Company's anticipated revenues and expenses for that reporting period?***

For the reason given in 2.2 above and 6.0 below, anticipated revenue fell by 19%, while expenses other than those related to bad debts and legal costs were broadly in line with the expectations of the company. The 4C cash outflow is larger than the expenses for the quarter as it also represents payment for payables accrued in earlier periods as well.

6. ***If the Company's actual revenues and expenses are not substantially in accordance with the Company's anticipated revenues and expenses, when did the Company become aware that its revenues and expenses would not substantially match the anticipated revenues and expenses? You may wish to outline any circumstances that may have had an effect on the Company's revenues and expenses.***

Toward the end of the last quarter MTD advised the Company that it had received payment requests from 3 suppliers. These suppliers had unexpectedly decided to discontinue their product lines in Australia. MTD was asked to make immediate full payment on the payables to these suppliers amounting to \$750,000.00. The discontinuation of the products was unforeseen as was the request to settle the accounts in full. Thus revenues declined significantly, and coupled with the deterioration of the AR cash flow became severely more negative than anticipated by the Company.

7. ***What steps has the Company taken, or what steps does it propose to take, to enable it to meet its business objectives as set out in its Replacement Prospectus?***

As already advised to the market the Company is actively pursuing opportunities to augment its revenues by organic growth through acquisitions and mergers. Despite MTD's current situation it will continue to do so. The Company wishes to proceed further with the proposal to acquire Westan Pty Ltd and will advise the market on further developments, which could include additional capital raising. The Company is confident it will have sufficient working capital to continue its operation.

**8. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?**

The Company is compliant with the Listing Rules, in particular, Listing Rule 3.1.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Kim Wong', written over a horizontal line.

Kim Wong  
Managing Director



14 August 2009

Mr Kim Wong  
Managing Director  
Witech Group Limited  
318 Albert Street  
EAST MELBOURNE VIC 3002

By email: [kwong@witechgroup.com.au](mailto:kwong@witechgroup.com.au)

ASX Markets Supervision Pty Ltd  
ABN 26 087 780 489  
Level 5  
Riverside Centre  
123 Eagle Street  
Brisbane QLD 4000

PO Box 7055  
Riverside Centre  
Brisbane QLD 4001

Telephone +61 7 3835 4000  
Facsimile +61 7 3832 4114  
Internet <http://www.asx.com.au>

Dear Mr Wong

### Witech Group Limited (the "Company")

I refer to the following.

1. The Company's Quarterly Report in the form of Appendix 4C for the period ended 30 June 2009, released to ASX Limited ("ASX") on 11 August 2009 (the "Appendix 4C"), which discloses the following.
  - Cash at the beginning of the quarter of \$2,536,000.
  - Receipts from customers of \$102,000.
  - Net operating cash flows for the quarter of \$(1,843,000).
  - Cash at end of quarter of \$(72,000).
  - Available finance facilities of \$nil.
2. The replacement prospectus dated 19 January 2009, under which the Company sought to raise up to a total of \$3,000,000 by the issue of shares at 20 cents each under a non-renounceable rights issue and a placement, together with an offer of shares to specified recipients (the "Replacement Prospectus").

Page 12 of the Replacement Prospectus stated as follows.

*"1.8 Purpose of the Rights Issue and the Placement Offer*

*The purpose of the Rights Issue and the Placement Offer is to raise funds to:*

- *pay trade and other creditors;*

**Australian Securities Exchange**

Australian Stock Exchange  
Sydney Futures Exchange

Australian Clearing House  
SFE Clearing Corporation

ASX Settlement and Transfer Corporation  
Austraclear

- *meet administration expenses;*
- *provide working capital for the Company's proposed business activities; and*
- *pay the costs of the Offers.*

### 1.9 Anticipated use of Funds

*The funds raised pursuant to this Prospectus (\$2,500,000) are intended to be applied in the two years following reinstatement of the Company's securities to quotation as follows:*

<i>Costs of the Rights Issue and Placement Offer</i>	<i>\$330,000</i>
<i>Trade and other creditors</i>	<i>\$274,000</i>
<i>Administration</i>	<i>\$732,000</i>
<i>Working capital</i>	<i>Approximately \$1,164,000</i>
<i>Total anticipated use of funds</i>	<i>\$2,500,000</i>

"

3. The announcement entitled "Close of Rights Issue, Placement Offer and Specific Offers" dated 18 February 2009, in which the Company advised that the rights issue, placement and specific offers described in the Replacement Prospectus closed on Friday, 13 February 2009, and that the Company had received a total of \$2,530,890 (before costs) from the rights issue and placement (including the shortfall) (the "Announcement").

In light of the information contained in the Appendix 4C, the Replacement Prospectus and the Announcement, please respond to each of the following questions.

1. Items 1.2(a) and 1.24 of the Appendix 4C indicate that a total of \$167,000 was paid during the quarter to directors of the entity and/or their associates. Page 47 of the Replacement Prospectus states that "From the funds raised under this Prospectus, the Company intends to set aside \$160,000 for the directors' fees for the three years ending 30 June 2010". Given the amount of the payments made during this quarter, please provide details as to the following.
  - 1.1 To whom these payments were made.
  - 1.2 If more than one person was the recipient of funds, the amount paid to each recipient.
  - 1.3 An explanation as to the reason for the payment in the June quarter of a sum in excess of the total amount that Company had allocated for directors' fees for the three years ended 30 June 2010.
2. Item 1.2(e) of the Appendix 4C indicates that a total of \$1,073,000 was expended on working capital. Please provide the following.
  - 2.1 A breakdown as to the nature of this expenditure, together with the approximate amounts involved.
  - 2.2 Given that the Replacement Prospectus stated on page 47 that an amount of approximately \$1,164,000 was anticipated to be sufficient working capital for a period of two years following reinstatement, an explanation as to the reason for the expenditure of \$1,073,000 on working capital in the June 2009 quarter.
3. Item 1.17 of the Appendix 4C indicates that the Company received proceeds from borrowings of \$(354,000) (the "Proceeds"). Please advise the following.
  - 3.1 As this amount is reported as a negative number, whether this is correctly reported as a receipt of funds.
  - 3.2 If the answer to question 3.1 is 'no', please provide an explanation as to the correct classification of the Proceeds.

4. Item 1.18 of the Appendix 4C indicates that borrowings of \$411,000 were repaid. Please provide full details as to the following.
  - 4.1 The borrowings that were repaid.
  - 4.2 If more than one party was a recipient of these funds, the amount paid to each recipient.
5. To what extent have the Company's actual revenues and expenses in the quarter, as reported in the Appendix 4C, matched the Company's anticipated revenues and expenses for that reporting period?
6. If the Company's actual revenues and expenses are not substantially in accordance with the Company's anticipated revenues and expenses, when did the Company become aware that its revenues and expenses would not substantially match the anticipated revenues and expenses? You may wish to outline any circumstances that may have had an effect on the Company's revenues and expenses.
7. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives as set out in its Replacement Prospectus?
8. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

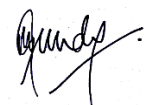
Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me at the following email address: [melissa.grundy@asx.com.au](mailto:melissa.grundy@asx.com.au). It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e. before 9.30am EST) on Wednesday, 19 August 2009).

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

Yours sincerely



**Melissa Grundy**  
**Manager, Issuers (Brisbane)**