

# AdvanceTC Limited and Controlled Entities

ACN 600 238 444

## Annual Report

For the Year Ended 31 December 2020

# AdvanceTC Limited and controlled entities

ACN 600 238 444

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31 December 2020

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## **AdvanceTC Limited and controlled entities**

ACN 600 238 444

### **Corporation Information**

**31 December 2020**

#### **Directors**

Hooi Beng Lim (Chair)  
Cheng Pheng Loi  
Gim Keong Lee  
Jonathan Yeow Koon Loi  
Chee Tuck Cho  
Chee Seng Cho  
Jeffrey William King  
Zi Xin Kang

#### **Company Secretary**

Chee Seng Cho

#### **Registered Office and Principal Place of Business**

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

B-01-08, Sunway Nexis,  
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

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

## AdvanceTC Limited and controlled entities

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### Chief Executive Officer's Report

31 December 2020

Dear Shareholders,

As a result of the COVID pandemic, in February 2020 the Group decided to delay the global launch of our new X7U satellite messaging phone, and instead prepare for our next generation product range while the world went into lockdown.

Despite the disruptions to supply chains and our inability to travel, we have been able to develop a new X7U Smartphone platform that builds on our expertise with the X7 program and allows us to offer Android 4G or 5G LTE devices with a range of enhanced connectivity. We now support satellite messaging, Digital Mobile Radio, and soon TETRA mobile radio, in our X7U series of rugged communicator smart phones. We intend to add multiple satellite communications options as satellite networks become more mainstream.

During this difficult year 2020 we have also prepared the Group for an eventual dual listing in the US market and we received Depository Trust Company ('DTC') eligibility for ATC stock to trade electronically on the US OTC market under the stock code ATCLF on 5 March 2021.

All this was made possible thanks to the continued financial support of our key shareholders and key partners, and I would like to extend the Group's gratitude to all of them for their important contributions.

As a result of the above achievements, the Group is now well positioned for a global expansion and expects to lead the new satellite Android Smart phone dual mode connectivity market segment and benefit from the growing demand for hybrid LTE-TETRA devices among Public Protection and Disaster Relief agencies around the world.

We plan a global launch in summer 2021 in times for the full reopening of the global economy. We also intend to build on our dual listing and secondary listing opportunities.

We anticipate that the company will experience significant growth in 2021 and would like to thank everyone for their hard work.

In closing, we look to a very successful 2021 and beyond.

Yours sincerely,



Cheng Pheng Loi  
Chief Executive Officer

15 March 2021

# AdvanceTC Limited and controlled entities

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## Directors' Report

For the Year Ended 31 December 2020

The Directors present their report, together with the financial statements of the Group, being AdvanceTC Limited (the Company) and its controlled entities (the Group), for the financial year ended 31 December 2020.

### DIRECTORS AND SECRETARY

The following were the Directors of the Company during the financial year, unless otherwise stated.

#### **Hooi Beng Lim, Independent Non-executive Chairman**

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. Mr. Lim has extensive business connections in Asia Pacific Region.

#### **Cheng Pheng Loi, Chief Executive Officer and Executive Director**

Mr Loi is one of the founding members of the Company since its inception in 2005. He has more than 30 years of experience in sales & marketing and business dealing in the mobile wireless telecommunication sector. Mr Loi holds a Bachelor of Economics, majoring in Business Administration from the University of Malaya. Furthermore, Mr Loi holds the position of Chief Executive Officer of the Group.

#### **Gim Keong Lee, Chief Operating Officer and Executive Director**

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). Mr Lee holds in house Matsushita certifications. Furthermore, 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.

#### **Jonathan Yeow Koon Loi, Executive Director**

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. Mr Loi holds a diploma in Computing and Information Technology from Asia Pacific Institute of Information Technology. Furthermore, Mr Loi holds the position of Chief Technology Officer of the Group.

#### **Chee Tuck Cho, Independent Non-executive Director**

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. 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.

#### **Chee Seng Cho, Independent Non-executive Director and Company secretary**

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. Mr. Cho holds a Technician Diploma in Mechanical Engineering from Singapore Polytechnic.

#### **Jeffrey William King, Independent Non-executive Director**

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. Mr. Jeffrey holds Institute of Chartered Accountants of Australia (ACA), Diploma of Business (Accounting) Swinburne University Advanced Diploma of Management.

#### **Zi Xin Kang, Independent Non-executive Director**

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. 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.

Chee Seng Cho served as the Company Secretary throughout the year.

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## Directors' Report

For the Year Ended 31 December 2020

### PRINCIPAL ACTIVITY

The principal activity of the Group during the financial year was the design, development and commercialisation of high tech mobile wireless computing and telecommunication devices. The Group is the creator of the MAGIC™ brand of mobile computing devices and operates development facilities in Malaysia including its proprietary software and applications services. There were no significant changes in the nature of the principal activity during the year.

### REVIEW OF OPERATIONS

#### Financial performance

The Group is still in the design and development phase of its satellite mobile phone products and the consolidated loss of the Group after income tax amounted to MYR 5,846,521 (2019: consolidated profit of MYR 3,283,467). This included impairments on inventories and receivable balances amounting to MYR 1,486,389 (2019: MYR Nil).

#### Financial condition

Despite the negative effects that COVID-19 has had on the markets in which the Group operates, during the year the Group raised MYR 4,461,500 of new capital and has further capital raisings planned on an ongoing basis to fund its requirements. Consequently, the total equity of the Group increased by MYR 415,677 during the year.

#### Going concern

The Group incurred a net loss of MYR 5,846,421 for the year ended 31 December 2020 and as at that date, the Group had cash and cash equivalents of MYR 1,345,917, net current assets of MYR 810,595, total liabilities of MYR 3,752,022, of which MYR 1,426,620 were repayable within one year, and is in a net liability position of MYR 1,500,121. These conditions give rise to a material uncertainty which may cast significant doubt over the consolidated entity's ability to continue as a going concern. The Financial Statements have been prepared on the going concern basis as detailed in Note 3(a).

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the Directors' opinion, there have been no other significant changes in the state of affairs of the Group during the financial year other than those noted in this annual report.

### FUTURE DEVELOPMENTS

The Group's will continue to pursue its investment objectives for the long-term benefit of its shareholders. This will involve the continued review of its investment strategy, and may, from time-to-time, require some changes to that strategy. We do not believe it is possible or appropriate to make a prediction on the future course of markets or the performance of future plans and strategies. Accordingly, the Directors do not provide a forecast of the likely results of the Group's activities.

### RISK MANAGEMENT

The Group takes a proactive approach to risk management. Management, through the Chief Executive Officer, is responsible for designing, implementing and reporting on the adequacy of the Group's risk management and internal control system. Management reports to the Board on the Group's key risks and the extent to which it believes these risks are being managed. This is performed informally as required by the Board.

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. The Group has identified the key risks which the Group believes to be inherent in the business and industry in which the Group operates. These include: financing adequacy of capital and liquidity risk; operational risk; environmental risk; reputation risk; legal, compliance and regulatory risk; market risk; pandemic risk; intellectual property risk; and, occupational health and safety risk.

These risk areas are provided here to assist investors to understand better the nature of the risks faced by our Group and the industry in which we operate. This is not necessarily an exhaustive list. The Board receives regular reports addressing the management of the key risks associated with the Group's business. The Board has the right to appoint external professional advisers to carry out investigations into control mechanisms and report their findings and recommendations in relation to control improvements, processes and procedures to the Board.

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## Directors' Report

For the Year Ended 31 December 2020

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 9 June 2020, the Company authorised the issue of 35 million shares at a price of AUD 0.20 per share. As at 31 December 2020 MYR 4,461,500 of shares had been allotted and fully paid. Shareholders have committed to settle the amounts on the remaining shares by 15 October 2021 based on the following agreed payment schedule;

Date	Total	Received between 9 June and 31 December 2020	Balance as of 31 December 2020	Received between 1 January 2021 and 15 March 2021	Remaining balance at 15 March 2021
	MYR	MYR	MYR	MYR	MYR
9 June – 31 December 2020	4,461,500	(4,461,500)	-	-	-
1 - 15th January 2021	631,400	-	631,400	(650,000)	(18,600)
1 - 15th February 2021	647,600	-	647,600	(350,000)	297,600
1 - 15th March 2021	663,800	-	663,800	-	663,800
1 - 15th April 2021	680,000	-	680,000	-	680,000
1 - 15th May 2021	790,700	-	790,700	-	790,700
1 - 15th June 2021	1,097,900	-	1,097,900	-	1,097,900
1 - 15th July 2021	1,546,700	-	1,546,700	-	1,546,700
1 - 15th August 2021	2,269,100	-	2,269,100	-	2,269,100
1 - 15th September 2021	3,390,700	-	3,390,700	-	3,390,700
1 - 15th October 2021	4,820,600	-	4,820,600	-	4,820,600
Total	<b>21,000,000</b>	<b>(4,461,500)</b>	<b>16,538,500</b>	<b>(1,000,000)</b>	<b>15,538,500</b>

The recovery from the COVID-19 outbreak continues to evolve across the world as at the date of this report. The Directors remain confident that as the COVID-19 is controlled and overcome, and combined with the successful execution of the Group's production and commercialisation plans, the Group performance will correspondingly improve and strengthen.

On 5 March 2021, the Company secured DTC Eligibility by The Depository Trust Company for its shares on the OTC giving rise to further sources of potential equity.

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. The financial report was authorised for issue on 15 March 2021 by the Board of Directors. 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.

### DIVIDENDS PAID OR RECOMMENDED

No dividends have been paid or recommended during the financial year

### 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.

### 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.

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## Directors' Report

For the Year Ended 31 December 2020

### NON-AUDIT SERVICES

The auditor has not provided any non-audit services to Group during the year (2019: 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 2020 has been received and can be found on page 18 of the financial report.

### DIRECTORS 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	63,482,298
Cheng Pheng Loi	57,278,019
Gim Keong Lee	3,380,000
Chee Tuck Cho	3,055,960
Chee Seng Cho	-
Jeffrey William King	-
Hooi Beng Lim	5,189,125
Zi Xin Kang	300,000

### MEETINGS OF DIRECTORS

During the financial year, four meetings of Directors were held. Attendances by each Director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Cheng Pheng Loi	4	4
Gim Keong Lee	4	4
Yeow Koon, Jonathan Loi	4	1
Chee Tuck Cho	4	3
Chee Seng Cho	4	4
Jeffrey William King	4	4
Zi Xin Kang	4	4
Hooi Beng Lim	4	4

### OPTIONS

At the date of this report, there are no unissued ordinary shares of AdvanceTC Limited under option. During the year ended 31 December 2020, no ordinary shares of AdvanceTC Limited were issued on the exercise of options granted.

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## Directors' Report

For the Year Ended 31 December 2020

### REMUNERATION REPORT (AUDITED)

#### 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 incentive 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, formed in 2020, 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.
- 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 since listing is summarised as follows:

	On Listing	31 December 2018	31 December 2019	31 December 2020
Profit / (Loss)	-	MYR (4,940,492)	MYR 3,283,467	MYR (5,846,821)
Share price	AUD0.55	AUD0.865	AUD 0.865	AUD 0.865
Dividends	-	-	-	-

#### 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

Hooi Beng Lim  
Cheng Pheng Loi  
Gim Keong Lee  
Jonathan Yeow Koon Loi  
Chee Tuck Cho  
Chee Seng Cho  
Herve Jegou  
Jeffrey William King  
Zi Xin Kang

#### Position

Chairman and Non-Executive Director  
Chief Executive Officer and Executive Director  
Chief Operating Officer and Executive Director  
Executive Director  
Non-Executive Director  
Non-Executive Director  
Chief Executive Officer of AdvanceTC Cilicon SAS  
Non-Executive Director  
Non-Executive Director

# AdvanceTC Limited and controlled entities

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## Directors' Report

For the Year Ended 31 December 2020

### REMUNERATION REPORT (AUDITED) continued

#### 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 MYR 1,913 (AUD\$600) per month is payable for all Directors, apart from Chee Seng Cho were paid MYR 3,189 (AUD\$1,000) for additional ad-hoc services provided during the year.

##### Executive Directors and other key management personnel

In addition to the above MYR 1,913 (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 2020 are summarised as follows:

Cheng Pheng Loi (CEO) contract allows for an annual salary of MYR 420,000

Gim Keong Lee (COO) contract allows for an annual salary of MYR 204,000

Jonathan Keow Koon Loi (CTO) contract allows for an annual salary of MYR 24,000

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.

#### Remuneration details of members of key management personnel for the year ended 31 December 2020

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. Remuneration details of members of key management personnel for the year ended 31 December 2020:

##### Table of benefits and payments

2020	Short term benefits		Post-employment	Long term benefits	Share based payments	Total
	Cash salary	Bonus & other	Pension and superannuation		Options, rights & shares	
	fees					
	MYR	MYR	MYR	MYR	MYR	MYR
<b>Key management personnel</b>						
Hooi Beng Lim	-	-	-	-	-	-
Cheng Pheng Loi	420,000	-	-	-	-	420,000
Gim Keong Lee	204,000	-	-	-	-	204,000
Jonathan Yeow Koon Loi	24,000	-	-	-	-	24,000
Chee Tuck Cho	24,000	-	-	-	-	24,000
Chee Seng Cho	37,200	-	-	-	-	37,200
Herve Jegou	60,000	-	-	-	-	60,000
Jeffrey William King	24,000	-	-	-	-	24,000
Zi Xin Kang	-	-	-	-	-	-
	<b>793,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>793,200</b>

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## Directors' Report

For the Year Ended 31 December 2020

### REMUNERATION REPORT (AUDITED) continued

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

2019	Short term benefits		Post-employment	Long term benefits	Share based payments	Total
	Cash salary fees	Bonus & other	Pension and superannuation		Options, rights & shares	
	MYR	MYR	MYR	MYR	MYR	MYR
<b>Key management personnel</b>						
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
Herve Jegou	60,000	-	-	-	-	60,000
Jeffrey William King	22,800	-	-	-	-	22,800
Zi Xin Kang	-	-	-	-	-	-
	<b>763,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>763,200</b>

### 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:

31 December 2020	Balance at beginning of year	Other changes in the year	Issued on exercise of options	Balance at end of year
<b>Key management personnel</b>				
Hooi Beng Lim	9,189,125	(4,000,000)	-	5,189,125
Cheng Pheng Loi	39,192,540	18,085,479	-	57,278,019
Jonathan Yeow Koon Loi	63,382,298	100,000	-	63,482,298
Gim Keong Lee	3,280,000	100,000	-	3,380,000
Chee Tuck Cho	2,955,960	100,000	-	3,055,960
Chee Seng Cho	-	-	-	-
Herve Jegou	-	-	-	-
Jeffrey William King	-	-	-	-
Zi Xin Kang	300,000	-	-	300,000

There were no shares held nominally at 31 December 2020 (2019: nil).

### Transaction (excluding loans)

There were no transactions with KMP except as disclosed in Note 16 to the financial statements. Loans provided by/(to) KMP and other related entities. Refer to Note 13 for details.

**END OF REMUNERATION REPORT**

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## Directors' Report

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### 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).

Recommendation	Complies?	Group compliance approach and activities
<b>Principle 1 – Lay solid foundations for management and oversight</b>		
<b>An entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance</b>		
<p>Recommendation 1.1</p> <p>A listed entity should have and disclose a board charter setting out:</p> <ul style="list-style-type: none"> <li>the respective roles and responsibilities of its board and management; and</li> <li>those matters expressly reserved to the board and those delegated to management.</li> </ul>	Yes	<p>The Board has adopted a Charter that details its roles and responsibilities, which is available on our website.</p> <p>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.</p> <p>The Board is responsible for:</p> <ul style="list-style-type: none"> <li>Overseeing the Group, including its control and accountability systems;</li> <li>Overseeing the integrity of the accounting and corporate systems, including external audit;</li> <li>Appointing and removing the CEO;</li> <li>Where appropriate, ratifying the appointment and removal of senior executives;</li> <li>Providing input into and final approval of management's development of corporate strategy and performance objectives;</li> <li>Reviewing, ratifying and monitoring systems of risk management and internal controls, codes of conduct and legal compliance;</li> <li>Monitoring senior executives' performance and implementation of strategy;</li> <li>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;</li> <li>Ensuring appropriate resources are available to senior executives;</li> <li>Approving and monitoring the operating budgets and progress of major capital expenditure, capital management and acquisitions and divestures; and</li> <li>Monitoring the effectiveness of the entity's governance practices.</li> </ul>
<p>Recommendation 1.2</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>undertake appropriate checks before appointing a Director or senior executive or putting someone forward for election as a Director; and</li> <li>provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.</li> </ul>	Yes	<p>The Group has undertaken insolvency searches in relation to the Directors of the Company. All information relevant to a decision to elect or re-elect a Director is provided to Shareholders in any notice of meeting pursuant to which a resolution to elect or re-elect a Director will be voted upon.</p>
<p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</p>	Yes	<p>Formal letters of appointment are provided to all new Directors and Senior Executives setting out key terms and conditions of their appointment.</p>
<p>Recommendation 1.4</p> <p>The Company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	Yes	<p>The Company Secretary is appointed by the Board and is responsible for:</p> <ul style="list-style-type: none"> <li>Advising the Board and its Committees on Governance matters;</li> <li>Monitoring compliance with Board policies and procedures;</li> <li>Co-ordinating Board papers;</li> <li>Accurately recording decisions and discussions from Board meetings; and</li> <li>Co-ordinating the induction and professional development of Directors.</li> </ul>
<p>Recommendation 1.5</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>have and disclose a diversity policy;</li> </ul>	Yes	<p>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,</p>

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For the Year Ended 31 December 2020

Recommendation	Complies?	Group compliance approach and activities
<ul style="list-style-type: none"> <li>through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</li> <li>disclose in relation to each reporting period:               <ol style="list-style-type: none"> <li>the measurable objectives set for that period to achieve gender diversity;</li> <li>the entity's progress towards achieving those objectives; and</li> <li>either:                   <ol style="list-style-type: none"> <li>the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</li> <li>if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in that Act.</li> </ol> </li> </ol> </li> </ul>		<p>communication styles, interpersonal skills, education and problem-solving skills.</p> <p>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.</p> <p>The Group strives to:</p> <ul style="list-style-type: none"> <li>Develop and maintain a diverse and skilled workforce through a transparent recruitment process.</li> <li>Promote an inclusive workplace culture that values and utilises the contributions of all employees' backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity.</li> <li>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.</li> <li>Set measurable objectives to encourage diversity within the Group.</li> <li>AdvanceTC Limited considers the key management personnel, excluding Directors, to be the senior executives of the Group.</li> </ul>
<p>Recommendation 1.6</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>have and disclose a process for periodically evaluating the performance of the board, its committees and individual Directors; and</li> <li>disclose, for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</li> </ul>	No	<p>Performance evaluation for Directors and Senior Executives were not conducted during the year due to the operational challenges and restrictions imposed by the pandemic. The Group will schedule evaluations on an ongoing basis from financial year 2021.</p>
<p>Recommendation 1.7</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</li> <li>disclose for each reporting period, whether a performance evaluation was undertaken in accordance with that process during or in respect of that period.</li> </ul>	No	<p>Performance evaluation for Directors and Senior Executives were not conducted during the year due to the operational challenges and restrictions imposed by the pandemic. The Group will schedule evaluations on an ongoing basis from financial year 2021.</p>
<p><b>Principle 2 – Structure the board to be effective and add value</b></p> <p>The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.</p>		
<p>Recommendation 2.1</p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>have a nomination committee which:               <ol style="list-style-type: none"> <li>has at least three members, a majority of whom are independent Directors; and</li> <li>is chaired by an independent Director, and disclose:                   <ol style="list-style-type: none"> <li>the charter of the committee;</li> <li>the members of the committee; and</li> <li>as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> </li> </ol> </li> <li>if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</li> </ul>	Yes	<p>The Nomination and Governance Committee is in place to assist the Board in fulfilling its corporate governance responsibilities in regard to:</p> <ul style="list-style-type: none"> <li>Board appointments, re-elections and performance and general succession planning for Board / Senior Management;</li> <li>Directors' induction and continuing development;</li> <li>Board Committee membership;</li> <li>Endorsement of Executive appointments; and</li> <li>Development and implementation of the Group's governance policies and monitoring compliance with those policies and practices.</li> </ul>
<p>Recommendation 2.2</p>	Yes	<p>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.</p>

# AdvanceTC Limited and controlled entities

ACN 600 238 444

## Directors' Report

For the Year Ended 31 December 2020

Recommendation	Complies?	Group compliance approach and activities
<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>		<ul style="list-style-type: none"> <li>• 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.</li> <li>• Financial and Audit: Experience in accounting and finance to analyse statements, assess financial viability and contribute to financial planning, overseas budgets and funding arrangements.</li> <li>• Strategy: Ability to identify and critically assess strategic opportunities and threats to the organisation. Develop strategies in context to our policies and business objectives.</li> <li>• Policy development: Ability to identify key issues for the organisation and develop appropriate policy parameters within which the Group should operate.</li> </ul>
<p>Recommendation 2.3 A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>• the names of the Directors considered by the board to be independent Directors;</li> <li>• if a Director has an interest, position or relationship of the type described in Box 2.3 of the ASX CG Principles but the board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</li> <li>• the length of service of each Director.</li> </ul>	Yes	<p>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:</p> <ul style="list-style-type: none"> <li>• Is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• Has a material contractual relationship with the Company or another group member other than as a Director.</li> </ul>
<p>Recommendation 2.4 A majority of the board of a listed entity should be independent Directors.</p>	Yes	The Company currently has eight Directors, of which five are independent non-executive.
<p>Recommendation 2.5 The chair of the board of a listed entity should be an independent Director and, in particular, should not be the same person as the Chief Executive Officer of the entity.</p>	Yes	<p>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.</p>
<p>Recommendation 2.6 A listed entity should have a program for inducting new Directors and for periodically reviewing whether there is a need for existing Directors to undertake professional development to maintain the skills and knowledge needed to perform their role as Directors effectively.</p>	Yes	<p>Under the Board Charter, the Directors are expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them. The Company Secretary is responsible to organise and facilitate the induction and professional development of Directors.</p>
<p><b>Principle 3 – Instil a culture of acting lawfully, ethically and responsibly</b> A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.</p>		
<p>Recommendation 3.1 A listed entity should articulate and disclose its values.</p>	Yes	<p>The Group's Statement of Values is contained in the code of conduct (Code of Conduct). The Code of Conduct is available on the Group's website <a href="http://advancetc.com">advancetc.com</a>.</p>
<p>Recommendation 3.2 A listed entity should:</p> <ul style="list-style-type: none"> <li>• have and disclose a code of conduct for its Directors, senior executives and employees; and</li> <li>• ensure that the board or a committee of the board is informed of any material breaches of that code.</li> </ul>	Yes	<p>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:</p> <ul style="list-style-type: none"> <li>• Act in the best interest of the entity;</li> <li>• Act honestly and with high standards of personal integrity;</li> <li>• Exercise due care and diligence in fulfilling the functions of office;</li> <li>• Avoid conflicts and make full disclosure of any possible conflicts of</li> </ul>

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For the Year Ended 31 December 2020

Recommendation	Complies?	Group compliance approach and activities
		interest; <ul style="list-style-type: none"> <li>Comply with the laws and regulations that apply to the entity and its operations;</li> <li>Not knowingly participate in any illegal or unethical activity; and</li> <li>Comply with the share trading policy outlined in the Code of Conduct.</li> </ul>
Recommendation 3.3 A listed entity should: <ul style="list-style-type: none"> <li>have and disclose a Whistleblower policy; and</li> <li>ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</li> </ul>	Yes	The Group has a Whistleblower policy in place that encourages employees to raise any concerns and report instances of illegal, unacceptable, or undesirable conduct within the Group.
Recommendation 3.4 A listed entity should: <ul style="list-style-type: none"> <li>have and disclose an anti-bribery and corruption policy; and</li> <li>ensure that the board or a committee of the board is informed of any material breaches of that policy.</li> </ul>	Yes	The Group established an Anti-bribery policy that describes Group's stance in relation to bribes, corruption, and other improper payments or benefits received or given by the Group and its personnel and the damage to the Group's reputation and good standing in the community.
<b>Principle 4 – Safeguard integrity in corporate reports</b> A listed entity should have appropriate processes to verify the integrity of its corporate reports.		
Recommendation 4.1 The board of a listed entity should: <ul style="list-style-type: none"> <li>have an audit committee which:                             <ol style="list-style-type: none"> <li>has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and</li> <li>is chaired by an independent Director, who is not the chair of the board, and disclose:                                     <ol style="list-style-type: none"> <li>the charter of the committee;</li> <li>the relevant qualifications and experience of the members of the committee; and</li> <li>in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> </li> </ol> </li> <li>if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</li> </ul>	No	The members of the Audit & Risk Committee are: <ul style="list-style-type: none"> <li>Chee Tuck Cho (Committee Chair)</li> <li>Cheng Pheng Loi. (Chief Executive Officer and Executive Director)</li> <li>Gim Keong Lee (Chief Operating Officer and Executive Director)</li> <li>Chin Foong Lin (Chief Financial Officer)</li> </ul> Only one out of the four committee members is a non-executive director and as such, the make-up of the committee does not comply with the recommendation. At present, the Board believes the non-independence of the committee Chairman does not impede on its execution of the duties and responsibilities assigned to the committee. However, the Group will work to appoint new non-executive Directors to the committee. The Group will work to appoint new non-executive Directors. The Audit and Risk Committee reports to the Board after every meeting on all matters relevant to the Committee's roles and responsibilities.
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity 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.	Yes	The Board has implemented a process to receive written assurances from its Chair and Chief Executive Officer that the declarations that will be provided under Section 295A of the Corporations Act are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting. The Board will seek these assurances prior to approving the annual financial statements for all half year and full year results that follow.
Recommendation 4.3 A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	Yes	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.
<b>Principle 5 – Make timely and balanced disclosure</b> A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.		
Recommendation 5.1	Yes	AdvanceTC Limited has established policies and procedures to ensure timely and balanced disclosures of all material matters concerning the

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## Directors' Report

For the Year Ended 31 December 2020

Recommendation	Complies?	Group compliance approach and activities
A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.		Group on a continuous basis, and to ensure that all investors have equal and timely access to information on the Group's financial performance, including the publication of all financial reports. 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
Recommendation 5.2 A listed entity should ensure that its Board receives copies of all material market announcements promptly after they have been made.	Yes	The Group has adopted a Disclosure and Communication Policy which specifically requires that all material market announcements be provided to the Board promptly after release to the market.
Recommendation 5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the NSX Market Announcements Platform ahead of the presentation.	Yes	The Group has adopted a Disclosure and Communication Policy which specifically requires that all material market announcements be provided to the Board promptly after release to the market.
<b>Principle 6 – Respect the rights of security holders</b>		
A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	The Group recognises the rights of its shareholders and other interested stakeholders to have easy access to balanced, understandable and timely information concerning the operations of the Group. Information concerning the Group and its governance practices available on its website <a href="http://advancetc.com">advancetc.com</a> .
Recommendation 6.2 A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	Yes	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.
Recommendation 6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	Yes	The Group engages with its security holders through: <ul style="list-style-type: none"> <li>• Giving them ready access to information about the entity and its governance via the Group website;</li> <li>• Communicating openly and honestly with them;</li> <li>• Encouraging and facilitating their participation in meetings of security holders; and</li> <li>• Providing an email address on all communication for security holders who wish to contact the Group.</li> </ul> The Notice of Annual General Meeting (AGM) is 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.
Recommendation 6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	Yes	The Company's Constitution provides the Company with the ability to decide any resolution, save for procedural resolutions, on a poll. Further, a poll may also be demanded by Shareholders. Where possible, the Company will endeavour to decide all resolutions on a poll. The Company

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## Directors' Report

For the Year Ended 31 December 2020

Recommendation	Complies?	Group compliance approach and activities
		considers that these requirements adequately protect the interests of shareholders.
<p>Recommendation 6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Yes	The Company's shareholders may elect to receive information from the Company and its registry electronically. Otherwise, the Company and its registry will communicate by post with shareholders who have not elected to receive information electronically.
<p><b>Principle 7 – Recognise and manage risk</b> A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.</p>		
<p>Recommendation 7.1 The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director;</li> </ul> </li> <li>disclose: <ul style="list-style-type: none"> <li>(i) the charter of the committee;</li> <li>(ii) the members of the committee; and</li> <li>(iii) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</li> </ul>	Yes	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The Board requires a report from management as to the effectiveness of the Group's management of its material business risks.</p> <p>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 &amp; 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.</p>
<p>Recommendation 7.2 The board or a committee of the board should:</p> <ul style="list-style-type: none"> <li>review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</li> <li>disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul>	Yes	<p>Under the Board Charter, the Board ensures that the Group has in place an appropriate risk management framework and will set the risk appetite within which the Board expects management to operate.</p> <p>Further, the Audit and Risk Committee will, among other things, regularly review and update the risk profile and ensure that the Group has an effective risk management system.</p> <p>As part of this process, the Board will review, at least annually, the Group's risk management framework in order to satisfy itself that it continues to be sound.</p> <p>The Group intends to, at the relevant time, whether a review of the Group's risk management framework was undertaken during the relevant reporting period.</p> <p>The Audit and Risk Committee is newly formed and has not conducted an annual review to date. Audit and Risk Committee is expected to conduct their first review during half year review process.</p>
<p>Recommendation 7.3 A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</li> </ul>	No	<p>The Group has an external auditor and the Audit and Risk Committee will monitor and evaluate material or systemic issues.</p> <p>The Board believes it and the Audit and Risk Committee have adequate oversight of the existing operations.</p> <p>However, the Group intends to formalise the appointment of an internal audit function in line with its Audit and Risk Committee Charter in due course.</p>
<p>Recommendation 7.4</p>	Yes	The Group has disclosed all material risks facing the Group and how it intends to manage those risks in the Risk Management section of this Directors' Report.

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## Directors' Report

For the Year Ended 31 December 2020

Recommendation	Complies?	Group compliance approach and activities
A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.		
<b>Principle 8 – Remunerate fairly and responsibly</b> A listed entity should pay Director remuneration sufficient to attract and retain high quality Directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.		
<b>Recommendation 8.1</b> The board of a listed entity should: <ul style="list-style-type: none"> <li>• have a remuneration committee which:               <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director;</li> </ul> </li> <li>• disclose:               <ul style="list-style-type: none"> <li>(i) the charter of the committee;</li> <li>(ii) the members of the committee; and</li> <li>(iii) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>• if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</li> </ul>	Yes	Once formed, the responsibilities of the Remuneration Committee include a review of and recommendation to the Board on: <ul style="list-style-type: none"> <li>• the Group's remuneration, recruitment, retention and termination policies and procedures for senior executives;</li> <li>• senior executives' remuneration and incentives;</li> <li>• superannuation arrangements;</li> <li>• the remuneration framework for Directors; and</li> <li>• remuneration by gender.</li> </ul> For each member of the Remuneration Committee: <ul style="list-style-type: none"> <li>• the would-be member of the remuneration committee shall be familiar with the legal and regulatory disclosure requirements in relation to remuneration; and</li> <li>• 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.</li> </ul>
<b>Recommendation 8.2</b> A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.	Yes	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. 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.
<b>Recommendation 8.3</b> A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"> <li>• have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</li> <li>• disclose that policy or a summary of it.</li> </ul>	Yes	The Group has a Securities Trading Policy that is designed to minimise the potential for insider trading.

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## Directors' Report

For the Year Ended 31 December 2020

Recommendation	Complies?	Group compliance approach and activities
Additional recommendations that apply only in certain cases		
<b>Recommendation 9.1</b> A listed entity with a Director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the Director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	Yes	All members of the board speak English. The Chairman has a conversational knowledge of English. For more complex documentations and discussions, the Board will engage the services of a translator, if required.
<b>Recommendation 9.2</b> A listed entity established outside of Australia should ensure that meetings of security holders are held at a reasonable place and time.	Yes	As the Group will have shareholders across Australia and Malaysia, the Group will ensure that meetings of security holders are held at a reasonable time and as per the Disclosure and Communication policy, the Group will consider using appropriate technology for encouraging shareholder participation.
<b>Recommendation 9.3</b> A listed entity established outside of Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	The Company ensures that the external auditor is invited to and attends the Group's AGM.

END OF CORPORATE GOVERNANCE STATEMENT

This Directors' report, incorporating the remuneration report and corporate governance statements, is signed in accordance with a resolution of the Board of Directors.

Director:  .....

15 March 2021

AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF ADVANCETC LIMITED

As lead auditor of AdvanceTC Limited and controlled entities for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, 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

15 March 2021

## AdvanceTC Limited and controlled entities

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

For the Year Ended 31 December 2020

	Note	2020 MYR	2019 MYR
Revenue	4	-	174,840
Other income	4	12,739	4,954,700
Employee benefits		(2,272,643)	(1,504,171)
Design, development and marketing		(1,486,389)	(72,652)
Professional fees		(1,471,065)	(441,185)
Other		(610,713)	(803,103)
Finance costs		(18,750)	(1,107)
(Loss)/profit before Income tax		(5,846,821)	2,307,322
Income tax benefit	5	-	976,145
<b>(Loss)/profit for the year</b>		<b>(5,846,821)</b>	<b>3,283,467</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive (loss)/income for the year</b>		<b>(5,846,821)</b>	<b>3,283,467</b>
Total comprehensive (loss)/income attributable to:			
Members of the parent entity		(5,420,950)	3,265,082
Non-controlling interest		(425,871)	18,385
		<b>(5,846,821)</b>	<b>3,283,467</b>
<b>Earnings per share</b>		<b>Sen / share</b>	<b>Sen / share</b>
Basic earnings per share	6	(0.01)	0.84
Diluted earnings per share	6	(0.01)	0.84

The accompanying notes form part of these financial statements.

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## Consolidated Statement of Financial Position

As at 31 December 2020

	Note	2020 MYR	2019 MYR
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,345,917	7,125
Trade and other receivables	7	891,298	4,336
Inventories	8	-	1,775,203
<b>TOTAL CURRENT ASSETS</b>		<b>2,237,215</b>	<b>1,786,664</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		14,686	15,138
<b>TOTAL NON-CURRENT ASSETS</b>		<b>14,686</b>	<b>15,138</b>
<b>TOTAL ASSETS</b>		<b>2,251,901</b>	<b>1,801,802</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	1,426,620	3,671,408
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,426,620</b>	<b>3,671,408</b>
<b>NON-CURRENT LIABILITIES</b>			
Other payables	9,16	2,325,402	46,192
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,325,402</b>	<b>46,192</b>
<b>TOTAL LIABILITIES</b>		<b>3,752,022</b>	<b>3,717,600</b>
<b>NET LIABILITIES</b>		<b>(1,500,121)</b>	<b>(1,915,798)</b>
<b>EQUITY</b>			
Share capital	10	42,635,819	24,857,277
Accumulated losses		(42,399,561)	(25,171,712)
<b>Total equity attributable to equity holders of the Company</b>		<b>236,258</b>	<b>(314,435)</b>
Non-controlling interests		(1,736,379)	(1,601,363)
<b>TOTAL DEFICIT</b>		<b>(1,500,121)</b>	<b>(1,915,798)</b>

The accompanying notes form part of these financial statements.

## AdvanceTC Limited and controlled entities

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### Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2020

	Note	Share Capital MYR	Accumulated Losses MYR	Non-controlling Interests MYR	Total MYR
<b>2020</b>					
Balance at 1 January 2020		24,857,277	(25,171,712)	(1,601,363)	(1,915,798)
Loss for the year		-	(5,420,950)	(425,871)	(5,846,821)
Issue of shares		6,934,079	-	-	6,934,079
Acquisition of non-controlling interests	13	10,844,463	(11,806,899)	290,855	(671,581)
Balance at 31 December 2020		<u>42,635,819</u>	<u>(42,399,561)</u>	<u>(1,736,379)</u>	<u>(1,500,121)</u>
<b>2019</b>					
Balance at 1 January 2019		24,857,277	(28,436,794)	(1,619,748)	(5,199,265)
Profit for the year		-	3,265,082	18,385	3,283,467
Balance at 31 December 2019		<u>24,857,277</u>	<u>(25,171,712)</u>	<u>(1,601,363)</u>	<u>(1,915,798)</u>

The accompanying notes form part of these financial statements.

# AdvanceTC Limited and controlled entities

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## Consolidated Statement of Cash Flows

For the Year Ended 31 December 2020

	2020	2019
	MYR	MYR
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	12,739	1,266,901
Payments to suppliers and employees	(5,390,025)	(1,230,850)
Interest paid	(18,751)	(1,107)
Income taxes paid	-	(2,288)
Net cash (used in)/provided by operating activities	<u>(5,396,037)</u>	<u>32,656</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of plant and equipment	(5,881)	-
Proceeds from disposal of property, plant and equipment	-	30,000
Net cash (used in)/provided by investing activities	<u>(5,881)</u>	<u>30,000</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	2,279,210	-
Repayment of borrowings	-	(64,257)
Issue of shares	4,461,500	-
Net cash provided by/(used in) financing activities	<u>6,740,710</u>	<u>(64,257)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,338,792</b>	<b>(1,601)</b>
Cash and cash equivalents at beginning of year	7,125	8,726
<b>Cash and cash equivalents at end of year</b>	<b><u>1,345,917</u></b>	<b><u>7,125</u></b>

The accompanying notes form part of these financial statements.

# AdvanceTC Limited and controlled entities

ACN 600 238 444

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

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 15 March 2021.

### 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.

### 2 Summary of Significant Accounting Policies

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

#### (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 are made to controlled entities' financial position, performance and cash flows to ensure conformity with the Group's accounting policy where applicable.

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 13 to the financial statements.

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 from contracts with customers* is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as prescribed by AASB 15: Revenue from contracts with customers.

*Sale of goods* - revenue arises mainly from the sale of mobile wireless computing and telecommunication devices. When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods.

*Other income* is recognised when the service has been performed and the right to receive the payment is established.

*Interest income* is reported on an accrual basis using the effective interest method.

#### (c) 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.

# AdvanceTC Limited and controlled entities

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## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

### Summary of Significant Accounting Policies (continued)

#### (d) 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 reasons:

- 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.

#### (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

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## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

#### (g) Cash and cash equivalents

Cash and cash equivalents comprise 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.

#### (h) 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.

#### (i) 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.

Plant and equipment 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 10-20% per annum.

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.

#### (j) 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.

#### (k) Financial instruments

Financial instruments are recognised initially 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.* On initial recognition, the Group classifies its financial assets as; those measured at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing the relevant asset. All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on their classification.

Financial assets measured at amortised cost are those where the business model is to hold assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the amount outstanding. Financial assets measured at amortised cost comprise receivables and cash and cash equivalents. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment. All changes in value, income and expenses, impairments, and gain/loss on derecognition are recognised in profit or loss.

*Impairment of financial assets.* Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost. Impairments are determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. When estimating ECL, the Group considers reasonable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis based on historical experience and informed credit assessment including forward looking information. The Group uses the presumption that a financial asset is in default when the other party is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions outside of its the normal collection activities.

# AdvanceTC Limited and controlled entities

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## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

#### Financial instruments (continued)

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received, using a probability weighted approach. The estimates produced from this are applied to the balances due to estimate the expected credit loss provision. The amount is recorded in a separate allowance account with the loss being recognised in finance expense. Once a financial asset is determined to be uncollectable then the gross carrying amount is written off against the associated allowance. Where the Group renegotiates terms, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

*Financial liabilities.* The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method. Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "interest paid". The Group's financial liabilities include trade and other payables and lease liabilities, which are measured at amortised cost using the effective interest rate method. Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and are usually paid in accordance with agreed terms with suppliers.

*Derecognition.* Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

#### (l) 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.

#### (m) Foreign currency transactions 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 hedge.

#### (n) Operating segments

##### *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 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.

# AdvanceTC Limited and controlled entities

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## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

### 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.

#### (a) *Going concern*

The Group incurred a net loss of MYR 5,846,421 for the year ended 31 December 2020 and as at that date, the Group had cash and cash equivalents of MYR 1,345,917, net current assets of MYR 810,595, total liabilities of MYR 3,752,022, of which MYR 1,426,620 were repayable within one year, and is in a net liability position of MYR 1,500,121.

These conditions give rise to a material uncertainty which may cast significant doubt over the consolidated entity's ability to continue as a going concern.

The ability of the Group to continue as a going concern is dependent upon being able to manage its liquidity requirements to meet the levels of expenditure required by to continue to develop and bring to market the next generation of integrated mobile communication devices and to meet the groups other operational working capital requirements until such a time that the Group can achieve sustainable revenue and profitability by taking some or all the following actions:

- Making agreements with creditors to defer payment of liabilities. At 31 December the Group has obtained written agreements of moratoriums on repayments of creditors totalling MYR 2,325,402 to defer settlement until 2022. The Directors expect that this and potential ongoing support will continue;
- Raising additional equity as and when necessary. Despite the negative effects that COVID-19 has had on the markets in which the Group operates, during the year the Group raised MYR 4,461,500 of new capital and has further capital raisings planned on an ongoing basis to fund its requirements. Consequently, the total equity of the Group increased by MYR 415,677 during the year. Further, on 5 March 2021, the Company secured DTC Eligibility by The Depository Trust Company for its shares on the OTC giving rise to further sources of potential equity;
- Securing other forms of financing; and
- Achieving sustainable revenue from the successful commercialisation of its range of satellite mobile smartphones and proprietary community software applications in an appropriate timescale given the fast pace of technological development.

While the financial condition of the Group gives rise to a material uncertainty in relation to the Group's ability to realise its assets and settle its liabilities at the amounts stated in the financial information, on the basis of the above actions, the Directors consider the Group will be able to meet its obligations as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis.

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) *Recoverability of short-term advances*

Consideration of the recoverability of short-term advances requires significant judgement in relation to the knowledge of the receivable and how and when it will be recoverable. The details of the advance are disclosed in note 7, and further details of contingent shares to be issued to the debtor are given in note 14. On the basis of the information available and contracts that have been entered into, the Directors have carefully considered and reviewed the facts and circumstances to determine whether there is any objective evidence that any of the balance is impaired as at the balance date. In the Directors opinion, no material indicators of impairment have been identified as at the balance date and accordingly no impairment allowance has been made.

#### (c) *Classification of payables as current / non-current*

At 31 December the Group has obtained written agreements of moratoriums on repayments of creditors totalling MYR 2,325,402 to defer settlement until 2022. The accounting effect of the moratoriums is that MYR 2,325,402 now fall after 12 months from the date of the financial report and have been classified as non-current liabilities on the consolidated balance sheet at 31 December 2020.

# AdvanceTC Limited and controlled entities

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## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

### 4 Revenue and other income

	2020	2019
	MYR	MYR
Revenue from contracts with customers	-	174,840
Debt forgiven by related party	-	4,900,000
Other income	12,739	54,700
Total revenue and other income	<u>12,739</u>	<u>5,129,540</u>

### 5 Income tax expense

	2020	2019
	MYR	MYR
<i>The major components of tax expense/(benefit) comprise:</i>		
Current tax benefit	-	(976,145)
(Loss)/Profit before tax	(5,846,821)	2,307,322
Tax rate (weighted average based on 30% in Australia, 33.33% in France and 24% in Malaysia)	27.55%	26.2%
	(1,610,640)	604,518
Tax effect of:		
- other non-allowable items	430,269	(1,283,800)
- deferred tax assets not brought to account	1,180,371	679,282
- over provision of prior year tax	-	(976,145)
Income tax (benefit)	<u>-</u>	<u>(976,145)</u>
<b>Current tax liability</b>		
Opening balance	-	978,433
Income tax provision reversal (benefit)	-	(976,145)
Payments	-	(2,288)
Closing balance	<u>-</u>	<u>-</u>

### 6 Earnings per Share

	2020	2019
	MYR	MYR
(Loss)/Earnings used to calculate overall earnings per share	<u>(5,420,950)</u>	<u>3,265,082</u>
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<u>402,441,915</u>	<u>390,140,547</u>
(Loss)/Earnings per share (sen / share)	<u>(0.01)</u>	<u>0.84</u>

There are no differences to the above calculation to that for diluted earnings per share.

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## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

### 7 Trade and other receivables

	2020	2019
	MYR	MYR
CURRENT		
Other receivables and prepayments	18,932	4,336
Short term advances (a)	872,366	-
	<u>891,298</u>	<u>4,336</u>

The carrying value of 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 statements.

- (a) The short-term advances represent amounts advanced by the Company to a third party, TBS Equities Fund LLC ('TBS'), during the year to carry out capital raising activities in the financial year ending 31 December 2021 pursuant to an Equity Purchase Agreement. Under the agreement, the amount is recoverable within six months of initial advance whether or not capital is raised, and no interest is recoverable on the amount. The latest date the amount is recoverable under the contract is 3 September 2021. If capital is raised then TBS will be granted rights to purchase shares in the Company at a 40% discount on the market price as disclosed in Note 14, if no capital is raised then no shares will be issued.

No trade and other receivables are past due at the reporting date.

### 8 Inventories

	2020	2019
	MYR	MYR
Deposits for production	-	1,755,726
Work in progress	-	19,477
	<u>-</u>	<u>1,775,203</u>

Inventory of the Explore X5 satellite mobile phone model produced during 2019 was converted into marketing units during the year to assist with commercial functionality testing, market testing, user acceptance and future price modelling to enhance and improve the new X7U model currently under development.

### 9 Trade and other payables

	2020	2019
	MYR	MYR
CURRENT		
Trade payables (a)	249,793	253,267
Other payables and accruals (b)	1,176,827	3,411,309
	<u>1,426,620</u>	<u>3,664,576</u>
NON-CURRENT		
Other payables (b) - related parties - Note 17	2,325,402	46,192
	<u>2,325,402</u>	<u>46,192</u>

(a) Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 days to 90 days.

(b) Amounts included in other payables are accruals and advances payable, which are unsecured and interest free.

# AdvanceTC Limited and controlled entities

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## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

### 10 Issued Capital

	2020	2019
	MYR	MYR
421,097,462 (2019: 390,140,547) ordinary shares	42,635,819	24,857,277
	<u>42,635,819</u>	<u>24,857,277</u>

#### Ordinary shares

	2020	2019	2020	2019
	No.	No.	MYR	MYR
At the beginning of the period	390,140,547	390,140,547	24,857,277	24,857,277
Shares issued and paid during the period	<u>30,956,915</u>	-	<u>17,778,542</u>	-
Total paid up capital at the end of reporting year	421,097,462	-	42,635,819	-
Shares issued and not paid yet – held in escrow	<u>27,564,167</u>	-	-	-
Authorised capital at the end of reporting period	<u>448,661,629</u>	<u>390,140,547</u>	<u>42,635,819</u>	<u>24,857,277</u>

During the year, the Company issued shares in three tranches of 35,000,000 shares, 5,494,620 shares and 17,985,479 shares respectively. The share issue of 5,494,620 was part of debt swap agreement dated 10 June 2020 to settle the amount owed to TOP ATC Industries Sdn Bhd. 17,985,479 shares were issued in order to acquire the remaining 4.61% shares of Advance Tech Communications Sdn Bhd. Only 7,435,833 shares were fully paid up of the 35,000,000 issue shares as of the reporting date. The remaining 27,564,167 shares are held in an escrow.

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 Group's 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.

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## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

### 11 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 Audit and 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. The Group's liabilities have contractual maturities which are summarised below:

	On demand or within 1 year		1 to 5 years		Total	
	2020	2019	2020	2019	2020	2019
	MYR	MYR	MYR	MYR	MYR	MYR
Hire purchase lease liabilities	-	6,832	-	-	-	6,832
Directors' loans	-	-	15,892	46,192	15,892	46,192
Trade and other payables	1,426,620	3,664,576	2,309,510	-	3,736,130	3,664,576
<b>Total</b>	<b>1,426,620</b>	<b>3,671,408</b>	<b>2,325,402</b>	<b>46,192</b>	<b>3,752,022</b>	<b>3,717,600</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 short-term advances, the terms of which are disclosed in note 7.

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 outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group expects to recover all balances in full in due course.

In respect of cash and bank balances this is placed with major financial institutions in Malaysia and Australia with credit ratings of A+ and above, and the Directors believe that the possibility of non-performance by the financial institutions is remote.

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 statement of financial position.

Information regarding financial assets that are past due but not impaired is disclosed in Note 7.

# AdvanceTC Limited and controlled entities

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## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

### 12 Remuneration of Auditors

Remuneration paid to the auditors of the parent entity, LNP Audit and Assurance Pty Ltd during the year for the audit and review of the financial statements of the Group was MYR 376,996 (2019: MYR 232,242). Other auditors' remuneration was MYR NIL (2019: MYR 101,390).

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

	Principal place of business/ Country of Incorporation	Percentage Owned(%)*	Percentage Owned(%)*
<i>Subsidiaries:</i>		2020	2019
AdvanceTC Sdn Bhd	Malaysia	100	100
Advance Tech Communications Sdn Bhd**	Malaysia	100	95.39
AdvanceTC Cilicon SAS *	France	60	75

#### \* Acquisition of interests in AdvanceTC Cilicon SAS

On 25 May 2015, the Group entered into an agreement with Cilicon Limited, a Hong Kong based entity associated with Mr Herve Jegou where the parties established a joint venture arrangement to promote the sale of the Company's satellite smartphone and proprietary community software application in Europe. Under this agreement the parties established an entity in France, AdvanceTC Cilicon SAS. Having considered the terms and conditions of the arrangement, the Directors concluded that the Company controlled the relevant activities of AdvanceTC Cilicon SAS by virtue of owning 75% of the share capital and controlling 2 out of 3 board seats and as such, the Group accounted for its holdings in AdvanceTC Cilicon SAS as a consolidated subsidiary with an adjustment through non-controlling interests for the remaining 25% share. This arrangement was in place until 15 October 2020.

On 15 October 2020, AdvanceTC Cilicon SAS was formally registered as a Company and a shareholder agreement entered into in which AdvanceTC Limited holds 60% of the shares of the entity. On that date, AdvanceTC Cilicon SAS had net liabilities of MYR 6,945,516. An adjustment of MYR 897,246 was made from accumulated losses to non-controlling interests to reflect the increase in the non-controlling shareholder's ownership change in AdvanceTC Cilicon SAS from 25% to 40%. No consideration was exchanged between the Group and non-controlling shareholder as a result of this transaction.

#### \*\* Acquisition of additional interest in Advance Tech Communications Sdn Bhd

On 3 August 2020 the Group acquired 4.61% of the ordinary shares of Advance Tech Communications Sdn Bhd previously held by Cheng Pheng Loi, increasing its holding in the subsidiary to 100%. Consideration to the selling shareholder was in the form of 17,985,479 shares in AdvanceTC Limited being issued and granted, at a price of AUD 0.20 per share. No goodwill or separable intangibles were recognised as a result of the acquisition. The interest acquired has been accounted for as follows;

	MYR
Shares issued as consideration to selling shareholder	10,844,463
Net assets acquired	252,808
Accumulated losses assumed by the Group	<u>11,097,271</u>

### 14 Commitments and Contingencies

AdvanceTC Limited has entered into an arrangement (hereafter referred to as an "Equity Purchase Agreement") with TBS Equities Fund LLC (TBS), an equity broker, to raise funds on the US OTC market on the Group's behalf. Upon successful execution under specific terms of the agreement, TBS is entitled to purchase up to 6 million shares in the Company at a discount of 40% on the market share price at the date of purchase.

The Group is committed to continue development of its technology and bring it to market. The Group intends to fund this by additional share issues as disclosed elsewhere in this report.

# AdvanceTC Limited and controlled entities

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## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

### 15 Cash Flow Information

	2020	2019
	MYR	MYR
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Loss before taxation	(5,846,521)	3,283,467
Adjustments for:		
Depreciation	6,333	5,717
Impairment	1,486,389	-
<b>Net cash flows used in operations</b>	<b>(4,353,799)</b>	<b>3,289,184</b>
Adjustments for:		
Decrease in trade and other receivables	467,271	(263,184)
(Increase) in inventories	-	(5,718)
(Decrease) in trade and other payables	(1,509,509)	(2,987,626)
<b>Net cash flows from operating activities</b>	<b>(5,396,037)</b>	<b>32,656</b>

### 16 Related Party Transactions

The Group's main related parties are as follows:

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

*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.

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

The following transactions occurred with related parties:	2020	2019
	MYR	MYR
<b>Payable to or receivable from related parties at period end</b>		
Directors' loans and fee accruals (payable by the Group)	159,979	418,796
Top ATC Industries Sdn Bhd	2,229,155	11,281
<b>Transactions occurring during the period:</b>		
Purchase of non-controlling interest shares from Cheng Pheng Loi	10,844,463	-
Transfer of 15% share of AdvanceTC Cilicon SAS to Cilicon Limited	897,246	-
Directors' loan (repaid)/advanced	(258,817)	2,450
Net movement in loan account with Top ATC Industries Sdn Bhd	2,217,874	(677,166)
Short-term employee benefits – Key Management Personnel	793,200	763,200

# AdvanceTC Limited and controlled entities

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## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

### 17 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 are accounted for at cost less accumulated impairment in the financial statements of the Parent entity.

	2020	2019
	MYR	MYR
<b>Statement of Financial Position</b>		
<b>Assets</b>		
Current assets	881,885	6,404
Non-current assets	-	-
Total Assets	<u>881,885</u>	<u>6,404</u>
<b>Liabilities</b>		
Current liabilities	<u>332,952</u>	674,980
Total Liabilities	<u>332,952</u>	<u>674,980</u>
<b>Equity</b>		
Issue capital	42,635,819	24,857,279
Accumulated losses	<u>(42,086,886)</u>	<u>(25,525,855)</u>
Total Equity/(Deficit)	<u>548,933</u>	<u>(668,576)</u>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Total profit or loss for the year	(1,563,466)	73,032
Other comprehensive income	-	-
Total comprehensive income	<u>(1,563,466)</u>	<u>73,032</u>

The parent Company has no further commitments, contingencies or guarantees given as at 31 December 2020 other than those disclosed in Note 14.

# AdvanceTC Limited and controlled entities

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## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

### 18 Events occurring after the reporting date

On 9 June 2020, the Company authorised the issue of 35 million shares at a price of AUD 0.20 per share. As at 31 December 2020 MYR 4,461,500 of shares had been allotted and fully paid. Shareholders have committed to settle the amounts on the remaining shares by 15 October 2021 based on the following agreed payment schedule;

Date	Total	Received between 9 June and 31 December 2020	Balance as of 31 December 2020	Received between 1 January 2021 and 15 March 2021	Remaining balance at 15 March 2021
	MYR	MYR	MYR	MYR	MYR
9 June – 31 December 2020	4,461,500	(4,461,500)	-	-	-
1 - 15th January 2021	631,400	-	631,400	(650,000)	(18,600)
1 - 15th February 2021	647,600	-	647,600	(350,000)	297,600
1 - 15th March 2021	663,800	-	663,800	-	663,800
1 - 15th April 2021	680,000	-	680,000	-	680,000
1 - 15th May 2021	790,700	-	790,700	-	790,700
1 - 15th June 2021	1,097,900	-	1,097,900	-	1,097,900
1 - 15th July 2021	1,546,700	-	1,546,700	-	1,546,700
1 - 15th August 2021	2,269,100	-	2,269,100	-	2,269,100
1 - 15th September 2021	3,390,700	-	3,390,700	-	3,390,700
1 - 15th October 2021	4,820,600	-	4,820,600	-	4,820,600
<b>Total</b>	<b>21,000,000</b>	<b>(4,461,500)</b>	<b>16,538,500</b>	<b>(1,000,000)</b>	<b>15,538,500</b>

The recovery from the COVID-19 outbreak continues to evolve across the world as at the date of this report. The Directors remain confident that as the COVID-19 is controlled and overcome, and combined with the successful execution of the Group's production and commercialisation plans, the Group performance will correspondingly improve and strengthen.

On 5 March 2021, the Company secured DTC Eligibility by The Depository Trust Company for its shares on the OTC giving rise to further sources of potential equity.

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.

The financial report was authorised for issue on 15 March 2021 by the Board of Directors.

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

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## Directors' Declaration

For the Year Ended 31 December 2020

The Directors of the Company declare that:

1. The financial statements and notes for the year ended 31 December 2020 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

15 March 2021

INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ADVANCETC LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

*Opinion*

We have audited the financial report of AdvanceTC Limited (the Company), including its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, 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 Company.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- a) Giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and of its consolidated financial performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

*Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Material Uncertainty Relating to Going Concern*

We draw attention to Note 3(a) in the financial report which indicates that the Group incurred a net loss of MYR 5,846,421 during the year ended 31 December 2020, and as of that date the Group's liabilities exceeded its assets by MYR 1,500,121. As stated in Note 3(a) these events or conditions, along with other matters set forth in note 3a indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Key Audit Matter	How our audit addressed the matter
<p><i>Recoverability of short-term advances receivable</i></p> <p>The Group has net current assets of MYR 810,595. The Group extended a short-term advance of MYR 872,366 to a third-party in furtherance of the execution of the Equity Purchase Agreement pursuant to the Group's strategy to raise funds on the US OTC market effective on 5 March 2021.</p> <p>The advance is repayable to the Group within six months of the advance date and is shown as a current asset in the consolidated statement of financial position.</p> <p>The balance is a material item and is a key audit matter.</p>	<p>Our audit procedures included amongst others;</p> <ul style="list-style-type: none"> <li>• Assessment of the appropriateness of the accounting treatment applied for short term advances receivable;</li> <li>• Obtaining the agreements, considering the nature and purpose of the advance and agreeing amounts advanced and repayment terms;</li> <li>• Obtaining a confirmation from the debtor of the amount due;</li> <li>• Assessment of the ability of the debtor to repay the amount; and</li> <li>• Evaluating the disclosures made in the financial statements.</li> </ul>
<p><i>Classification of certain trade and other payables between current and non-current liabilities</i></p> <p>The Group has net current assets of MYR 810,595.</p> <p>MYR 2,325,402 of trade and other payables have been treated as due after more than one year. This classification has made on the basis of moratoriums for repayments agreed by the relevant creditors for period of between 12 to 18 months after 31 December 2020.</p> <p>This is a material amount and the classification between current and non-current in the consolidated statement of financial position is a key audit matter.</p>	<p>Our audit procedures included amongst others;</p> <ul style="list-style-type: none"> <li>• Obtaining and examining the moratorium agreements made with creditors;</li> <li>• Reviewing the calculation of the current / non-current split; and</li> <li>• Evaluating the disclosures made in the financial statements.</li> </ul>

#### *Other information*

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2020, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *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 Consolidated Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 7 to 9 of the Directors' Report for the year ended 31 December 2020. In our opinion, the Remuneration Report of AdvanceTC Limited for the year ended 31 December 2020, 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

15 March 2021

# AdvanceTC Limited and controlled entities

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## Additional Information for Listed Public Companies

Year Ended 31 December 2020

### 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 2020.

#### Substantial shareholders

The substantial shareholders are set out below:

Shareholders	%
Loi Jonathan Yeow Koon	15.08
Loi Cheng Pheng	13.60
Giro Multimedia SDN BHD	4.94

#### 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	270	256,959	0.06%
1,001 - 5,000	571	1,786,618	0.42%
5,001 - 10,000	232	1,973,801	0.47%
10,001 - 100,000	370	12,313,581	2.92%
100,001 and over	154	404,766,503	96.13%
	1597	421,097,462	100.00%

#### Top 20 shareholders

	Ordinary shares	
	Number held	% of Issued shares
Loi Jonathan Yeow Koon	63,482,298	15.08%
Loi Cheng Pheng	57,278,019	13.60%
Ahmad Ghiti Bin Mohd Daud	22,523,730	5.35%
Giro Multimedia SDN BHD	20,782,231	4.94%
Yong Loong Chen	16,400,000	3.89%
Soon Wan Ching	15,482,000	3.68%
Bvmalls Hong Kong Limited	15,000,000	3.56%
A88 Trading & Holdings Pte Ltd	15,000,000	3.56%
Mon Space (M) SDN BHD	8,310,606	1.97%
Chang Tiam Hock	7,341,550	1.74%
Teck Soon Chong	7,000,000	1.66%
Yeong Kok Wah	6,600,000	1.57%
Azah Binti Md Khalid	6,323,730	1.50%
HSBC Custody Nominees	6,300,000	1.50%
Mr Han Peir Low	5,932,108	1.41%
Mr Chew Keng Yaw	5,879,525	1.40%
Mr Hooi Beng Lim	5,189,125	1.23%
Wong Siew Yin	4,100,000	0.97%
Ng Guat Choo	3,800,000	0.90%
Lee Gim Keong	3,380,000	0.80%
Other shareholders	124,992,540	29.69%
	421,097,462	100%