

28 February 2020

Ms. Vanessa Nevjestic  
Adviser, ASX Listings Compliance  
ASX Compliance Pty Ltd  
Level 40, Central Park  
152-158 St. Georges Terrace  
Perth, WA 6000

By email: listingscomplianceperth@asx.com.au

Dear Ms Nevjestic

### Response to ASX Query Letter

Syntonic Limited (**SYT**), refers to your letter dated 24 February 2020 in relation to SYT's Appendix 4C quarterly report for the period ended 31 December 2019.

SYT provides the following responses to your queries:

- 1 Yes, SYT expects that it will continue to have negative operating cash flows in the short term, however, negative operating cash flow is expected to reduce in the coming quarters.
- 2 Yes, SYT is monitoring its cash position and is taking a number of steps to ensure that it has sufficient capital to fund its operations and meet its working capital requirements, including through:
  - a) its sizeable accounts receivable balance of \$893,000 at 31 January 2019, which represents past receivables due for services rendered by SYT (refer to the ASX announcement dated 26 February 2020) - SYT is presently advancing the progress of its collection and is working to improve the efficiency of its payment cycle;
  - b) selling its legacy products to its current strategic mobile carriers and partners which will result in additional capital and reduce operating costs, including the buy-out license arrangement with Thang Long Event Limited (refer to the ASX announcement dated 26 February 2020 for further details); and
  - c) preliminary engagements with potential investors to discuss various funding opportunities.
- 3 Yes, SYT expects to be able to continue its operations and to meet its business objectives based on the responses detailed in paragraph 2 above.
- 4 SYT confirms that it is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
- 5 SYT confirms that this letter and the responses above have been authorised and approved by the Board.

Yours sincerely



Mr Tim Slate  
Company Secretary  
Syntonic Limited



24 February 2020

Reference: ODIN13756

Mr Tim Slate  
Company Secretary  
Syntonic Limited  
Level 26, 140 St Georges Terrace  
PERTH WA 6000

By email: [tim@catalystcorporate.com.au](mailto:tim@catalystcorporate.com.au)

Dear Mr Slate

### **Syntonic Limited ('SYT'): Appendix 4C Query**

ASX refers to SYT's Appendix 4C quarterly report for the period ended 31 December 2019 lodged with the ASX Market Announcements Platform and released on 29 January 2020 (the 'Appendix 4C').

ASX notes that SYT has reported:

- negative net operating cash flows for the quarter of \$1,302,000;
- cash at the end of the quarter of \$877,000; and
- estimated cash outflows for the next quarter of \$1,660,000.

It is possible to conclude, based on the information in the Appendix 4C, that if SYT were to continue to expend cash at the rate indicated by the Appendix 4C, SYT may not have sufficient cash to continue funding its operations.

### **Request for Information**

In view of that, ASX asks SYT to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does SYT expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has SYT taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does SYT expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that SYT is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that SYT's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of SYT with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that SYT considers may be relevant to ASX forming an opinion on whether SYT is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **6:00 AM AWST Friday, 28 February 2020**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in SYT's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX

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under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, SYT's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at [ListingsCompliancePerth@asx.com.au](mailto:ListingsCompliancePerth@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1 and 3.1A**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to SYT's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that SYT's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in SYT's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

### **Enquiries**

If you have any queries or concerns about any of the above, please contact me immediately.

Yours faithfully

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**Vanessa Nevjestic**  
Adviser, Listings Compliance (Perth)