

Dear Mr. Yap Ding Chai,

E-Plus Ltd (the “Company” or “8EP”)

Periodic Disclosure Query

National Stock Exchange of Australia (“NSX” or “the Exchange”) refers to the Company’s Half-Yearly Financial Report¹ lodged on 11 September 2020 and notes the following:

A. Independent Auditor’s Review Report states:

REPORT ON THE HALF-YEAR FINANCIAL REPORT

We have reviewed the half-year financial report of E-Plus Limited and Controlled Entities, (the Group), which comprises the consolidated statement of financial position as at 30 June 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the Directors’ Declaration of the Company.

We do not express a conclusion on the accompanying financial report of the Group. Because of the significance of the matters described in the Basis of Disclaimer of Conclusion section of our report, we have not been able to perform the review procedures necessary to provide a conclusion on the review of the financial report.

Basis for Disclaimer of Conclusion

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

- a) As stated in Note 4, the Group has MYR 4,687,263 of receivables, MYR 4,491,388 of which are from related parties. We were unable to obtain sufficient appropriate evidence about the carrying amount of these receivables. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.
- b) Note 3 (a) of the half-year financial report discloses conditions that indicate the existence of the material uncertainties, relating to the matters surrounding the continuing use of the going concern assumption in preparation of these financial statements. We have been unable to obtain sufficient appropriate review evidence to support management’s assessment of the Group’s ability to continue as a going concern, and the effect of COVID-19 on the Group’s operations and cash flows.
- c) The Group has MYR 693,022 of fixed assets, MYR 503,131 of which pertains to the office space in use which the Group owns. We were unable to obtain sufficient appropriate evidence about the recoverable amount of the office space and consequently we are unable to determine whether any adjustments to those amounts were necessary.

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

14 December 2020

E-Plus Ltd
Attn: Mr. Yap Ding Chai
Company Secretary
Grosvenor Place Level 12
225 George Street
Sydney NSW 2000

¹ <https://www.nsx.com.au/ftp/news/021738615.PDF>

B. Note 3 of the Half-Yearly Financial Report states:

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 statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made are:

a) Going concern

The directors have prepared financial statements on a going concern basis which contemplates the continuity of normal business activity and realisation of assets and settlement of liabilities in the normal course of business.

At 30 June 2020 the Group has recorded a net profit after tax for the half year of MYR83,911 (30 June 2019 profit after tax for the half year MYR 60,075). The Group also incurred operating cash inflows in the half year of MYR2,284,979 (30 June 2019 half year outflow MYR 874,255). As at 30 June 2020 the Group has net current assets of MYR594,605 (31 December 2019 net current liabilities: MYR1,523,197). COVID-19 has materially affected the Groups operations.

This 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. However, the Directors consider the Group will be able to meet its obligations as and when they fall due based on the following assumptions, which the Directors consider:

- Raising additional capital or securing other forms of financing;
- Generating recurring revenues as a result of change of business model to virtual events, online gaming, and securing major events projects that conforms to the 'new normal' brought by the pandemic;
- Being able to continue to operate during the COVID -19 disruptions currently being experienced; and
- Receiving continued financial support from the directors.

Accordingly, these financial statements have been prepared on a going concern basis. No adjustments have been made to the financial information relating to the recoverability or classification of the recorded asset amounts and classification of liabilities that may be necessary should the Group not continue as a going concern.

C. Response to Periodic Disclosure Query received 24 July 2020:

4. *NSX notes that in the Company's response³ to the Periodic Disclosure Query on 11 October 2019, the auditor requested the same documentation from the Company in order to verify the carrying amount of the receivables from related parties for the period ended at 30 June 2019, which the Company failed to provide. Please explain why the 'signed contracts, award letters or invoices' were not available at the point of financial report submission for both the 2019 Half-yearly Financial report and 2019 Annual Financial Report.*

Auditors have requested for new signed contracts, awards letters or invoices to satisfy revenue collection from related parties to ensure some loans were repaid. The Company were unsuccessful in securing any sponsors as a source of revenue for the respective events at reporting time. There were no new documents.

D. Response to Periodic Disclosure Query received 24 July 2020:

9. *NSX requests the Company to provide a quarterly update to the market in relation to the progress made in the following areas:*
- i. *arrangements in place with related parties to recover the outstanding amount of the receivables;*
 - ii. *finalization of the repayment plan with its related parties to recover the outstanding amount of the receivables.*

The Company will comply and provide a quarterly update on the requests. The Management are in discussion to provide an impairment to some of the outstanding related parties owing. The decision is not finalised at the point of submission, but decision will be reflected in the upcoming mid term review.

In relation to the above information please respond to the following questions:

1. Given the auditor has indicated that a material uncertainty exists as to whether the Company can continue as a going concern, please explain the basis for and the factors considered by the directors to satisfy themselves that the going concern assumption of preparation is appropriate.
2. In relation to the Disclaimer of Conclusion regarding receivables, please explain why the auditor has been unable to obtain sufficient evidence to verify the carrying amount of the receivables. In your response, please include details of the information which was requested by the auditor but the Company was unable to provide and why the Company failed to provide the requested information.
3. The Company has previously not been able to provide 'signed contracts, award letters or invoices' that have been requested of it by the auditor for the trade and other receivables account. Please explain why the Company still cannot provide the evidence that the auditor is seeking in order to verify the stated amounts? (refer to point C. above)
4. What actions has the company taken and/or what actions will it take to collect or recover the amount receivable from related parties?
5. Please provide an aging analysis for the related parties receivables.
6. In relation to the Disclaimer of Conclusion regarding office space in use, please explain why the auditor has been unable to obtain sufficient evidence to verify the recoverable amount of the office space. In your response, please include details of the information which was requested by the auditor but the Company was unable to provide and why the Company failed to provide the requested information.
7. What steps have been taken, or will be taken, by the Company to obtain an unqualified opinion or conclusion regarding its future financial statements?
8. Please provide your quarterly update as agreed in your Response to the Periodic Disclosure Query received on 24 July 2020 (refer to point D. above).

This request is made under, and in accordance with, Listing Rule 2.7. It goes to whether the Company is in compliance with Listing Rules Section IIA 6.4 and 6.5A.

Your response should be sent to me directly via email no later than **4 pm on 16 December 2020**. Your response will be released to the market along with a copy of this letter. If you wish to discuss the content of your response, please do not hesitate to contact me as soon as possible.

Yours sincerely

Ron Kaushik
Senior Manager – Market Surveillance and Compliance