

Dear Ms. Climo,

E-Plus Ltd (the “Company” or “8EP”)

Periodic Disclosure Query

NSX refers to the Company’s response¹ to the Periodic Disclosure Query on 14 July 2020 and requests further clarification to the following questions:

1. *Please explain how the directors of the Company determined the carrying amount of the related party receivables (MYR 6,840,402) mentioned in the Independent Auditor Report given the auditor has been unable to obtain sufficient appropriate evidence.*

The loans to the related parties were given as initial investments and seed money to incorporate the regional offices and subsequently to finance regional projects. Part of the criteria to satisfy the condition for the award of regional contracts like FIM Asia Supermoto Championship, Powerman Duathlon Championship and FIVB Beach Volleyball is to host the event and pay rights and royalty fees in regional countries. The Directors are currently working out repayment schemes with the related parties, considering the effects of the COVID-19 pandemic to the related parties’ projects previously in the pipeline, and are confident that an agreement will be reached around Q4 of 2020.

- a) NSX further clarifies the intention of the original question above was to seek explanation on the basis and consideration that the Company took into account to calculate, formulate and report the carrying amount of the related party receivables. Please specify and provide a copy of the the books and records² (these documents will not be disclosed to the market) relied upon by the Company to determine the carrying amount of the related party receivables, i.e. email confirmation, written agreements or signed contracts.
- b) Please provide NSX a copy of all the books and records that the Company provided to its auditor to verify the carrying amount of the related party receivables (these documents will not be disclosed to the market).
- c) Please provide a breakdown of the related party loans in the following format and all the relevant supporting documents (these documents will not be disclosed to the market).

Name of the related party			
Terms of the loan			
Principal amount			
Interest charges (per annual)			
Any other charges (per annual)			
Commencement date			
Due date			
Repayment received			

¹ <https://www.nsx.com.au/ftp/news/021738378.PDF>

² Books and records are defined as: http://www5.austlii.edu.au/au/legis/cth/consol_act/ca2001172/s9.html

2. *In relation to the Disclaimer Opinion, please explain why the auditor has been unable to obtain sufficient evidence to verify the carrying amount of the receivables from related parties. In your response please include details of the information which was requested by the auditors, but that the Company was unable to provide.*

Auditors have requested signed contracts, award letters or invoices to satisfy revenue collection for the related entities to ensure some of the loans were repaid. The documents requested were not available at the point of financial report submission; hence the Company was not able to comply. Due to the COVID-19 pandemic, previously planned projects of the regional offices have either been indefinitely postponed or cancelled altogether. Discussions with the regional offices to shift other revenue streams are underway and details of the new projects to replace those affected by the pandemic are expected to be finalised in Q3 and Q4 of 2020.

- d) 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.
- e) Given the signed contracts, award letters or invoices to satisfy revenue collection for related entities were not available at the point of financial report submission, please provide a brief explanation of the policy and/or procedures implemented by the Company to satisfy itself that the financial records are maintained appropriately.
4. *Did the Company sign the MOU with the related entities as stated in the response to the Periodic Disclosure Query? If yes, please provide a copy of the MOU (this document will not be released to the market) and explain why such information was not disclosed to the market. If not, please explain what are the agreements in place with the related entities if any to recover the receivables on time.*

The signing of the MOU did not push through mainly due to the uncertainties brought by the pandemic to the industry in which the related parties' operate in. Discussions with the regional offices on operational plans under the pandemics' 'new normal' is currently underway and any repayment agreements are expected to be finalised and signed in Q4 of 2020.

- f) NSX notes that in the Company's response to the Periodic Disclosure Query on 11 October 2019, the Company was expected to make a public announcement regarding signing the MOU with the related parties in Q4 of 2019. Please explain why the Company failed to sign the MOU with the related parties back in Q4 of 2019 which is before the COVID-19 pandemic happened.
5. *Did the Company sign a repayment plan with the related entities? If yes, please provide a copy of the repayment plan (this document will not be disclosed to the market). If not, please explain why not and what steps have the Company taken to reduce the receivables from the related parties.*
- The repayment plan was not signed with the related parties as several projects that should have driven the repayments were either postponed indefinitely or cancelled altogether due to the COVID-19 pandemic. Currently the Company is looking at other ways that the receivables maybe recovered, like payments through shares of the regional offices or waiting on new projects to be finalised.
- g) NSX notes that in the Company's response to the Periodic Disclosure Query on 11 October 2019, the Company has confirmed that it is in discussion with the respective related entity for a repayment

³ <https://www.nsx.com.au/ftp/news/021737439.PDF>

plan. Please explain why the repayment plan with the related parties was not finalised at the Q4 of 2019 which is before the COVID-19 pandemic happened.

- h) In the Company's response to the Periodic Disclosure Query on 14 July 2020, the impact of the COVID-19 pandemic has been brought up in most of the explanations. Please provide the market an update regarding the impact of COVID-19 on the Company's operations, cash flow position and its ability to continue as a going concern.
- i) 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.

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 22 July 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

Ingrid Wei
Market Surveillance Analyst