

Dear Mr. Cho,

11 November 2019

**AdvanceTC Limited (the "Company" or "A88")****Periodic Disclosure Query**

National Stock Exchange of Australia ("NSX") refers to the 2019 Half-Yearly Financial Report<sup>1</sup> lodged on 13 September 2019 and notes the following:

- A. Revenue generated for the period ended 30 June 2019 is MYR0.
- B. Cash and cash equivalents recorded for the period ended 30 June 2019 is MYR7,230.
- C. Total Current Assets recorded for the period ended 30 June 2019 is MYR494,512 and Total Current Liabilities is MYR6,405,874. Hence, Net Current Liabilities is MYR5,911,362.
- D. Net Liabilities recorded for the period ended 30 June 2019 is MYR5,874,071.
- E. Independent Auditor's Review Report noted the following:

***"Disclaimer of Conclusion***

*We were engaged to review the half-year report of AdvanceTC Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.*

*We do not express a conclusion on the accompanying financial report of the Company (emphasis added). Because of the significance of the matters described in the Basis for disclaimer of conclusion section of our report, we have not been able to obtain sufficient appropriate evidence to provide a basis for a review conclusion on this financial report.*

***Basis for disclaimer of conclusion***

*As disclosed in Note 1 to the financial report, there are a number of conditions which give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. We have been unable to obtain sufficient appropriate audit evidence to support management's assessment of the Group's ability to continue as a going concern (emphasis added). Specifically, we have been unable to obtain sufficient evidence to support claims of successful and timely commercialisation of a new product range. Furthermore, we have been unable to obtain evidence that the related entity has the ability to provide ongoing support until such time arises."*

In addition, the Company's response<sup>2</sup> to NSX Periodic Disclosure Query released to the market on 19 April 2019 stated the following:

- F. "Please confirm the basis for and the factors considered by the directors and the management team of the Company to satisfy themselves that AdvanceTC Limited has sufficient financial resources to continue as a going concern.

*The directors and management team of the Company are satisfied that AdvanceTC Limited has sufficient financial resources to continue its operation with confirmed funding support from its major shareholders. Further as the Company has moved on from R&D stage to commencement of commercialization, AdvanceTC will shortly start to have recurring revenues from its sales of its Xplore X7 Android Satellite Smartphone from the month of June/July 2019 onwards. The Company is in the finalization stages with several international distributors on orders of its devices and these*

<sup>1</sup> <https://www.nsx.com.au/ftp/news/021737300.PDF>

<sup>2</sup> <https://www.nsx.com.au/ftp/news/021736801.PDF>

*orders are expected to be concluded within the month of May 2019. Once concluded, the Company will disclose the details of the orders."*

- G. "Given the auditor has been unable to obtain sufficient evidence to support claims of successful and timely commercialization of a new product range and the related entity has the ability to provide ongoing support until such time arises, please explain in detail why the directors and the management team believe otherwise. Please provide any documentation supporting the Company's analysis and judgement of its Going Concern status – those documents will not be released to the market.

*As per above explanation, the Company is unable to release any documents pertaining to the orders as it is under confidentiality and in the finalization stage. Final terms and condition need to be satisfied and signed off by the manufacturer/purchaser and once this has occurred, the Company shall be able to provide a copy of this announcement to the NSX for review and release to the market. This we estimated shall be within May 2019 itself."*

In relation to the above information please respond to the questions below.

- Given the auditor has been unable to obtain sufficient evidence to support claims of successful and timely commercialization of a new product range or that the related entity has the ability to provide ongoing support until such time arises, please provide an explanation as to why the directors and the management team believe otherwise.
- Please confirm the amount of the revenue that has been generated from 1 July to 31 October 2019 through sales of the Company's Xplore X7 Android Satellite Smartphone, noting as referred to in point F above, that the Company will have recurring revenues from the month of June/July 2019 onwards.
- Please provide the documentation supporting the Company's analysis and judgement of its going concern status mentioned in point G above. This documentation will not be released to the market.
- Please provide a list of the short-term liabilities due before 30 June 2020 in the following format.

Due date of the liability	Amount payable before 30 June 2020	Is the counterparty a related party? (Yes or No)

- What steps has and will the Company take to obtain an unqualified audit report for future financial periods?

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 13 November 2019**. 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**