



AdvanceTC Limited

ACN 600 238 444

Level 12, 225 George Street, Sydney NSW 2000
Tel: 61 2 9290 9600 Fax: 61 2 9279 0664
Website: www.advancetc.com

Mr. Ron Kaushik

15th Dec 2020

Senior Manager - Market Surveillance

Response to NSX Periodic Disclosure Query dated 14th Dec 2020

Dear Mr Ron ,

With regards to the recent NSX query, kindly find the Company responses as per below accordingly for your reference :-

1. Given the auditor has indicated that a material uncertainty exists as to whether the Company can continue as a going concern and the Company did not have any revenues for the six months to 30 June 2020 and suffered a loss of MYR 2,370,820, please explain the basis for and the factors considered by the directors to satisfy themselves that the going concern assumption of preparation is appropriate.

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. The Company shall start commencement of commercialization and shipments , targeted from 2nd Qtr. of 2021 (delays due to the C-19 Pandemic crisis , but the Company has taken several steps and measures to overcome the obstacle) . With both the above arrangements in place , AdvanceTC shall shortly start to have recurring revenues from its sales of its upgraded Xplore X7U Android Satellite Smartphone with DMR .

2. The Company has not received a significant amount of inventory from its supplier and the auditor has expressed that there is significant uncertainty regarding the timing and value for which these may be realized. Why does the Company believe that the inventory will be received? Please provide supporting documentation for your conclusion (these documents will not be disclosed to the market).

The Company believed that the inventory will be received because both companies has agreement in place as per the industry standard with inventory balance confirmation reported and stock check conducted .

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3. Has the Company performed any impairment review on the inventory? If yes, please provide the conclusion of the impairment review and the basis for that conclusion. If not, please explain why the Company believes that this best reflects the position of the Company in relation to the inventory and whether the inventory will be impaired at a future time.

No, the company has not performed any impairment review on the inventory yet because the inventories are recent .

4. 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 related party receivables or whether it has been affected by COVID-19. 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.

The carrying amount was stated on the accounts . There were verbal communications between the Company and auditors pertaining to the Company's ability to collect back the receivables but there were no documents to support the matter. In future , the Company will ensure there will be sufficient documents prepared that will be acceptable to the auditors .

5. What actions has the company taken and/or what actions will it take to collect or recover the amount receivable from related parties?

To date, the Company has recovered the amount receivable mentioned from the related parties .

6. Please explain why there is a significant change in the reported figures for the trade and other receivables account. Please explain why such information was not disclosed to the market earlier per NSX Listing Rule 6.4.

The significant change in the reported figures was due to during the 2019 reporting, the auditor had reported the deposit for production as other receivables, and in June 2020 reporting, auditor had considered/reclassified the deposits for production as inventories. Breakdown attached below.

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	Half Yearly Reporting		31 Dec 2019	Vairance
	30-Jun-20	31-Dec-19	31-Dec-19	
	MYR	MYR	MYR	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	208,398	7,125	7,125	
Trade and other receivables	998,559	4,339	1,760,062	1,755,723
Inventories	1,878,643	1,775,203	19,477	(1,755,726)
	3,085,600	1,786,667	1,786,664	-

7. Please provide a breakdown of the other expenses account for the periods ended 30 June 2020 and 30 June 2019.

	30.06.2020	30.06.2019	Vairance
	MYR	MYR	MYR
Other expenses	(659,569)	(392,100)	(267,469)
Breakdown expenses			
Audit fee	(269,346)	(101,390)	(167,956) Due to under provision of audit fees in 2019
Adversisement & Marketing	(114,365)	(71,813)	(42,552) X'Plore new phone was given out for promotion
Fair value adjustment	(157,738)	(190,810)	33,072 Fair value adjustment for non-current payables
Rental of premise	(33,600)	-	(33,600) Rental was deferred in 2019
Transportation & Handling charges	(34,941)	-	(34,941) X'plore new phone to store
Misc others	(49,578)	(28,087)	(21,491) Travel, meeting & entertainment, medical and office maint
	(659,569)	(392,100)	(267,469)
	0	(0)	

8. What steps have been taken, or will be taken, by the Company to obtain an unqualified opinion or conclusion regarding its future financial statements?

The company is moving aggressively towards its production and sales of its Xplore X7U which will contribute to the revenue the company requires to further strengthen its financial standing.

Loi Cheng Pheng
CEO
AdvanceTC Ltd

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