

# AdvanceTC Limited and Controlled Entities

ACN 600 238 444

## Annual Report

For the Year Ended 31 December 2023

## AdvanceTC Limited and controlled entities

ACN 600 238 444

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## **AdvanceTC Limited and controlled entities**

ACN 600 238 444

### **Corporation Information**

**31 December 2023**

#### **Directors**

Cheng Pheng Loi

Gim Keong Lee

Jonathan Yeow Koon Loi

Chee Tuck Cho

Chee Seng Cho

Jeffrey William King

Bi Shan Teoh (appointed as Non-Executive Director 14 April 2023, resigned 14 March 2024)

#### **Company Secretary**

Chee Seng Cho

#### **Registered Office and Principal Place of Business**

Level 8,

210 George Street

Sydney NSW2000

Australia

B-02-08, Sunway Nexis,

Jalan PJU 5/1,

Kota Damansara,

47810 Petaling Jaya, Selangor D.E.

Malaysia

#### **Share Registry**

Boardroom Pty Ltd

Level 8,

210 George Street

Sydney NSW2000

Australia

#### **Solicitors**

Messrs Hall & Wilcox

Level 11, Rialto South Tower

525 Collins Street

Melbourne VIC 3000

Australia

#### **Bankers**

Commonwealth Bank of Australia

48, Martin Place,

Sydney NSW 2000

Australia

#### **Auditors**

LNP Audit and Assurance Pty Ltd

Level 8, 309 Kent Street,

Sydney NSW 2000

Australia

AdvanceTC Limited shares are listed on the National Stock Exchange of Australia (NSX code A88)

AdvanceTC Limited and controlled entities

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Executive Chairman's Report

31 December 2023

Dear Shareholders,

The past 12 months for the Company have been a particularly challenging time in line with the issues faced by global capital and investment markets.

The Company has been seeking to work with our shareholders, other potential investors and funders to source operating capital and to meet its obligations and prepare the Company for the future.

We thank shareholders and other stakeholders sincerely for your continuing support.

Sincerely,

A handwritten signature in black ink, appearing to read 'C P Loi', with a horizontal line underneath the name.

C P Loi  
Chairman

31 March 2024

# AdvanceTC Limited and controlled entities

ACN 600 238 444

## Directors' Report

For the Year Ended 31 December 2023

The Directors present their report, together with the financial statements of the Group, being AdvanceTC Limited (the Company) and its controlled entities (the Group), for the financial year ended 31 December 2023.

### DIRECTORS AND SECRETARY

The following were the Directors of the Company during the financial year, unless otherwise stated.

#### **Cheng Pheng Loi, Group Chief Executive Officer Executive Director**

Mr Loi is one of the founding members of the Company having served since its inception in 2005. He has more than 30 years of experience in sales & marketing and business dealing in the mobile wireless telecommunication sector. Mr Loi holds a Bachelor of Economics, majoring in Business Administration from the University of Malaya.

#### **Gim Keong Lee, Group Chief Operating Officer and Executive Director**

Mr Lee has more than 29 years of operation experience, involving factory operations, particularly in Procurement, Quality Control, Cost Control and Manufacturing. He is a co-inventor of the Group's Core Technology patent. Mr Lee worked with Panasonic Group Malaysia for 21 years and was the Chairman / Vice Chairman of various sub groups. Mr Lee is a regular Invited Guest Speaker on Work Places for the Malaysian National Institute of Occupational, Safety and Health Organisation (NIOSH). Mr Lee holds in house Matsushita certifications. He oversees operations in the Manufacturing, Procurement and Marketing unit of the Group.

#### **Jonathan Yeow Koon Loi, Chief Technology Officer, Member of Tech Advisory Panel and Executive Director**

Mr. Loi is one of the founding members of the Company, and the lead author and co-inventor of the Company's Core Technology patent. Mr. Loi has extensive knowledge and experience in hardware and software user interfaces, user experience and firewall systems. His other experiences include developing customised firewall software and consulting for software companies. Mr Loi holds a diploma in Computing and Information Technology from Asia Pacific Institute of Information Technology.

#### **Chee Tuck Cho, Independent Non-executive Director, Audit and Risk Chair and Remuneration Chair**

Mr. Cho was a Senior Executive in the Finance IT division with Sime Darby Plantation Sdn Bhd, managing bio-metric solutions and Weighbridge security-based user authentication system project. Prior to that, he was a Senior System Analyst with Kumpulan Guthrie Berhad. Mr. Cho holds an IDPM Higher Diploma (UK), Systematic Higher Diploma and NCC Diploma (UK) in Computing Computer Studies. He is also an associate member of the Institute of the Management of Information Systems.

#### **Chee Seng Cho, Independent Non-executive Director and Company Secretary, Audit and Risk Committee and Remuneration Committee**

Mr. Cho is an engineer by profession with more than 22 years of experience in the engineering field especially in the oil and gas sector. He was a deputy manager, project manager, and senior project engineer for various companies in design and building facilities for oil gas and mining industries. Mr. Cho holds a Technician Diploma in Mechanical Engineering from Singapore Polytechnic.

#### **Jeffrey William King, Independent Non-executive Director, Chairman Audit and Risk Committee and Remuneration Committee**

Mr. Jeffrey is an experienced CFO and Company Secretary with extensive financial reporting and broad commercial skills. Strategic commercial thinker with strong business development background. Complimentary experience in corporate finance, capital raising and markets. Sound communication skills with internal and external stakeholders, and easy rapport with Boards and ability to provide strong reliable advice. An ability to resolve, and provide solutions for technical and financial issues. Highly experienced in R&D law and tax issues. Mr. Jeffrey holds Institute of Chartered Accountants Australia and New Zealand (CAANZ), Diploma of Business (Accounting) Swinburne University Advanced Diploma of Management.

#### **Bi Shan Teoh, Independent Non-executive Director (resigned on 14 March 2024)**

Ms. Teoh Bi Shan graduated from University of Northumbria with a Bachelor of Law in year 2008 and was called to the Malaysian Bar in January 2012. She is a partner of Bishan & Partners, a firm she co-founded in 2017. She has spent the past 10 years in various corporate exercises on Bursa Malaysia, OTC Market and NASDAQ including initial public offerings, rights issues, bond issues, ESOS, Form S-1 and Form F-1. She also expands her practice in arbitration and litigation. She has advised and acted in a broad spectrum of disputes, from construction, contract, securities, to company and shareholder disputes, tortious actions, land acquisition and defamation. She is also actively involved in various non-profit organization and co-operative societies and have been appointed as their legal representatives.

# AdvanceTC Limited and controlled entities

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## Directors' Report

For the Year Ended 31 December 2023

### PRINCIPAL ACTIVITY

The principal activity of the Group during the financial year was the design, development and commercialisation of high tech mobile wireless computing and telecommunication devices. The Group is the creator of the MAGIC™ brand of mobile computing devices and operates development facilities in Malaysia including its proprietary software and applications services. There were no significant changes in the nature of the principal activity during the year.

### REVIEW OF OPERATIONS

The consolidated loss of the Group after income tax amounted to MYR 6,110,638 (2022: consolidated loss of MYR 6,123,874). This included impairments on inventories and receivable balances amounting to MYR 832,459 (2022: MYR 93,000).

As at 31 December 2023, the Group had cash and cash equivalents of MYR 64,852, net current liabilities of MYR 6,084,926; total liabilities of MYR 11,265,590 of which MYR 6,248,502 were repayable within one year and is in a net liability position of MYR 11,017,568. These conditions give rise to a material uncertainty which may cast significant doubt over the consolidated entity's ability to continue as a going concern.

The Financial Statements have been prepared on the going concern basis as detailed in Note 2(a).

### DIVIDENDS PAID OR RECOMMENDED

No dividends have been paid or recommended during the financial year

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the Directors' opinion, there have been no other significant changes in the state of affairs of the Group during the financial year other than those noted in this annual report.

### FUTURE DEVELOPMENTS

The Group's will continue to pursue its investment objectives for the long-term benefit of its shareholders. This will involve the continued review of its investment strategy, and may, from time-to-time, require some changes to that strategy. We do not believe it is possible or appropriate to make a prediction on the future course of markets or the performance of future plans and strategies. Accordingly, the Directors do not provide a forecast of the likely results of the Group's activities.

### RISK MANAGEMENT

The Group takes a proactive approach to risk management. Management, through the Chief Executive Officer, is responsible for designing, implementing and reporting on the adequacy of the Group's risk management and internal control system. Management reports to the Board on the Group's key risks and the extent to which it believes these risks are being managed. This is performed informally as required by the Board.

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. The Group has identified the key risks which the Group believes to be inherent in the business and industry in which the Group operates. These include: financing adequacy of capital and liquidity risk; operational risk; environmental risk; reputation risk; legal, compliance and regulatory risk; market risk; pandemic risk; intellectual property risk; and, occupational health and safety risk.

These risk areas are provided here to assist investors to understand better the nature of the risks faced by our Group and the industry in which we operate. This is not necessarily an exhaustive list. The Board receives regular reports addressing the management of the key risks associated with the Group's business. The Board has the right to appoint external professional advisers to carry out investigations into control mechanisms and report their findings and recommendations in relation to control improvements, processes and procedures to the Board.

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial year.

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## Directors' Report

For the Year Ended 31 December 2023

### ENVIRONMENTAL ISSUES

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

### INDEMNIFICATION AND INSURANCE OF DIRECTORS OFFICERS AND AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an Officer or Auditor of AdvanceTC Limited.

### PROCEEDINGS ON BEHALF OF GROUP

As at the date of this report, no person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not party to any such proceedings during the year.

### NON-AUDIT SERVICES

The auditor has not provided any non-audit services to Group during the year (2022: nil).

### AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 31 December 2023 has been received and can be found on page 18 of the financial report.

### MEETINGS OF DIRECTORS

During the financial year, three meetings of Directors were held. Attendances by each Director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Cheng Pheng Loi	3	3
Jim Keong Lee	3	3
Yeow Koon, Jonathan Loi	3	2
Chee Tuck Cho	3	3
Chee Seng Cho	3	2
Jeffrey William King	3	3
Bi Shan Teoh	3	1

### DIRECTORS INTERESTS IN THE SHARES AND OPTIONS OF THE GROUP AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the Directors in the shares of AdvanceTC Limited were:

	Number of Ordinary Shares
Jonathan Yeow Koon Loi	52,188,508
Cheng Pheng Loi	52,016,464
Jim Keong Lee	3,380,000
Chee Tuck Cho	2,655,960
Chee Seng Cho	700,000
Jeffrey William King	-

At the date of this report, there are no unissued ordinary shares of AdvanceTC Limited under option.

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## Directors' Report

For the Year Ended 31 December 2023

During the year ended 31 December 2023, no ordinary shares of AdvanceTC Limited were issued on the exercise of options granted.

### KEY MANAGEMENT PERSONNEL (KMP)

The following persons were, during the financial year, the key management personnel (KMP) of the Group. All KMP's were in office for the full financial year unless otherwise stated.

KMP	Position
Cheng Pheng Loi	Group Chief Executive Chairman and CEO
Jim Keong Lee	Group Chief Operating Officer and Executive Director
Jonathan Yeow Koon Loi	Chief Technology Officer and Member of Tech Advisory Panel and Executive Director
Chee Tuck Cho	Independent Non-Executive Director
Chee Seng Cho	Independent Non-Executive Director
Jeffrey William King	Independent Non-Executive Director
Bi Shan Teoh	Independent Non-Executive Director
Herve Jegou	Chief Executive Officer of AdvanceTC Cilicon SAS

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## Directors' Report

For the Year Ended 31 December 2023

### REMUNERATION REPORT (AUDITED)

#### Remuneration policy

The remuneration policy of AdvanceTC Limited has been designed to align Key Management Personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component. No specific long-term incentive has been offered based on key performance areas affecting the Group's financial results. The Board of AdvanceTC Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best KMP to run and manage the Group, as well as create goal congruence between Directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the Group is as follows:

- The remuneration policy has been developed and approved by the Board.
- All KMP receive a base salary.
- The Remuneration Committee will be formed in second half of financial year 2023, the committee will review KMP packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.
- Upon retirement, KMP's are paid employee benefit entitlements accrued to the date of retirement. KMP's are paid a percentage of between 5-10% of their salary in the event of redundancy. Any options not exercised before or on the date of termination will lapse.
- All remuneration paid to KMP is recognised and measured at the cost to the Group and expensed.

#### Relationship between remuneration policy and Group performance

The Group's performance since listing is summarised as follows:

	On Listing	31 December 2021	31 December 2022	31 December 2023
Loss for the year	-	MYR (6,358,665)	MYR (6,123,874)	MYR (6,110,638)
Share price	-	AUD 0.865	AUD 0.865	AUD 0.865
Dividends	-	-	-	-

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## Directors' Report

For the Year Ended 31 December 2023

### REMUNERATION REPORT (AUDITED) continued

#### Service Agreements

##### Independent Non-executive Directors

On appointment to the Board, all independent non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The agreements summarise the Board policies and terms, including remuneration, relevant to the office of Director. There is no fixed duration for these contracts. The agreements require a termination period of at least two (2) months written notice. Remuneration of MYR 4,400 per month is payable for all Directors, apart from Chee Seng Cho paid MYR 6,600 for additional ad-hoc services provided during the year.

##### Executive Directors and other key management personnel

In addition to the above MYR 4,400 per month, all executive Directors and other KMP are employed pursuant to service agreements. There are no fixed durations for these contracts. The agreements require a termination period of at least two (2) months written notice (except in cases of termination for cause where termination is immediate). In case of resignation, no separation payment is made to the executive (except for amounts due and payable up to the date of ceasing employment).

The respective remuneration packages for the year ended 31 December 2023 are summarised as follows:

Cheng Pheng Loi (CEO) contract allows for an annual salary of MYR 880,800

Gim Keong Lee (COO) contract allows for an annual salary of MYR 448,800

Jonathan Keow Koon Loi (CTO) contract allows for an annual salary of MYR 448,800

Herve Jegou (CEO Advance TC Cilicon SAS) contract allows for an annual salary of MYR 96,168

There are no provisions in the agreements for short term bonuses or long-term incentive plans and no pre-determined future salary increases.

Subsequent to the service agreements with the Group Chief Executive Officer (CEO), Group Chief Operating Officer (COO) and Chief Technology Officer (CTO), the Company entered into a Financial Services Agreement with a Director related entity (which manufactures the Group's products) in respect of certain expenses which are to be borne by the two entities. Under this Agreement dated 1 January 2019, the remuneration costs of the CEO and COO were to be borne by AdvanceTC and the remuneration costs of the CTO were to be borne by the Director related entity.

#### Remuneration details of members of KMP for the year ended 31 December 2023

The following table of benefits and payments details, the components of remuneration for each member of the KMP of the Group, in respect to the financial year. Remuneration details of members of KMP for the year ended 31 December 2023:

##### Table of benefits and payments

2023	Short term benefits		Post-employment	Long term	Share based	Total
	Cash salary	Bonus & other superannuation	Pension and	benefits	payments	
	fees				Options, rights & shares	
	MYR	MYR	MYR	MYR	MYR	MYR
<b>Key management personnel</b>						
Cheng Pheng Loi	880,800	-	-	-	-	880,800
Gim Keong Lee	448,800	-	-	-	-	448,800
Jonathan Yeow Koon Loi	448,800	-	-	-	-	448,800
Chee Tuck Cho	52,800	-	-	-	-	52,800
Chee Seng Cho	79,200	-	-	-	-	79,200
Herve Jegou	96,168	-	-	-	-	96,168
Jeffrey William King	52,800	-	-	-	-	52,800
Bi Shan Teoh	37,400	-	-	-	-	37,400
	<b>2,096,768</b>	-	-	-	-	<b>2,096,768</b>

# AdvanceTC Limited and controlled entities

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## Directors' Report

For the Year Ended 31 December 2023

### REMUNERATION REPORT (AUDITED) continued

Remuneration details of members of KMP for the year ended 31 December 2022:

2022	Short term benefits		Post-employment	Long term	Share based	Total
	Cash salary fees	Bonus & other	Pension and superannuation	benefits	payments Options, rights & shares	
	MYR	MYR	MYR	MYR	MYR	MYR
<b>Key management personnel</b>						
Cheng Pheng Loi	614,400	-	-	-	-	614,400
Gim Keong Lee	326,400	-	-	-	-	326,400
Jonathan Yeow Koon Loi	236,400	-	-	-	-	236,400
Chee Tuck Cho	38,400	-	-	-	-	38,400
Chee Seng Cho	58,200	-	-	-	-	58,200
Herve Jegou	135,677	-	-	-	-	135,677
Jeffrey William King	38,400	-	-	-	-	38,400
	<u>1,447,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,447,877</u>

### KMP shareholdings

The number of ordinary shares in AdvanceTC Limited held by each key management person of the Group during the financial year is as follows:

31 December 2023	Balance at beginning of year	Other changes in the year	Issued on exercise of options	Balance at end of year
<b>KMP</b>				
Cheng Pheng Loi	57,016,464	(5,000,000)	-	52,016,464
Jonathan Yeow Koon Loi	52,188,508	-	-	52,188,508
Gim Keong Lee	3,380,000	-	-	3,380,000
Chee Tuck Cho	3,055,960	(400,000)	-	2,655,960
Chee Seng Cho	300,000	400,000	-	700,000
Jeffrey William King	471,413	(471,413)	-	-

There were no shares held nominally at 31 December 2023 (2022: nil).

### Transaction (excluding loans)

There were no transactions or balances due to/from KMP's except as disclosed in Note 16 to the financial statements.

END OF REMUNERATION REPORT

# AdvanceTC Limited and controlled entities

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## Directors' Report

For the Year Ended 31 December 2023

### CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in place to ensure they meet the interests of shareholders.

The Group complies with the National Stock Exchange (NSX) of Australia's principles of corporate governance (the Principles).

Recommendation	Complies?	Group compliance approach and activities
Principle 1 – Lay solid foundations for management and oversight		
An entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance		
<p>Recommendation 1.1</p> <p>A listed entity should have and disclose a board charter setting out:</p> <ul style="list-style-type: none"> <li>the respective roles and responsibilities of its board and management; and</li> <li>those matters expressly reserved to the board and those delegated to management.</li> </ul>	Yes	<p>The Board has adopted a Charter that details its roles and responsibilities, which is available on our website.</p> <p>The Board has delegated responsibility for day-to-day management of the Group to the Chief Executive Officer (CEO) and there is a formal delegations structure in place which sets out the powers delegated to the CEO and those specifically retained by the Board, these delegations are reviewed on a regular basis.</p> <p>The Board is responsible for:</p> <ul style="list-style-type: none"> <li>Overseeing the Group, including its control and accountability systems;</li> <li>Overseeing the integrity of the accounting and corporate systems, including external audit;</li> <li>Appointing and removing the CEO;</li> <li>Where appropriate, ratifying the appointment and removal of senior executives;</li> <li>Providing input into and final approval of management's development of corporate strategy and performance objectives;</li> <li>Reviewing, ratifying and monitoring systems of risk management and internal controls, codes of conduct and legal compliance;</li> <li>Monitoring senior executives' performance and implementation of strategy;</li> <li>Ensuring timely and balanced disclosure of all material information concerning the Group that a reasonable person would expect to have a material effect on the price or value of the Company's securities;</li> <li>Ensuring appropriate resources are available to senior executives;</li> <li>Approving and monitoring the operating budgets and progress of major capital expenditure, capital management and acquisitions and divestures; and</li> <li>Monitoring the effectiveness of the entity's governance practices.</li> </ul>
<p>Recommendation 1.2</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>undertake appropriate checks before appointing a Director or senior executive or putting someone forward for election as a Director; and</li> <li>provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.</li> </ul>	Yes	<p>The Group has undertaken insolvency searches in relation to the Directors of the Company. All information relevant to a decision to elect or re-elect a Director is provided to Shareholders in any notice of meeting pursuant to which a resolution to elect or re-elect a Director will be voted upon.</p>
<p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</p>	Yes	<p>Formal letters of appointment are provided to all new Directors and Senior Executives setting out key terms and conditions of their appointment.</p>
<p>Recommendation 1.4</p> <p>The Company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	Yes	<p>The Company Secretary is appointed by the Board and is responsible for:</p> <ul style="list-style-type: none"> <li>Advising the Board and its Committees on Governance matters;</li> <li>Monitoring compliance with Board policies and procedures;</li> <li>Co-ordinating Board papers;</li> <li>Accurately recording decisions and discussions from Board meetings; and</li> <li>Co-ordinating the induction and professional development of Directors.</li> </ul>
<p>Recommendation 1.5</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>have and disclose a diversity policy;</li> </ul>	Yes	<p>In respect of diversity, the Board considers that diversity includes differences that relate to gender, age, ethnicity and cultural background. It also includes differences in background and life experience,</p>

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Recommendation	Complies?	Group compliance approach and activities
<ul style="list-style-type: none"> <li>through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</li> <li>disclose in relation to each reporting period:               <ol style="list-style-type: none"> <li>the measurable objectives set for that period to achieve gender diversity;</li> <li>the entity's progress towards achieving those objectives; and</li> <li>either:                   <ol style="list-style-type: none"> <li>the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</li> <li>if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in that Act.</li> </ol> </li> </ol> </li> </ul>		<p>communication styles, interpersonal skills, education and problem-solving skills.</p> <p>The Board seeks to develop a culture of diversity within the Group whereby a mix of skills and diverse backgrounds are employed by the Group at all levels through structuring the recruitment processes so that a diverse range of candidates are considered and there are no excuses or unconscious biases that might discriminate against certain candidates.</p> <p>The Group strives to:</p> <ul style="list-style-type: none"> <li>Develop and maintain a diverse and skilled workforce through a transparent recruitment process.</li> <li>Promote an inclusive workplace culture that values and utilises the contributions of all employees' backgrounds, experiences and perspectives though improved awareness of the benefits of workforce diversity.</li> <li>Facilitate diversity in the workplace by developing programs that promote growth for all employees, so each employee may reach their full potential, and provide maximum benefit for the Group.</li> <li>Set measurable objectives to encourage diversity within the Group.</li> <li>AdvanceTC Limited considers the key management personnel, excluding Directors, to be the senior executives of the Group.</li> </ul>
<p>Recommendation 1.6</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>have and disclose a process for periodically evaluating the performance of the board, its committees and individual Directors; and</li> <li>disclose, for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</li> </ul>	No	<p>Performance evaluation for Directors and Senior Executives were not conducted during the year due to the operational challenges and restrictions imposed by the pandemic. The Group will schedule evaluations on an ongoing basis from financial year 2023 .</p>
<p>Recommendation 1.7</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</li> <li>disclose for each reporting period, whether a performance evaluation was undertaken in accordance with that process during or in respect of that period.</li> </ul>	No	<p>Performance evaluation for Directors and Senior Executives were not conducted during the year due to the operational challenges and restrictions imposed by the pandemic. The Group will schedule evaluations on an ongoing basis from financial year 2023.</p>
<p><b>Principle 2 – Structure the board to be effective and add value</b></p> <p>The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.</p>		
<p>Recommendation 2.1</p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>have a nomination committee which:               <ol style="list-style-type: none"> <li>has at least three members, a majority of whom are independent Directors; and</li> <li>is chaired by an independent Director, and disclose:                   <ol style="list-style-type: none"> <li>the charter of the committee;</li> <li>the members of the committee; and</li> <li>as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> </li> </ol> </li> <li>if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</li> </ul>	Yes	<p>The Nomination and Governance Committee is in place to assist the Board in fulfilling its corporate governance responsibilities in regard to:</p> <ul style="list-style-type: none"> <li>Board appointments, re-elections and performance and general succession planning for Board / Senior Management;</li> <li>Directors' induction and continuing development;</li> <li>Board Committee membership;</li> <li>Endorsement of Executive appointments; and</li> <li>Development and implementation of the Group's governance policies and monitoring compliance with those policies and practices.</li> </ul>
<p>Recommendation 2.2</p>	Yes	<p>The key skills required by the Board are highlighted in the list as below, the Board believes that there are sufficient Directors with these skills and there are no deficiencies in these skills in the current board.</p>

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## Directors' Report

For the Year Ended 31 December 2023

Recommendation	Complies?	Group compliance approach and activities
<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>		<ul style="list-style-type: none"> <li>• Risk and compliance: Identify key risks to the Group related to each key area of operations. Ability to monitor risk and compliance and knowledge of legal and regulatory requirements.</li> <li>• Financial and Audit: Experience in accounting and finance to analyse statements, assess financial viability and contribute to financial planning, overseas budgets and funding arrangements.</li> <li>• Strategy: Ability to identify and critically assess strategic opportunities and threats to the organisation. Develop strategies in context to our policies and business objectives.</li> <li>• Policy development: Ability to identify key issues for the organisation and develop appropriate policy parameters within which the Group should operate.</li> </ul>
<p>Recommendation 2.3 A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>• the names of the Directors considered by the board to be independent Directors;</li> <li>• if a Director has an interest, position or relationship of the type described in Box 2.3 of the ASX CG Principles but the board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</li> <li>• the length of service of each Director.</li> </ul>	Yes	<p>If any Director believes there is a change in their independence status, they are required to notify the Board as soon as possible.</p> <p>The Board has adopted specific principles in relation to Directors' independence and considers the following, at least annually, when determining if a Director is independent:</p> <p>Whether the Director:</p> <ul style="list-style-type: none"> <li>• Is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company.</li> <li>• Is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a year of at least three years between ceasing such employment and serving on the Board.</li> <li>• Has within the last three years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided.</li> <li>• Is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.</li> <li>• Has a material contractual relationship with the Company or another group member other than as a Director.</li> </ul>
<p>Recommendation 2.4 A majority of the board of a listed entity should be independent Directors.</p>	Yes	<p>The Company currently has eight Directors, of which five are independent non-executive.</p>
<p>Recommendation 2.5 The chair of the board of a listed entity should be an independent Director and, in particular, should not be the same person as the Chief Executive Officer of the entity.</p>	Yes	<p>The Chair of the Board is responsible for leadership of the Board and for the efficient organisation and conduct of the Board's functioning. The Chair facilitates the effective contribution of all Directors and promotes constructive and respectful relations between Directors and between Board and management.</p>
<p>Recommendation 2.6 A listed entity should have a program for inducting new Directors and for periodically reviewing whether there is a need for existing Directors to undertake professional development to maintain the skills and knowledge needed to perform their role as Directors effectively.</p>	Yes	<p>Under the Board Charter, the directors are expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them.</p> <p>The Company Secretary is responsible to organise and facilitate the induction and professional development of directors.</p>
<p><b>Principle 3 – Instil a culture of acting lawfully, ethically and responsibly</b> A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.</p>		
<p>Recommendation 3.1 A listed entity should articulate and disclose its values.</p>	Yes	<p>The Group's Statement of Values is contained in the code of conduct (Code of Conduct). The Code of Conduct is available on the Group's website <a href="http://advancetc.com">advancetc.com</a>.</p>
<p>Recommendation 3.2 A listed entity should:</p> <ul style="list-style-type: none"> <li>• have and disclose a code of conduct for its Directors, senior executives and employees; and</li> <li>• ensure that the board or a committee of the board is informed of any material breaches of that code.</li> </ul>	Yes	<p>The Board acknowledges and emphasises the importance of all Directors and employees maintaining the highest standards of corporate governance practice and ethical conduct. A code of conduct has been established requiring Directors and employees to:</p> <ul style="list-style-type: none"> <li>• Act in the best interest of the entity;</li> <li>• Act honestly and with high standards of personal integrity;</li> <li>• Exercise due care and diligence in fulfilling the functions of office;</li> <li>• Avoid conflicts and make full disclosure of any possible conflicts of</li> </ul>

# AdvanceTC Limited and controlled entities

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## Directors' Report

For the Year Ended 31 December 2023

Recommendation	Complies?	Group compliance approach and activities
		interest; <ul style="list-style-type: none"> <li>• Comply with the laws and regulations that apply to the entity and its operations;</li> <li>• Not knowingly participate in any illegal or unethical activity; and</li> <li>• Comply with the share trading policy outlined in the Code of Conduct.</li> </ul>
Recommendation 3.3 A listed entity should: <ul style="list-style-type: none"> <li>• have and disclose a Whistleblower policy; and</li> <li>• ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</li> </ul>	Yes	The Group has a Whistleblower policy in place that encourages employees to raise any concerns and report instances of illegal, unacceptable, or undesirable conduct within the Group.
Recommendation 3.4 A listed entity should: <ul style="list-style-type: none"> <li>• have and disclose an anti-bribery and corruption policy; and</li> <li>• ensure that the board or a committee of the board is informed of any material breaches of that policy.</li> </ul>	Yes	The Group established an Anti-bribery policy that describes Group's stance in relation to bribes, corruption, and other improper payments or benefits received or given by the Group and its personnel and the damage to the Group's reputation and good standing in the community.
Principle 4 – Safeguard integrity in corporate reports A listed entity should have appropriate processes to verify the integrity of its corporate reports.		
Recommendation 4.1 The board of a listed entity should: <ul style="list-style-type: none"> <li>• have an audit committee which:                             <ul style="list-style-type: none"> <li>(i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director, who is not the chair of the board, and disclose:                                     <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the relevant qualifications and experience of the members of the committee; and</li> <li>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>• if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</li> </ul>	No	The members of the Audit & Risk Committee are: <ul style="list-style-type: none"> <li>• Cheng PhengLoi. (Group Chief Executive Officer and Executive Director)</li> <li>• GimKeong Lee (Group Chief Operating Officer and Executive Director)</li> <li>• Chee Tuck Cho (Independent Non Executive Director)</li> <li>• Chee Seng Cho (Independent Non Executive Director)</li> </ul> The committee comprises of all executive directors and does not comply with the recommendation. At present, The Board believes the non-independence of the committee Chairman does not impede on its duties and responsibilities. The Group will work to appoint new non-executive directors.  The Audit and Risk Committee reports to the Board after every meeting on all matters relevant to the Committee's roles and responsibilities.
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	The Board has implemented a process to receive written assurances from its Chair and Chief Executive Officer that the declarations that will be provided under Section 295A of the Corporations Act are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting. The Board will seek these assurances prior to approving the annual financial statements for all half year and full year results that follow.
Recommendation 4.3 A listed entity should disclose its process to verify the integrity of any periodic reports it releases to the market that is not audited or reviewed by an external auditor.	Yes	The External Auditor is invited to attend the AGM and is available to answer your shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.
Principle 5 – Make timely and balanced disclosure A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.		

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## Directors' Report

For the Year Ended 31 December 2023

<p>Recommendation 5.1 A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.</p>	<p>Yes</p>	<p>AdvanceTC Limited has established policies and procedures to ensure timely and balanced disclosures of all material matters concerning the Group on a continuous basis, and to ensure that all investors have equal and timely access to information on the Group's financial performance, including the publication of all financial reports.</p> <p>These policies and procedures include a comprehensive disclosure policy that includes identification of matters that may have a material effect on the price on the Company's securities, quality control procedures over announcements, notifying them to the NSX, posting relevant information on the Group's website and issuing media releases.</p> <p>The Annual Report includes relevant information about the operations of the Group during the year, key financial information, changes in the state of affairs and indications of future developments. The Annual Reports for the current year and for previous years are available under "NSX A88" announcement</p>
<p>Recommendation 5.2 A listed entity should ensure that its Board receives copies of all material market announcements promptly after they have been made.</p>	<p>Yes</p>	<p>The Group has adopted a Disclosure and Communication Policy which specifically requires that all material market announcements be provided to the Board promptly after release to the market.</p>
<p>Recommendation 5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the NSX Market Announcements Platform ahead of the presentation.</p>	<p>Yes</p>	<p>The Group has adopted a Disclosure and Communication Policy which specifically requires that all material market announcements be provided to the Board promptly after release to the market.</p>
<p>Principle 6 – Respect the rights of security holders A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively</p>		
<p>Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>Yes</p>	<p>The Group recognises the rights of its shareholders and other interested stakeholders to have easy access to balanced, understandable and timely information concerning the operations of the Group. Information concerning the Group and its governance practices available on its website <a href="http://advancetc.com">advancetc.com</a>.</p>
<p>Recommendation 6.2 A listed entity should have an investor relations program that facilitates effective two-way communication with investors.</p>	<p>Yes</p>	<p>The Company Secretary has been nominated as the person responsible for communications with the NSX.</p> <p>All Executive Management have an ongoing obligation to advise the Company Secretary of any material non-public information which may need to be communicated to the market.</p> <p>The Group has an Investor Relations Program which promotes effective communication with shareholders, encourages participation at general meetings and encourages communications throughout the year.</p>
<p>Recommendation 6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.</p>	<p>Yes</p>	<p>The Group engages with its security holders through:</p> <ul style="list-style-type: none"> <li>• Giving them ready access to information about the entity and its governance via the Group website;</li> <li>• Communicating openly and honestly with them;</li> <li>• Encouraging and facilitating their participation in meetings of security holders; and</li> <li>• Providing an email address on all communication for security holders who wish to contact the Group.</li> </ul> <p>The Notice of Annual General Meeting (AGM) is provided to all shareholders and posted on the Group's website. Notices for general meetings and other communications with shareholders are drafted to ensure that they are honest, accurate and not misleading and that the nature of the business of the meeting is clearly stated and explained where necessary.</p> <p>The Board encourages full participation by shareholders at the Annual General Meeting to ensure a high level of Director accountability to shareholders and shareholder identification with the Group's strategy and goals.</p>
<p>Recommendation 6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.</p>	<p>Yes</p>	<p>The Company's Constitution provides the Company with the ability to decide any resolution, save for procedural resolutions, on a poll. Further, a poll may also be demanded by Shareholders. Where possible, the Company will endeavour to decide all resolutions on a poll. The Company</p>

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## Directors' Report

For the Year Ended 31 December 2023

		considers that these requirements adequately protect the interests of shareholders.
<p>Recommendation 6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Yes	The Company's shareholders may elect to receive information from the Company and its registry electronically. Otherwise, the Company and its registry will communicate by post with shareholders who have not elected to receive information electronically.
<p>Principle 7 – Recognise and manage risk A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.</p>		
<p>Recommendation 7.1 The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director; disclose: <ul style="list-style-type: none"> <li>(i) the charter of the committee;</li> <li>(ii) the members of the committee; and</li> <li>(iii) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</li> </ul>	Yes	<p>The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. Assessment of the business's risk profile is reviewed by the Management regularly. The CEO has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly. The recent economic environment has emphasised the importance of managing and reassessing its key business risks. The Audit and Risk Management Committee review the risk register and discuss any updates in identified risks at each meeting as a standard agenda item. The Board is responsible for reviewing the Group's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control. The Board requires management to design and implement the risk management and internal control system to manage the Group's material business risks and report to it on whether those risks are being managed effectively. The Board requires a report from management as to the effectiveness of the Group's management of its material business risks. The Group does not have an internal audit function. The evaluation of the risk management and internal control process is the responsibility of the Audit &amp; Risk Committee and is performed in conjunction with senior executives. External consultants may be used in certain circumstances, however have not been used during the financial year.</p>
<p>Recommendation 7.2 The board or a committee of the board should:</p> <ul style="list-style-type: none"> <li>review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</li> <li>disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul>	Yes	<p>Under the Board Charter, the Board ensures that the Group has in place an appropriate risk management framework and will set the risk appetite within which the Board expects management to operate. Further, the Audit and Risk Committee will, among other things, regularly review and update the risk profile and ensure that the Group has an effective risk management system. As part of this process, the Board will review, at least annually, the Group's risk management framework in order to satisfy itself that it continues to be sound. The Group intends to, at the relevant time, whether a review of the Group's risk management framework was undertaken during the relevant reporting period. The Audit and Risk Committee is newly formed and has not conducted an annual review to date. Audit and Risk Committee is expected to conduct their first review during half year review process.</p>
<p>Recommendation 7.3 A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</li> </ul>	No	<p>The Group has an external auditor and the Audit and Risk Committee will monitor and evaluate material or systemic issues. The Board believes it and the Audit and Risk Committee have adequate oversight of the existing operations. However, the Group intends to formalise the appointment of an internal audit function in line with its Audit and Risk Committee Charter in due course.</p>
<p>Recommendation 7.4 A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>	Yes	The Group has disclosed all material risks facing the Group and how it intends to manage those risks in the Risk Management section of this Directors' Report.

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Principle 8 – Remunerate fairly and responsibly		
A listed entity should pay Director remuneration sufficient to attract and retain high quality Directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.		
<p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>have a remuneration committee which:                             <ol style="list-style-type: none"> <li>has at least three members, a majority of whom are independent Directors; and</li> <li>is chaired by an independent Director;</li> </ol> </li> <li>disclose:                             <ol style="list-style-type: none"> <li>the charter of the committee;</li> <li>the members of the committee; and</li> <li>as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> </li> <li>if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</li> </ul>	Yes	<p>Once formed, the responsibilities of the Remuneration Committee include a review of and recommendation to the Board on:</p> <ul style="list-style-type: none"> <li>the Group's remuneration, recruitment, retention and termination policies and procedures for senior executives;</li> <li>senior executives' remuneration and incentives;</li> <li>superannuation arrangements;</li> <li>the remuneration framework for Directors; and</li> <li>remuneration by gender.</li> </ul> <p>For each member of the Remuneration Committee:</p> <ul style="list-style-type: none"> <li>the would-be member of the remuneration committee shall be familiar with the legal and regulatory disclosure requirements in relation to remuneration; and</li> <li>shall have adequate knowledge of executive remuneration issues, including executive remuneration issues, including executive retention and termination policies and short term and long-term incentive arrangements.</li> </ul>
<p>Recommendation 8.2</p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.</p>	Yes	<p>The remuneration policy, which sets the terms and conditions for the key management personnel (KMP) will be developed by the Remuneration Committee after seeking professional advice from independent consultants and was approved by the Board.</p> <p>All executives receive a base salary, superannuation, fringe benefits, performance incentives and retirement benefits. The Remuneration Committee reviews executive packages annually by reference to Group performance, executive performance, comparable information from industry sectors and other listed corporations and independent advice. The performance of executives is measured against criteria agreed half yearly which are based on the forecast growth of the Group's profits and shareholder value. The policy is designed to attract the highest calibre executives and reward them for performance which results in long-term growth in shareholder value.</p> <p>The Board expects that the remuneration structure implemented will result in the Group being able to attract and retain the best executives. It will also provide executives with the necessary incentives to work to grow long-term growth in shareholder value.</p> <p>The payment of bonuses, options and other incentive payments are reviewed by the Board annually as part of the review of executive remuneration. All bonuses, options and incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria.</p> <p>Further information about the Group's remuneration strategy and policies and their relationship to Group performance can be found in the Remuneration Report which forms part of the Directors' report, together with details of the remuneration paid to key management personnel.</p>
<p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> <li>have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</li> <li>disclose that policy or a summary of it.</li> </ul>	No	<p>The Group has a Securities Trading Policy that is designed to minimise the potential for insider trading.</p>
Additional recommendations that apply only in certain cases		
<p>Recommendation 9.1</p> <p>A listed entity with a Director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the</p>	Yes	<p>All members of the board speak English. The Chairman has a conversational knowledge of English. For more complex documentations and discussions, the Board will engage the services of a translator, if required.</p>

# AdvanceTC Limited and controlled entities

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## Directors' Report

For the Year Ended 31 December 2023

processes it has in place to ensure the Director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.		
Recommendation 9.2 A listed entity established outside of Australia should ensure that meetings of security holders are held at a reasonable place and time.	Yes	As the Group will have shareholders across Australia and Malaysia, the Group will ensure that meetings of security holders are held at a reasonable time and as per the Disclosure and Communication policy, the Group will consider using appropriate technology for encouraging shareholder participation.
Recommendation 9.3 A listed entity established outside of Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	The Company ensures that the external auditor is invited to and attends the Group's AGM.

**END OF CORPORATE GOVERNANCE STATEMENT**

This Directors' report, incorporating the remuneration report and corporate governance statement, is signed in accordance with a resolution of the Board of Directors.



Cheng Pheng Loi  
Chief Executive Chairman, CEO

31 March 2024

Petaling Jaya Malaysia

AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF ADVANCETC LIMITED

As lead auditor of AdvanceTC Limited and its controlled entities for the year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

LNP Audit and Assurance Pty Ltd



Anthony Rose  
Director

Sydney, 31 March 2024

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## Consolidated Statement of Profit or Loss and Comprehensive Income

For the Year Ended 31 December 2023

	Note	2023 MYR	2022 MYR
Revenue		-	-
Employee benefits		(2,849,289)	(2,326,292)
Professional fees - consultants		(1,438,744)	(2,439,230)
Impairments		(832,459)	(93,000)
Research and development		(259,273)	(838,393)
Other		(730,873)	(426,959)
Loss before Income tax		<u>(6,110,638)</u>	<u>(6,123,874)</u>
Income tax	4	<u>-</u>	<u>-</u>
<b>Loss for the year</b>		<u><b>(6,110,638)</b></u>	<u><b>(6,123,874)</b></u>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive loss for the year</b>		<u><b>(6,110,638)</b></u>	<u><b>(6,123,874)</b></u>
Total comprehensive loss attributable to:			
Members of the parent entity		(5,835,120)	(5,886,685)
Non-controlling interest		(275,518)	(237,189)
		<u><b>(6,110,638)</b></u>	<u><b>(6,123,874)</b></u>
<b>Loss per share</b>		<b>Sen / share</b>	<b>Sen / share</b>
Basic loss per share	5	<b>(1.34)</b>	(1.34)
Diluted loss per share	5	<b>(1.34)</b>	(1.34)

The accompanying notes form part of these financial statements.

# AdvanceTC Limited and controlled entities

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## Consolidated Statement of Financial Position

As at 31 December 2023

	Note	2023 MYR	2022 MYR Restated*
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents		64,852	224,569
Other receivables and prepayments		98,723	100,642
Other assets	6	-	841,578
<b>TOTAL CURRENT ASSETS</b>		<b>163,575</b>	<b>1,166,789</b>
Plant and equipment		10,868	20,785
Right of use asset		73,578	102,060
<b>TOTAL NON-CURRENT ASSETS</b>		<b>84,446</b>	<b>122,845</b>
<b>TOTAL ASSETS</b>		<b>248,021</b>	<b>1,289,634</b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Payables and related party advances	7	3,760,526	3,313,093
Convertible notes	8	2,454,627	2,270,000
Lease liability		33,349	30,047
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,248,502</b>	<b>5,613,140</b>
NON-CURRENT LIABILITIES			
Payables and related party advances	7, 16	4,961,414	494,402
Lease liability		55,673	89,022
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>5,017,087</b>	<b>583,424</b>
<b>TOTAL LIABILITIES</b>		<b>11,265,589</b>	<b>6,196,564</b>
<b>NET LIABILITIES</b>		<b>(11,017,568)</b>	<b>(4,906,930)</b>
<b>EQUITY</b>			
Share capital	9	51,711,549	51,711,549
Accumulated losses		(59,532,834)	(53,697,714)
Surplus/deficit attributable to Members of the parent entity		(7,821,285)	(1,986,165)
Non-controlling interests		(3,196,283)	(2,920,765)
<b>TOTAL DEFICIT</b>		<b>(11,017,568)</b>	<b>(4,906,930)</b>

\*The classification of convertible notes was restated from equity to liabilities on 31 December 2022, refer note 8 and Statement of Changes in Equity.

The accompanying notes form part of these financial statements.

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### Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2023

	Share Capital	Accumulated Losses	Non-controlling Interests	Total
	MYR	MYR	MYR	MYR
<b>2023</b>				
Balance brought forward	51,711,549	(53,697,714)	(2,920,765)	(4,906 930)
Loss for the year	-	(5,835,120)	(275,518)	(6,110,638)
Balance carried forward	<b>51,711,549</b>	<b>(59,532,834)</b>	<b>(3,196,283)</b>	<b>(11,017,568)</b>
<b>2022 Restated</b>				
Balance brought forward	47,625,615	(47,811,029)	(2,683,576)	(2,868,990)
Loss for the year	-	(5,886,685)	(237,189)	(6,123,874)
Amounts received in advance for share subscriptions	2,270,000	-	-	2,270,000
Issue of shares	4,085,934	-	-	4,085,934
Balance carried forward	53,981,549	(53,697,714)	(2,920,765)	(2,636,930)
Restatement of prior period error - convertible notes	(2,270,000)	-	-	(2,270,000)
<b>Restated balance carried forward</b>	<b>51,711,549</b>	<b>(53,697,714)</b>	<b>(2,920,765)</b>	<b>(4,906 930)</b>

The accompanying notes form part of these financial statements.

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## Consolidated Statement of Cash Flows

For the Year Ended 31 December 2023

	Note	2023 MYR	2022 MYR
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Payments to suppliers and employees		(1,306,105)	(4,167,573)
Interest paid		(190,577)	(6,527)
Net cash used in operating activities	14	<u>(1,496,682)</u>	<u>(4,174,100)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of computer equipment		-	(21,728)
Net cash used in investing activities		<u>-</u>	<u>(21,728)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net proceeds from and repayments of related party loans		1,372,966	(2,064,255)
Issuance of convertible notes		-	2,270,000
Issuance of shares		-	4,085,934
Lease payments		(36,001)	(11,473)
Net cash generated from financing activities		<u>1,336,965</u>	<u>4,280,206</u>
<b>Net (decrease)/increase in cash held</b>		<b>(159,717)</b>	<b>84,378</b>
Cash and cash equivalents at beginning of year		<u>224,569</u>	<u>140,191</u>
<b>Cash and cash equivalents at end of year</b>		<b><u>64,852</u></b>	<b><u>224,569</u></b>

The accompanying notes form part of these financial statements.

# AdvanceTC Limited and controlled entities

ACN 600 238 444

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

### 1 Basis of Preparation

The financial report covers Advance TC Limited (the 'Company') and its controlled entities (the 'Group' or the 'Consolidated Entity'). Advance TC Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia. The financial report was authorised for issue by the Directors on 29 March 2024. Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting years unless otherwise stated.

### 2 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 have been described below.

#### (a) *Going concern*

The Group incurred a net loss of MYR 6,110,638 for the year ended 31 December 2023 and as at that date, the Group had cash and cash equivalents of MYR 64,852, net current liabilities of MYR 6,084,926, total liabilities of MYR 11,265,590, of which MYR 6,248,502 were repayable within one year, and is in a net liability position of MYR 11,017,568.

The ability of the Group to continue as a going concern is dependent upon being able to manage its liquidity requirements to meet the levels of expenditure required to continue to develop and bring to market the next generation of integrated mobile communication devices and to meet the Group's other operational working capital requirements until such a time that the Group can achieve sustainable revenue and profitability by taking some or all the following actions:

- Raising additional equity as and when necessary. During the year the Group raised MYR nil of new capital this year. The group is continuing to aim to raise additional capital;
- The Directors have committed to provide support for the Group;
- Achieving sustainable revenue from the successful commercialisation of its range of satellite mobile smartphones and proprietary community software applications in an appropriate timescale given the fast pace of technological development;
- Constraining the expenditure incurred in the conduct of the business and when necessary, undertake measures to curtail costs to align with funds available which management considers that it has the ability to do so; and
- Making agreements with creditors to defer payment of liabilities. At 31 December 2023 the Group has obtained written agreements of moratoriums on repayments of creditors totaling MYR 4,661,414 to defer settlement until at least 12 months after the balance date.

While the financial condition of the Group 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, on the basis of the above actions, the Directors consider the Group will be able to meet its obligations as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amount and classification of liabilities that might be required should the Group not be able to achieve the matters set out above and thus be able to continue as a going concern.

#### (b) *Recoverability of the Deposits paid to supplier*

At 31 December 2023, the Group holds deposits with a supplier of MYR 733,459 for the purpose of purchasing satellite mobile phone devices. The recoverability is dependent upon a production and delivery schedule agreed with the supplier and related party entity. Given the related party nature of these deposits, the amounts have been impaired on the basis that the amounts will not be recovered.

Management has assessed its recoverability and believes that the goods will be received within the required time frame and that deposits held with trading business partner will be returned if the business relationship discontinued in the future.

# AdvanceTC Limited and controlled entities

ACN 600 238 444

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

### 3 Summary of Significant Accounting Policies

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001. The financial statements have been prepared in accordance with the historical cost convention except for the presentation of certain financial assets and liabilities. The principal accounting policies have been consistently applied, unless otherwise stated, when required by Accounting Standards, comparative figures have been adjusted to conform to changes for the current financial year. The consolidated financial statements are presented in Malaysian ringgits (MYR) which is the primary economic environment in which the entity operates and the Group's functional and presentation currency. The financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected payables.

#### (a) Principles of Consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements. All controlled entities have a December financial year end.

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. A list of controlled entities is contained in Note 12 to the financial statements. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

#### (b) Revenue and other income

Revenue is recognised on a basis that reflects the transfer of promised services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those services. Principal revenue streams are recognised as follows.

*Revenue from the sale of mobile wireless computing and telecommunication devices and related services.* Revenue is recognised at a point in time or over time, when the Group satisfies performance obligations by transferring the promised goods or services to customers. Control transfers at the point in time the customer takes undisputed delivery of the goods. Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Other income is recognised on an accrual basis when the Group is entitled to it.

#### (c) Income Tax

The income tax recognised in the consolidated Statement of Profit or Loss and Other Comprehensive Income comprises of current income tax and deferred tax. Current income tax is payable/recoverable in respect of the taxable profit/loss for the year and is measured at the amount expected to be paid to/recovered from the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax is provided on temporary differences which are determined by comparing the tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised. Current and deferred tax is recognised as income or an expense and included in Statement of Profit or Loss and Other Comprehensive Income for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

#### (d) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share adjusts the basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

# AdvanceTC Limited and controlled entities

ACN 600 238 444

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

### 3 Summary of Significant Accounting Policies (continued)

#### (e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### (f) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

*Financial Assets.* On initial recognition, the Group classifies its financial assets as; those measured at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing the relevant asset. All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on their classification.

Financial assets measured at amortised cost are those where the business model is to hold assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the amount outstanding. Financial assets measured at amortised cost comprise receivables and cash and cash equivalents. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment. All changes in value, income and expenses, impairments, and gain/loss on derecognition are recognised in profit or loss.

*Impairment of financial assets.* Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost. Impairments are determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. When estimating ECL, the Group considers reasonable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis based on historical experience and informed credit assessment including forward looking information. The Group uses the presumption that a financial asset is in default when the other party is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions outside of its the normal collection activities.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received, using a probability weighted approach. The estimates produced from this are applied to the balances due to estimate the expected credit loss provision. The amount is recorded in a separate allowance account with the loss being recognised in finance expense. Once a financial asset is determined to be uncollectable then the gross carrying amount is written off against the associated allowance. Where the Group renegotiates terms, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

*Financial liabilities.* The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method. Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "interest paid". The Group's financial liabilities include trade and other payables and lease liabilities, which are measured at amortised cost using the effective interest rate method. Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and are usually paid in accordance with agreed terms with suppliers.

*Derecognition.* Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

#### (g) Plant and Equipment

Plant and equipment is carried at cost, less accumulated depreciation and impairment of losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Plant and equipment is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use. The depreciation rates used for each class of depreciable asset are 10%-20% per annum.

# AdvanceTC Limited and controlled entities

ACN 600 238 444

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

### 3 Summary of Significant Accounting Policies (continued)

#### (h) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting year. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

#### (i) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity net of any tax effects. Share application monies relate to funds received for the future issuance of shares. Upon issue of shares, amounts will be transferred to issue capital.

#### (j) Foreign currency transactions and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction. At the end of the reporting year, foreign currency monetary items are translated using the closing rate; non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting years are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedge.

#### (k) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO) or Inland Revenue Board of Malaysia (IRB). Receivables and payable are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO and the IRB is included as part of receivables or payables in the statement of financial position. Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cashflows.

#### (l) Research and development costs

Research and development costs Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate (i) the technical feasibility of completing the intangible asset so that the asset will be available for use or sale, (ii) its intention to complete and its ability and intention to use or sell the asset, (iii) how the asset will generate future economic benefits, (iv) the availability of resources to complete the asset, and (v) the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

#### (m) Operating segments

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Group is managed on the basis of product and service offerings and operating segments are determined on the same basis. The Group has one reportable segment, being the design development and commercialisation of high tech mobile wireless computing and telecommunications devices. The financial results from this segment are equivalent to those of the Group. There have been no changes in the operating segments during the year.

# AdvanceTC Limited and controlled entities

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## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

### 4 Income tax expense

	2023 MYR	2022 MYR
<i>The major components of tax expense comprise:</i>		
Current tax benefit	-	-
Loss before tax	<b>(6,110,638)</b>	(6,123,874)
Tax rate (weighted average based on 25% in Australia, 33.33% in France and 24% in Malaysia)	<b>28.68%</b>	28.68%
	<b>(1,752,531)</b>	(1,756,327)
Tax effect of:		
- temporary differences	<b>238,749</b>	25,497
- movement in deferred tax assets not brought to account	<b>1,513,782</b>	1,730,830
Income tax expense	<b>-</b>	-

### 5 Loss per Share

	2023 MYR	2022 MYR
Loss used to calculate overall earnings per share	<b>(5,835,120)</b>	(5,886,685)
Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share	<b>436,223,677</b>	436,223,677
Loss per share (in Sen)	<b>(1.34)</b>	(1.34)

There are no differences to the above calculation to that for diluted loss per share.

### 6 Other assets

	2023 MYR	2022 MYR
CURRENT		
Deposits – related party	-	841,578
	-	841,578

The deposit was impaired during the period.

# AdvanceTC Limited and controlled entities

ACN 600 238 444

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

### 7 Payables and related party advances

	2023	2022
	MYR	MYR
CURRENT		
Trade payables	237,861	161,461
Other payables	1,396,374	1,465,642
Related party advances – note 16 (a)	1,018,027	577,726
Advances for future orders (b)	1,108,264	1,108,264
	<u>3,760,526</u>	<u>3,313,093</u>
NON-CURRENT		
Related party advances – note 16 (a)	4,961,414	494,402
	<u>4,961,414</u>	<u>494,402</u>

(a) Amounts included in Related party advances payable are unsecured and interest free.

The Group has obtained written agreements of moratoriums on repayments of creditors totalling MYR 4,961,414 to defer settlement at least 12 months after the balance date. These amounts are presented as non-current liabilities on the Consolidated Statement of Financial Position.

(b) Advances for future orders represent deposits held in advance of sales of satellite mobile devices under manufacture expected to be delivered in April 2024.

### 8 Convertible notes

	2023	2022
	MYR	MYR
CURRENT		
Balance at the end of the year	2,454,627	2,270,000

#### Restatement of convertible notes

During the year, it was identified that the classification of convertible notes as equity was incorrect. Management reassessed the accounting based on the provisions of the underlying contract and the notes, including any accrued interest at period end, have been classified as liabilities.

Convertible notes accrue interest at 12% and became convertible from August 2023 any time at the option of the noteholder.

### 9 Issued Capital

	2023	2022
	MYR	MYR
436,223,677 (2022: 436,223,677) ordinary shares	51,711,549	51,711,549

	2023	2022	2023	2022
	No.	No.	MYR	MYR
At the beginning of the period	436,223,677	429,413,787	51,711,549	47,625,615
Shares issued and paid during the period	-	6,809,890	-	4,085,934
Total paid up capital at the end of reporting year	436,223,677	436,223,677	51,711,549	51,711,549
Shares issued and not paid yet-held in escrow	12,437,952	12,437,952	-	-
At the end of the reporting year	<u>448,661,629</u>	<u>448,661,629</u>	<u>51,711,549</u>	<u>51,711,549</u>

Pursuant to a share purchase agreement in 2020, the Company issued 35,000,000 shares to various shareholders. As of 31 December 2023, total amount of fully paid shares from this agreement to 22,562,045. The remaining 12,437,952 shares are held in an escrow and are payable to the Company in monthly instalments until June 2024 when the escrow will be fully released.

# AdvanceTC Limited and controlled entities

ACN 600 238 444

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

### 9 Issued Capital (continued)

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote. Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

#### Capital Management

Capital is managed to ensure that the Group can fund its operations by meeting obligations as they fall due, continue as a going concern, and provide returns to shareholders in the longer term. There are no externally imposed capital requirements other than legal requirements around solvency. The Group's capital is assessed and managed by assessing the Groups' financial risk and position and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of new share issues on an ongoing basis. There have been no changes in the capital management strategy adopted since the prior year.

### 10 Financial Risk Management

The Group is exposed to a variety of financial risks due to use of financial instruments. The Group's principal financial assets are cash and cash equivalents and short-term advances and other receivables. The Group's principal financial liabilities are trade and other payables.

The Group's financial risk management objective seeks to minimise potential adverse effects of risks arising which affect its financial position and performance.

The Board has overall responsibility for the establishment of the Group's risk management framework. Risk management objectives, policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Group's activities, and are approved by the Executive Directors. Day-to-day risk management is carried out by senior management. The Board and the Executive Directors receive information and reports which provide details of the effectiveness of the Group's risk management.

The Group is principally exposed to liquidity risk and credit risk. The mitigation strategies for financial risks are described below.

#### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will have sufficient cash to allow it to meet its operational liabilities, working capital, and long-term funding requirements. The Group manages its liquidity needs by monitoring cash flows daily. At the reporting date, these processes indicate that the Group is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. Contractual cash flows of the Group's financial liabilities approximate to their carrying values.

The Group's liabilities have contractual maturities which are summarised below:

	On demand or within 1 year		1 to 5 years		Total	
	2023	2022	2023	2022	2023	2022
	MYR	MYR	MYR	MYR	MYR	MYR
Trade and other payables	3,760,526	3,313,093	4,961,414	494,402	8,721,940	3,807,495
<b>Total</b>	<b>3,760,526</b>	<b>3,313,093</b>	<b>4,961,414</b>	<b>494,402</b>	<b>8,721,940</b>	<b>3,807,495</b>

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 days to 90 days.

#### Credit risk

The Group's primary exposure to credit risk arises principally through its short-term advances, the terms of which are disclosed in note 6.

# AdvanceTC Limited and controlled entities

ACN 600 238 444

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

### 11 Remuneration of Auditors

Remuneration paid to the auditors of the parent entity, LNP Audit and Assurance Pty Ltd during the year for the audit and review of the financial statements of the Group was MYR 500,800 (2022: MYR 486,972).

### 12 Controlled Entities and Transactions with Non-Controlling Interests

Subsidiaries:	Principal place of business/ Country of Incorporation	Percentage Owned (%)*	Percentage Owned (%)*
		2023	2022
AdvanceTC Sdn Bhd	Malaysia	100	100
Advance Tech Communications Sdn Bhd	Malaysia	100	100
AdvanceTC Cilicon SAS	France	60	60

### 13 Commitments and Contingencies

The Group is committed to continue development of its technology and bring it to market. This will be funded by additional share issues as disclosed elsewhere in this report. There were no contracted capital commitments or contingencies at 31 December 2023 (31 December 2022: Nil)

### 14 Cash Flow Information

	2023	2022
	MYR	MYR
<b>CASH OUTFLOWS FROM OPERATING ACTIVITIES:</b>		
Loss before taxation	(6,110,638)	(6,123,874)
<i>Adjustments for non-cash items:</i>		
Depreciation	38,399	37,469
Impairment of receivables	832,459	93,000
<i>Changes in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	11,039	(104,177)
Increase in trade and other payables	3,732,059	1,923,482
<b>Net cash outflows from operating activities</b>	<b>(1,496,682)</b>	<b>(4,174,100)</b>

### 15 Parent entity

The following information has been extracted from the books and records of the parent, AdvanceTC Limited and has been prepared in accordance with Australian Accounting Standards. The financial information for the parent entity, Advance TC Limited has been prepared on the same basis as the consolidated financial statements except as disclosed below. Investments in subsidiaries are accounted for at cost less accumulated impairment in the financial statements of the Parent entity.

	2023	2022
	MYR	MYR
<b>Balance Sheet</b>		
Total assets	87,160	191,251
Total liabilities	(4,232,964)	(780,233)
Net liabilities	<b>(4,145,804)</b>	<b>(588,982)</b>

### Statement of Profit or Loss and Other Comprehensive Income

Revenue and other income	-	-
Loss for the year	<b>(3,528,249)</b>	<b>(5,346,025)</b>

The Parent company has no commitments, contingencies or guarantees given as at 31 December 2023 (31 December 2022: Nil).

# AdvanceTC Limited and controlled entities

ACN 600 238 444

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2023

### 16 Related Parties

The Group's main related parties are as follows:

*Entity exercising control over the Group:* The Ultimate parent entity that exercises control over the Group is AdvanceTC Limited, which is incorporated in Australia.

*Key management personnel (KMP):* Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity, are considered key management personnel.

*Other related parties:* Other related parties include entities over which key management personnel and their immediate family control.

The following transactions occurred with related parties:	2023	2022
	MYR	MYR
<b>(Payable to) /receivable from related parties at period end</b>		
Directors' loans and fee accruals (payables)	(643,312)	(311,040)
Top ATC Industries Sdn Bhd (payables)	(4,661,414)	(494,402)
Cilicon Ltd (net payables)	(374,715)	(266,686)
<b>Transactions occurring during the period:</b>		
Short-term employee benefits – Key Management Personnel	2,096,768	1,447,877

Amount owing to and from related parties represents advances and payment on behalf, which are unsecured and interest free.

### 17 Events occurring after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial year.

## AdvanceTC Limited and controlled entities

ACN 600 238 444

### Directors' Declaration

For the Year Ended 31 December 2023

The Directors of the Company declare that:

1. The financial statements and notes for the year ended 31 December 2023 are in accordance with the Corporations Act 2001 and:
  - a. comply with Australia Accounting Standards, which, as stated in note 3 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS), and
  - b. give a true and fair view of the financial position and performance of the consolidated Group;
2. The Chief Executive Officer and Chief Finance Officer have given the declarations required by Section 295A that
  - a. the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001.
  - b. the financial statements and notes for the financial year comply with the Australian Accounting Standards; and
  - c. the financial statements and notes for the financial year give a true and fair view.
3. In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
4. The remuneration disclosures contained in the Remuneration Report comply with s300A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.



Director  
Cheng Pheng Loi  
31 March 2024

INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF ADVANCETC LIMITED

***Opinion***

We were engaged to audit the consolidated financial report of AdvanceTC Limited and its controlled entities (the 'Group') which comprises the consolidated statement of financial position as at 31 December 2023, consolidated the 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 year then ended, notes comprising a summary of material accounting policies and other explanatory information and the Directors' Declaration of the Group.

We do not express an opinion on the accompanying consolidated financial report of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial report.

***Basis for Disclaimer of Opinion******Going concern***

Note 3(b) to the consolidated financial report discloses conditions that indicate the existence of material uncertainties relating to the continuing use of the going concern assumption in preparation of these financial report. 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.

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

We were engaged to conduct our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

***Directors' Responsibilities***

The Directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

***Auditor's Responsibilities for the Audit of the Financial Report***

Our responsibility is to conduct an audit of the financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

***Opinion on the Remuneration Report***

We have audited the Remuneration Report included in pages 7 to 9 of the Directors' Report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of AdvanceTC Limited for the year ended 31 December 2023, complies with section 300A of the Corporations Act 2001.

***Responsibilities***

The Directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

LNP Audit and Assurance Pty Ltd



Anthony Rose

Director

Sydney, 31 March 2024

# AdvanceTC Limited and controlled entities

ACN 600 238 444

## Additional Information for Listed Public Companies

Year Ended 31 December 2023

### NSX Additional Information

Additional information required by the NSX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 31 December 2023.

### Substantial shareholders

The substantial shareholders are set out below:

Shareholders	%
Loi Jonathan Yeow Koon	11.63%
Loi Cheng Pheng	11.59%
Ahmad Ghiti Bin Mohd Daud	5.02%

### Voting rights

#### Ordinary Shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

#### Options

No voting rights.

### Distribution of holders of quoted ordinary share

Range	Holders	Units	Percentage
1 - 1,000	378	363,499	0.08%
1,001 - 5,000	528	1,370,809	0.31%
5,001 - 10,000	149	1,051,038	0.23%
10,001 - 100,000	913	21,196,282	4.72%
100,001 and over	201	424,680,001	94.65%
<b>Top 20 shareholders</b>	<b>2,169</b>	<b>448,761,629</b>	<b>100.00%</b>

	Ordinary shares	
	Number held	% of Issued shares
Jonathan Loi Yeow Koon	52,188,508	11.63%
Loi Cheng Pheng	52,016,464	11.59%
Ahmad Ghiti Bin Mohd Daud	22,523,730	5.02%
Yong Loong Chen	16,400,000	3.66%
Soon Wan Ching	15,332,000	3.42%
Bvmalls Hong Kong Limited	15,000,000	3.34%
A88 Trading & Holdings Pte Ltd	15,000,000	3.34%
Kee Sim Lim	9,060,000	2.02%
Mon Space (M) SDN BHD	8,310,606	1.85%
Chang Tiam Hock	7,145,550	1.59%
Teck Soon Chong	7,000,000	1.56%
Advancetc Marketing SDN BHD	6,833,937	1.52%
BNP Paribas Noms	6,484,500	1.45%
Yeong Kok Wah	6,355,000	1.42%
Azah Binti Md Khalid	6,323,730	1.41%
Mr Hooi Beng Lim	5,305,125	1.18%
Ms Ah Teng Tee	5,147,258	1.15%
Chiang Hong Teo	5,000,000	1.11%
Mr Han Peir Low	4,878,567	1.09%
Other shareholders	182,356,654	40.64%
	<b>448,661,629</b>	<b>100.00%</b>