

Dear Ms. Climo,

E-Plus Ltd (the “Company” or “8EP”)

Periodic Disclosure Query

NSX refers to the Company’s Annual Financial Report¹ lodged on 26 June 2020 and notes the following from the Independent Auditor Report to the members of E-Plus Limited and Controlled entities:

“Disclaimer of Opinion

We were engaged to audit the financial report of E-Plus Limited and Controlled Entities, (the Group), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors’ Declaration of the Group.

We do not express an opinion on the accompanying financial report of the Group. Because of the significance of the matters described in the Basis of 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 this financial report.

Basis for Disclaimer of Opinion

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

- a) *MYR 7,379,729 of receivables. As stated in Note 10, the Group has MYR 7,379,729 of receivables, MYR 6,840,402 of which are from related parties and consists of trade and nontrade transactions. We were unable to obtain sufficient appropriate evidence about the carrying amount of these receivables. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.*
- b) *Note 4 of the financial statements discloses conditions that indicate the existence of the material uncertainties, relating to the matters surrounding the continuing use of the going concern assumption in preparation of these financial statements. We have been unable to obtain sufficient appropriate audit evidence to support management assessment of the Group’s ability to continue as a going concern, and the effect of COVID-19 on the Group operations and cash flows.*
- c) *MYR 836,288 of fixed assets. As stated in Note 11, the Group has MYR 836,288 of fixed assets, MYR 506,215 of which pertains to the book value of the office space in use. We were unable to obtain sufficient appropriate evidence about the current market value of said space and consequently we were unable to determine whether any adjustments to those amounts were necessary.*

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

NSX refers to the Company’s response² to the Periodic Disclosure Query³ released on 11 October 2019 regarding its Half-Yearly Financial Report and notes the following:

- 1) *“Please explain the basis for and the factors considered by the directors of the Company to satisfy themselves that the receivables due from related parties is \$2,452,855, given the auditor has been unable to obtain sufficient appropriate evidence about the carrying amount of these receivables from related parties.*

The Directors of the Company are satisfied that part of the amount due from related companies will be recovered in Q4 2019. The loans were given to finance regional projects. Part of the criteria to

¹ <https://www.nsx.com.au/ftp/news/021738329.PDF>

² <https://www.nsx.com.au/ftp/news/021737439.PDF>

³ <https://www.nsx.com.au/ftp/news/021737438.PDF>

10 July 2020
E-Plus Ltd
Attn: Ms. Natalie Climo
Company Secretary
Grosvenor Place Level 12
225 George Street
Sydney NSW 2000

satisfy the condition for the award of regional contracts is to host the event and pay rights and royalty fees in regional countries.

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

Auditors have requested signed contracts; award letters or invoices to satisfy revenue collection for the related entities to ensure some of the loans were repaid. The documents requested were not available at the point of financial report submission; hence the Company was not able to comply. The Company will make a public announcement once the details are confirmed and MOU signed, which is expected to be in Q4 of 2019.

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

The Company are in discussion with respective related entity for a repayment plan.

- 4) *Given the auditor has indicated that a significant uncertainty exists as to whether the Company can continue as a going concern and, as at 30 June 2019, receivables from related parties constitute a significant amount of the Company's total assets, on what basis do the directors consider that the Company can continue as a going concern?*

The directors have agreed to support the Company as required. The company have taken steps to reduce the amount of receivables from the related parties."

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

1. Please explain how the directors of the Company determined the carrying amount of the related party receivables (MYR 6,840,402) mentioned in the Independent Auditor Report given the auditor has been unable to obtain sufficient appropriate evidence.
2. In relation to the Disclaimer Opinion, please explain why the auditor has been unable to obtain sufficient evidence to verify the carrying amount of the receivables from related parties. In your response please include details of the information which was requested by the auditors, but that the Company was unable to provide.
3. Did the Company recover 'part of the amount due from related companies in Q4 2019' as stated in the response to the Periodic Disclosure Query on 11 October 2019? If yes, please confirm the total amount recovered from related companies in Q4 2019. If not, please explain why not and when is the outstanding amount expected to be recovered from related companies.
4. Did the Company sign the MOU with the related entities as stated in the response to the Periodic Disclosure Query? If yes, please provide a copy of the MOU (this document will not be released to the market) and explain why such information was not disclosed to the market. If not, please explain what are the agreements in place with the related entities if any to recover the receivables on time.
5. Did the Company sign a repayment plan with the related entities? If yes, please provide a copy of the repayment plan (this document will not be disclosed to the market). If not, please explain why not and what steps have the Company taken to reduce the receivables from the related parties.
6. Please provide an ageing analysis of the receivables from related parties as at 31 December 2019 in the following format:

Outstanding period	E-Plus Singapore	E-Plus Philippines	E-Plus Indonesia	E-Plus Thailand
Less than 1 month				
1 to 3 months				
3 to 6 months				
6 to 12 months				

More than 12 months				
Total amount Owed to the Group (MYR)	\$1,417,799	\$1,112,196	\$1,897,341	\$2,424,292

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

Your response should be sent to me directly via email no later than **4 pm on 14 July 2020**. Your response will be released to the market along with a copy of this letter. If you wish to discuss the content of your response, please do not hesitate to contact me as soon as possible.

Yours sincerely

Ingrid Wei
Market Surveillance Analyst