



29 June 2018

Mr Neil Sheather

Company Secretary
XPD Soccer Gear Group Limited
Level 1, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000

By email

Dear Mr Sheather

XPD Soccer Gear Group Limited ("XPD")

ASX Limited ("ASX") refers to:

- ASX's letter dated 18 April 2018 setting out a number of actions required to be taken by XPD by no later than 5.00pm AEST on 31 July 2018 in order for ASX to consider reinstating XPD's securities to official quotation, and in order for XPD to avoid removal from the official list of ASX on 1 August 2018. A copy of the letter was published on the ASX Market Announcements Platform on 18 April 2018.
- The statement of financial position in XPD's 2016 Annual Report, disclosing cash and cash equivalents of \$43,061,705.
- XPD's announcement dated 7 September 2017 in response to a general query from ASX, stating that "under the circumstances permitted by relevant Chinese Laws and Regulations and approved by the State Administration of Foreign Exchange (SAFE), XPD is able to repatriate money / convert Chinese RMB into foreign currencies".
- ASX's letter dated 23 April 2018 reminding XPD that "ASX expects any listed entity with China-based operations that becomes aware of any difficulties in transferring funds out of China to elsewhere where they may be needed, to notify ASX immediately in accordance with its disclosure obligations under listing rule 3.1".
- The notice of change in interests of substantial holder lodged by Chou Qin International Co. Ltd ("Chou Qin"), an entity controlled by Mr Jiameng Zhang (the managing director of XPD), on 8 May 2018, disclosing that Chou Qin transferred 20,800,000 shares in XPD to unrelated third parties in off market transfers on 18 January 2017, 28 February 2017 and 20 March 2017, and acquired 20,000,000 shares on 12 March 2018. ASX notes that the notice of change in interests of substantial holder was lodged well outside the 2 business days deadline in section 671B of the Corporations Act.
- The notice of change in interests of substantial holder lodged by Chou Qin on 19 June 2018 disclosing that a further 20,000,000 shares were transferred by Chou Qin on 8 June 2018. ASX again notes that the notice of change in interests of substantial holder was lodged well outside the 2 business days deadline in section 671B of the Corporations Act.
- Listing rule 3.19A.2 which requires an entity to tell ASX the following:

A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.

ASX notes that the Company has not filed any notice under listing rule 3.19A.2 in relation to the change in Chou Qin's substantial holding on 8 June 2018.

- Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

First, given all of the issues and communications we have had with the Company concerning Chou Qin's multiple breaches of substantial holdings laws and the Company's multiple breaches of listing rule 3.19A.2, ASX is both surprised and extremely disappointed that there should be further breaches of these requirements.

Having regard to the above, ASX asks XPD to respond separately to each of the following questions and requests for information:

1. With respect to each of the off market transfers of shares by Chou Qin on 18 January 2017, 28 February 2017, 20 March 2017 and 8 June 2018, please provide the following details:
 - The name of the person or entity to whom the shares were transferred.
 - The consideration paid to Chou Qin.
 - The nature of the transfer.
 - The basis upon which XPD believes the transfers were in accordance with XPD's trading policy.
2. With respect to the acquisition of shares by Chou Qin on 12 March 2018, please provide the following details:
 - The name of the person or entity from whom the shares were acquired.
 - The consideration paid by Chou Qin.
 - The nature of the transfer.
 - The basis upon which XPD believes the transfer was in accordance with XPD's trading policy.
3. Please explain why XPD has not lodged an Appendix 3Y for Mr Zhang in respect of the change in Chou Qin's substantial holding on 8 June 2018, and what arrangements XPD has in place under listing rule 3.19B with Mr Zhang to ensure that it is able to meet its disclosure obligations under listing rule 3.19A.
4. It has come to ASX's attention that XPD may owe certain former directors an amount in unpaid directors' fees. Is that the case? If so, please advise the amount of the fees in question, to whom they are owed and what XPD's reasons are for not paying them.
5. It has also come to ASX's attention that the delay in the preparation and lodgement of XPD's 2017 financial statements and annual report may have been caused by an inability of XPD to transfer funds from China to Australia to pay its auditor for the audit work on its 2017 financial statements. Is that the case?
6. Has XPD paid (in part or full) its Australian auditor for the audit of XPD's 2017 financial statements? If so, please advise the source of the payment - was it paid by XPD from its own funds or was it paid by someone else on its behalf? If it was paid by XPD from its own funds, please provide documentary evidence (such as a copy of XPD's bank statements) to confirm that is the case. If it was paid by someone else on XPD's behalf, please advise who paid it and why.

Please respond to each of these questions by no later than 5.00pm AEST on Friday 6 July 2018. ASX reserves the right to remove XPD from the official list prior to 1 August 2018 should XPD's responses be unsatisfactory to ASX.

ASX asks that you ensure that all of the directors of XPD are provided with a copy of this letter, and with a translation where needed.

ASX intends to release a copy of this letter on the Market Announcements Platform and reserves the right to release a copy of any response from XPD under Listing Rule 18.7A.

If you have any queries about any of the above, please contact me immediately.

Yours sincerely,

Lux Wigneswaran
Principal Adviser, Listings Compliance (Sydney)