



19 February 2018

Mr Jiameng Zhang
Managing Director
XPD Soccer Gear Group Limited
Level 1, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000

By email

Dear Mr Zhang

XPD Soccer Gear Group Limited ("XPD")

ASX Limited ("ASX") refers to:

- ASX's letter to XPD dated 24 January 2018 (a copy of which is attached) requiring XPD to do the following to avoid removal from the official list on 2 March 2018:
 - to correct the original reason for its suspension by ensuring that Chou Qin International Limited ("Chou Qin") lodges an updated substantial holding notice in relation to its holdings in XPD;
 - to bring itself into compliance with listing rule 3.1 by making an appropriate announcement to the market regarding the Mejority Capital Limited ("MJC") litigation;
 - to bring itself into compliance with listing rule 3.19A.2 by lodging an Appendix 3Y in relation to the holdings of Mr Jiameng Zhang;
 - to bring itself into compliance with listing rule 3.19A.3 by lodging an Appendix 3Z in relation to the holdings of Mr Shui-Chiao Chang.
 - to respond to ASX's email dated 9 January 2018 to Mr Wayne Reid and Mr Tony Lu requesting confirmation that XPD is able to lodge documents with ASX electronically via ASX Online, as required under listing rule 15.3(a), and of XPD's appointed person responsible for communications with ASX under listing rule 12.6; and
 - to release to the market an announcement, acceptable to ASX, outlining the changes it has made, or proposes to make, to its governance and communication arrangements to ensure that it is able to comply in a timely manner with its obligations under the listing rules.
- The emails from Mr Lu and Mr Zhang dated 13 February 2018 incorrectly claiming that XPD had gained access to ASX Online in order to lodge documents electronically via ASX Online (ASX can confirm that XPD did not at that time have, and still does not have, any active accounts in ASX Online).
- The email from Mr Zhang dated 13 February 2018 stating that:
 - Mr Reid had been appointed as XPD's communication person for the purposes of listing rule 12.6;
 - XPD would make an announcement regarding the MJC litigation on 14 February 2018 (which it still has not done); and
 - a Form 604 in respect of the holding of Chou Qin had been lodged with the Australian Securities and Investments Commission ("ASIC") for review (which ASX understands was not sent to ASIC until the evening of 14 February 2018 and which to ASX looks to be incomplete).

- The email from Mr Reid to ASX dated 15 February 2018 advising that he had resigned as a director of XPD on 14 February 2018, which has now given rise to further breaches by XPD of the listing rules, including that XPD did not immediately announce Mr Reid's resignation under listing rule 3.16.1 and has not appointed a new communication person for the purposes of listing rule 12.6. Additionally, it appears that XPD is once again in breach of section 201A of the Corporations Act in that it does not have two directors who ordinarily reside in Australia.
- The letter from Frichot & Frichot, lawyers and notaries public, to ASX dated 16 February 2018 advising that they had been appointed to assist XPD in satisfying ASX's requirements above and requesting a two week extension to the 2 March 2018 removal deadline to 16 March 2018.
- ASX's email to Frichot & Frichot dated 19 February 2018 confirming that it was agreeable to the two week extension but that it would not grant any further extension to that deadline.

Further remedial action required

ASX requires XPD to do the following as soon as possible and by no later than 9.30am AEDT on 16 March 2018:

1. To undertake all of the remedial actions outlined in our letter dated 24 January 2018 and reiterated above;
2. To bring itself into compliance with listing rule 3.16.1 by announcing the resignation of Mr Reid. In the circumstances, the announcement should include the reasons for Mr Reid's resignation and how XPD intends to comply with section 201A of the Corporations Act;
3. To comply with listing rule 3.19A.3 by lodging an Appendix 3Z in relation to the holdings of Mr Reid;
4. To appoint a new communication person for the purposes of listing rule 12.6 who is resident in Australia and not Mr Lu; and
5. To set up an ASX Online account in order to comply with listing rule 15.3(a), and confirm when this has been done.

If XPD does not do so, ASX will remove XPD from the official list on Friday 16 March 2018 and refer the company and its directors to ASIC for consideration of appropriate regulatory action.

Once again, 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 so that XPD shareholders are aware of the nature and extent of XPD's breaches of the listing rules and the reasons for its ongoing suspension. ASX reserves the right to release a copy of any response from XPD to this letter on the ASX Market Announcements Platform 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)

Copy to: Frichot & Frichot



24 January 2018

Mr Wayne Reid
Chairman
XPD Soccer Gear Group Limited
Level 1, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000

By email

Dear Mr Reid

XPD Soccer Gear Group Limited ("XPD")

ASX Limited ("ASX") refers to:

- ASX's notice to the market dated 11 October 2017 suspending XPD's securities from trading pending the release of an announcement clarifying directors' interests in the securities of XPD. As you know, the suspension was imposed by ASX due to concerns about the accuracy of the information in the market regarding the shareholdings held by Mr Jiameng Zhang (XPD's managing director) and Mr Shui-Chiao Chang (now a former director) in XPD, in particular those held via Chou Qin International Limited ("Chou Qin").
- ASX's query letter dated 9 October 2017 and XPD's response dated 11 October 2017 stating that Chou Qin beneficially holds 211,550,911 shares in XPD. The query letter and response were published on the ASX Market Announcements Platform ("MAP") on 11 October 2017.
- ASX's query letter dated 12 October 2017 raising doubts about the accuracy of the information in XPD's response dated 11 October 2017, and XPD's response to that query letter dated 17 October 2017 stating that Chou Qin beneficially holds 177,287,519 shares, rather than 211,550,911 shares, in XPD. The query letter and response were published on MAP on 17 October 2017.
- ASX's query letter dated 19 October 2017 regarding the reasons for the resignations of directors Andrew Smith and Andrew Plympton, and requesting that XPD outline the steps it proposes to take to ensure that it has directors with sufficient ASX listed company experience and an appropriate representation of independent directors. As part of its response dated 26 October 2017, XPD stated that the board proposes to appoint a third Australian independent director. ASX notes that this is yet to occur.
- ASX's email dated 9 November 2017 to Wayne Reid and Ting Jiang requesting further clarification around the holding of Chou Qin following the receipt by ASX of information suggesting that Citicorp Nominees Pty Limited holds fewer shares on behalf of Chou Qin than the number disclosed in XPD's response dated 17 October 2017. XPD did not satisfactorily respond to that email.
- ASX's query letter dated 27 November 2017 requesting (among other things) an explanation as to why Mr Zhang, as the controller of Chou Qin, had failed to lodge a corrected substantial holding notice for Chou Qin, and XPD's response dated 30 November 2017 stating that "the Company is currently undertaking a comprehensive assessment to accurately determine the relevant interests of Mr Jiameng Zhang, Mr Shui-Chiao Chang and Chou Qin International Co. Ltd". The query letter and response were published on MAP on 30 November 2017. No further update has been provided by XPD.
- ASX's emails dated 22 December 2017, 2 January 2018 and 4 January 2018 to Mr Reid regarding the announcement by Mejority Capital Limited ("MJC") that it had commenced legal action against XPD in the Federal

Court of Australia. MJC's announcement was published on MAP on 22 December 2017. ASX has not received a satisfactory response to these emails and, more significantly, XPD has failed to lodge any announcement regarding the action, in breach of listing rule 3.1.

- ASX's letter dated 9 January 2018 regarding the late lodgement of the announcement about the outcome of the resolution put to the general meeting on 3 January 2018, in breach of listing rule 3.13.2. Despite a number of prompts by ASX, the announcement had to be published by ASX on behalf of XPD after XPD failed to lodge it via ASX Online.
- ASX's email dated 9 January 2018 to Mr Reid and Mr Lu expressing concern about the timeliness of XPD's responses to correspondence from ASX, and requesting confirmation:
 - that XPD is able to lodge documents with ASX electronically via ASX online, as required under listing rule 15.3(a); and
 - of XPD's appointed person responsible for communications with ASX under listing rule 12.6.

To date, no response has been received to that email.

In particular, we draw your attention to the comment in our letter dated 27 November 2017 in relation to the holding of Chou Qin that ***"the fact that an entity associated with the managing director of an ASX listed company is delinquent in complying with its substantial holding notice obligations and that has caused the company to be suspended from trading is wholly unacceptable to ASX"***.

Shareholders have been unable to trade their securities on-market for several weeks now. Despite this, Mr Zhang still has not caused this situation to be remedied, indicating a disregard on his part for the interests of XPD's shareholders. ASX has received a number of complaints from XPD shareholders about this.

XPD remains in breach of listing rules 3.1 (in relation to the MJC litigation), 3.19A.2 (in relation to the holdings of Mr Zhang) and 3.19A.3 (in relation to the holdings of Mr Chang). It is unresponsive, or tardy in responding, to queries and requests from ASX, in breach of listing rule 18.7.

Further, it is apparent to ASX from the above that XPD does not have a structure and operations appropriate for a listed entity, in breach of listing rule 12.5. In particular, it does not have appropriate governance or communication arrangements in place to comply with its obligations under the listing rules.

The two primary powers ASX has in its armoury to enforce the listing rules are its powers to suspend an entity's shares from trading and to terminate an entity's listing. Since XPD appears to be unconcerned that its shares are suspended from trading, it leaves ASX with little choice but to invoke its power to terminate XPD's listing.

In this regard, we would refer you to listing rule 17.12, which empowers ASX to remove a company from the official list at any time if, in ASX's opinion, the entity is unable or unwilling to comply with or breaks a listing rule or it is appropriate for some other reason.

Remedial action required

ASX requires XPD to do the following by no later than 9.30am AEDT on Friday 2 March 2018:

1. To correct the original reason for its suspension by ensuring (through the agency of Mr Zhang) that Chou Qin lodges an updated substantial holding notice in relation to its holdings in XPD;
2. To bring itself into compliance with listing rule 3.1 by making an appropriate announcement to the market regarding the MJC litigation;
3. To bring itself into compliance with listing rule 3.19A.2 by lodging an Appendix 3Y in relation to the holdings of Mr Zhang;
4. To bring itself into compliance with listing rule 3.19A.3 by lodging an Appendix 3Z in relation to the holdings of Mr Chang;
5. To respond to ASX's email dated 9 January 2018 to Mr Reid and Mr Lu; and
6. To release to the market an announcement, acceptable to ASX, outlining the changes it has made, or proposes to make, to its governance and communication arrangements to ensure that it is able to comply in a timely manner with its obligations under the listing rules.

If XPD does not do so, ASX will remove XPD from the official list on Friday 2 March 2018 and refer the company and its directors to the Australian Securities and Investments Commission for consideration of appropriate regulatory action.

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

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

ASX suggests that you give careful consideration to the matters raised in this letter and that you provide a draft of the announcement referred to in 6 above at the earliest opportunity. ASX anticipates that the announcement is likely to require a number of iterations before it is acceptable to ASX.

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

Yours sincerely,

Lux Wigneswaran

Principal Adviser, Listings Compliance (Sydney)