
CORPORATE GOVERNANCE STATEMENT

XPD Soccer Gear Group Ltd is committed to the implementation and maintenance of good corporate governance practices. The Statement sets out the extent to which XPD Soccer Gear Group Ltd Board has followed the best practice recommendations set by the ASX Corporate Governance Council (the Principles and Recommendations) during the financial year ended 31 December 2018.

The Statement is approved and authorised by the Board. The disclosures in this Statement respond to the ASX Corporate Governance Council's Third Edition of its Corporate Governance Principles and Recommendations.

The Statement and corporate governance policies, which includes below, are posted on the XPD Soccer Gear Group website:
www.xpdsoccergear.com

- Board Charter
- Board Performance Evaluation Policy
- Code of Conduct
- Audit and Risk Management Committee Charter
- Remuneration and Nomination Committee Charter
- Security Trading Policy
- Continuous Disclosure Policy
- Shareholder Communications Policy
- Diversity Policy

ASX BEST PRACTICE RECOMMENDATIONS

Principal No.	Recommendation	Compliance	Comment
1. Lay a solid foundation for management and oversight			
1.1	Companies should disclose: <ul style="list-style-type: none"> • the respective roles and responsibilities of its board and management; and • those matters expressly reserved to the board and those delegated to management. 	Complies	The Board's responsibilities are set out in the Company's Board Charter. XPD's Board Charter is set out in the Corporate Governance Policy. The Board Charter discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of XPD to the Executive Director.
1.2	Companies should: <ul style="list-style-type: none"> • undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and • 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. 	Complies	The Board's responsibilities in relation to director appointments are set out in the Company's Board Charter. XPD's Board Charter is set out in the Corporate Governance Policy. Appropriate checks, including bankruptcy checks, police checks and Board experience will be part of the appointment process.
1.3	Companies should have a written agreement with each director and	Does not comply	XPD has not entered into agreements with each Director. It has an agreement with the Company's CEO, but has not yet entered into agreement with the two new directors, Lill and Sheather, which it will do so during the current FY.

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	senior executive setting out the terms of their appointment		
1.4	The Company Secretary must be directly accountable to the Board, through the Chair on all matters to do with the proper functioning of the board	Complies	The Company Secretary is accountable to the Board. The Company has joint company secretaries, one of whom is Chinese speaking to assist Board communications.
1.5	<p>A listed entity should:</p> <p>a) have a Diversity Policy which includes requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; to set measurable objectives for achieving gender diversity.</p> <p>b) disclose that policy or a summary of it; and</p> <p>c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's</p>	Complies	<p>The Board has a Diversity Policy. The Diversity Policy requires the Board to set measurable objectives for obtaining gender diversity. The Company's workforce is located in China which provides complexity to setting measurable objectives for diversity. However the Chinese workforce has gender diversity.</p> <p>The Board does not consider it appropriate at this time, to formally set measurable objectives for gender diversity. The Board continues to monitor diversity across the organization.</p>

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	diversity policy and its progress towards achieving them.		
1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> • have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and • disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	Complies	<p>The performance evaluation of Board members occurs by way of:</p> <ul style="list-style-type: none"> • the Chairperson meeting with each non-executive directors separately to discuss individual performance and ideas for improvement; and • the Board as a whole discussing and analysing its own performance during the year including suggestions for change and improvement.
1.7	<p>A listed entity should:</p> <ul style="list-style-type: none"> • have and disclose a process for periodically evaluating the performance of its senior executives; and • disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	Complies	<p>The non-executive Board Members meet annually to review the performance of the Senior executive and to consider their recommendations in respect of the operating staff in China. The senior executives' performance is assessed against the performance of the Company as a whole.</p>

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2. Structure the Board to add value			
2.1	The board of a listed entity should have a nomination committee.	Does not comply	<p>The Board does not have a Nomination and Remuneration Committee. The Company's operations are run in China where the Company's CEO manages the remuneration of the key staff for ratification by the Board.</p> <p>All nomination committee issues are run by the Board as a whole, rather than having a separate committee to deal with the issues.</p>
2.2	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.	Does not comply	The Board currently does not have a skills matrix. The Board will complete a board skills matrix setting out the mix of skills that the Company seeks during the year ahead, though given the size and nature of the Company, the Board considers that the current Board has the requisition mix of skills required for such a Company.
2.3	A listed entity should disclose the names of the directors considered by the board to be independent directors and the length of service of each director.	Complies	The Company discloses the names of the directors considered by the board to be independent directors and the length of service of each director.
2.4	A majority of the board should be independent directors.	Complies	The Board has two independent and one non-independent Directors.

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2.5	The chair of the Board should be an independent director and should not be the same person as the Chief Executive Officer.	Complies	The Chairmen during the year has been Simon Lill, who is an Independent Director.
2.6	Companies should have a program for inducting new directors and providing appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively.	Does not comply	A formal induction is not provided to all new directors at this point. The Company during the year overhauled the Board and appointed two new Directors, Lill and Sheather, who met via teleconference and in person with the existing CEO though did not require an induction. If the Company appoints new Board Members in the forthcoming year it will ensure that they are suitably inducted.
3. Act ethically and responsibly			
3.1	A listed entity should: <ul style="list-style-type: none"> • establish a code of conduct for its directors, senior executives and employees; and • disclose the code or a summary of the code or a summary of it. 	Complies	The Board has established a Code of Conduct, which is set out in the Corporate Governance Policy. The Code of Conduct provides that the Directors will act with honesty and integrity, will avoid conflicts of interest, protect confidential and proprietary information and treat others equitably and with professionalism courtesy and respect.
4. Safeguard integrity in financial reporting			
4.1	The board should establish an audit committee which: <ul style="list-style-type: none"> • consists of at least three 	Does not Comply	The Board does not have an Audit and Risk Management Committee, instead dealing with all audit and risk issues directly through the Board and dominantly through the two Independent Directors. The Board manages Audit and Risk issues in accordance with the Audit and Risk Management Committee Charter. XPD's Audit and Risk Management Committee Charter is set

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	<p>members all of whom are non-executive directors, the majority of whom are independent directors;</p> <ul style="list-style-type: none"> • is chaired by an independent director who is not the chairman of the Board. <p>The board must disclose the charter of the audit committee, the relevant qualifications and experience of the members of the committee and the number of times the committee has met during a reporting period and the individual attendances of the members at those meetings.</p>		<p>out in the Corporate Governance Policy.</p> <p>The Board does not currently have 3 independent Directors, but Board discussions are lead by Neil Sheather, an independent director who is not Chairman of the Board.</p>
4.2	<p>Before approving a company's financials, the Board must receive declarations from the Company's Chief Executive Officer and Chief Financial Officer 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</p>	Complies	<p>Prior to approving the Annual Accounts and Half Yearly Accounts, the Board receives the necessary declaration from the Chief Executive Officer and Chief Financial Officer.</p>

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	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.		
4.3	Companies must ensure that its external auditor attends its Annual General Meeting and is available to answer questions from security holders relevant to the audit.	Complies	XPD's auditor attends its Annual General Meeting to answer questions.
5. Make timely and balanced decisions			
5.1	<p>A listed entity should:</p> <ul style="list-style-type: none"> • have a written policy for complying with its continuous disclosure obligations under the ASX Listing Rules; and • disclose that policy or a summary of it. 	Complies	The Board has adopted a Continuous Disclosure Policy which is set out in the Corporate Governance Policy. XPD respects the rights of its shareholders and to facilitate the exercise of those rights, the Company is committed to communicating effectively with shareholders, providing shareholders with ready access to balanced and understandable information about the Company and corporate proposals and making it easier for shareholders to participate in general meetings of the Company.
6. Respect the rights of shareholders			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complies	XPD has established on its website www.xpdsoccergear.com a corporate governance landing page from where all relevant corporate governance material can be accessed.

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6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies	The Company's Shareholders Communications Policy aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.
6.3	A listed entity should disclose the policies it has in place to facilitate and encourage participation at meetings of shareholders.	Complies	The Company's Shareholders Communication Policy is designed to ensure that shareholders are informed of all relevant developments. XPD intends to establish on its website a facility for all shareholder communications.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies	Through the Company's registry services provider, shareholders will be able to communicate with the Company electronically with respect to matters affecting their shareholding.
7. Recognise and manage risk			

7.1	<p>The board should establish a risk management committee which:</p> <ul style="list-style-type: none"> • has at least 3 members, the majority of whom are independent directors; • is chaired by an independent director. <p>The board must disclose the charter of the risk management committee, members of the risk management</p>	Complies.	<p>The Board does not have an Audit and Risk Management Committee, instead dealing with all audit and risk issues directly through the Board and dominantly through the two Independent Directors.</p> <p>The Board manages Audit and Risk issues in accordance with the Audit and Risk Management Committee Charter. XPD's Audit and Risk Management Committee Charter is set out in the Corporate Governance Policy.</p> <p>The Board does not currently have 3 independent Directors, but Board discussions are lead by Neil Sheather, an independent director who is not Chairman of the Board.</p>
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	committee, the number of times the committee has met during a reporting period and the individual attendances of the members at those meetings.		
7.2	<p>The board should:</p> <ul style="list-style-type: none"> • review the company's risk management framework at least annually; and • disclose whether such review has taken place. 	Complies	The Board reviews the Risk Management Policy at least annually and disclose whether such a review has been undertaken.
7.3	<p>A listed entity should disclose;</p> <ul style="list-style-type: none"> • their internal audit function, how the function is structured and what role it performs; or • 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 risk management and internal control processes. 	Complies	<p>The Board has disclosed its Internal Audit Function which evaluates the adequacy and effectiveness of the Company's administrative, operating and accounting policies through active communication with the Board and the External Auditors.</p> <p>Among other things the Internal Audit Function will review and approve audited annual and half yearly reports, and ensure it receives a declaration from the CEO, or CFO that in their opinion the financial records of the entity have been properly maintained.</p> <p>The Internal Audit Function is also responsible for appointing an external auditor for the company</p>

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7.4	A listed entity should disclose whether they have any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Complies	The Company, to the best of its knowledge, does not have any material exposure to economic, environmental and social sustainability risks. It will disclose such exposure if and when it becomes evident that such exposures may exist, in accordance with its continuous disclosure obligations.
8. Remunerate fairly and responsibly			
8.1	<p>The board should establish a remuneration committee which:</p> <ul style="list-style-type: none"> • has at least 3 members, the majority of whom are independent directors; • is chaired by an independent director. <p>The board must disclose the charter of the remuneration committee, members of the remuneration committee, the number of times the committee has met during a reporting period and the individual attendances of the members at</p>	Does not comply.	The Board does not currently have enough independent directors to comply with the recommendations. The Company's staff, other than the independent Board and Company Secretary, are domiciled within China. Nomination and remuneration is managed by the Company's CEO, Zhiamen Zhang, with recommendations then ratified by the Independent Board.

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	those meetings.		
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors from that of executive directors and other senior executives.	Does not comply	The Annual Report does not disclose any policies and practices regarding the remuneration of non-executive directors as no such policies exist.
8.3	Companies which have equity-based remuneration schemes should have and disclose 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.	Complies	The Company does not have an equity-based remuneration scheme.