

Dear Ms. Newell,

7 May 2018

SAPEX Group Limited (the “Company” or “SAA”)

Re: Periodic Disclosure Query

We refer to the Annual Financial Report lodged on 6th April 2018¹ on which NSX has made below observations and questions.

Loans

The Company stated in the Directors’ Report² of the Annual Financial Report: “*Loan to First Guardian Capital of \$257,475*”. However, Note 13 Borrowings³ of the Annual Financial Report illustrated “*The Company has been provided with a loan facility from First Guardian Holdings Pty Ltd which expires on 25 September 2018*”.

1. Please confirm whether the Company provided the loan of \$257,475 to First Guardian Capital or received the loan of \$257,475 from First Guardian Capital.

Related Parties

The Company disclosed in Note 23 Related Parties Section (c)⁴ about Loan from related parties – First Guardian Holdings Pty Ltd.

2. Please explain the relationship between SAPEX Group Limited and First Guardian Capital and why the Company is related to First Guardian Capital.

Going Concern

The Company stated on Note 2 Section (b)⁵: “*As at 31 December 2017, SAPEX Group Limited is in a negative net asset position of (\$748,219). During the period, the company has recognized revenue of \$769,094, which only 18% has been received as at the date of this report, accordingly a doubtful debt provision of \$631,631 has been recognized*”.

3. Please provide an update on the recognized revenue collection by filling up the table below:

Date	From 1/1/2018 to 1/5/2018
Collected amount	
Percentage of recognized revenue	
Outstanding amount	
Expected date of collection	

Other Expenses

Other Expenses⁶ reported for the period ended 31 December 2017 is (\$1,514,132), which is substantial for the total loss of (\$8,462,781) for the year given the majority of the loss was contributed by the Reverse Acquisition.

4. Please provide a breakdown table of Other Expenses to support the material contribution to the Company’s total loss.

You are reminded that as an Issuer the Company must comply with Chapter 6CA of the Corporations Act 2001 and NSX Listing Rules Section IIA 6.4, 6.5 and 6.5A which create continuous disclosure obligations. NSX Listing Rules can be found [here](#).

¹ Link of the Annual Financial Report for the period ended at 31 December 2017: <https://www.nsx.com.au/ftp/news/021734996.PDF>

² Page 6 of the Annual Financial Report for the period ended at 31 December 2017

³ Page 39 of the Annual Financial Report for the period ended at 31 December 2017

⁴ Page 46 of the Annual Financial Report for the period ended at 31 December 2017

⁵ Page 29 of the Annual Financial Report for the period ended at 31 December 2017

⁶ Page 24 of the Annual Financial Report for the period ended at 31 December 2017

Your response should be sent to me directly via email **no later than 4pm on 9th May 2018**. Your response will be released to the market together 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