

30 November 2017

Ms Lux Wigneswaran
Principal Adviser, Listings Compliance (Sydney)
20 Bridge Street
Sydney NSW 2000

By email: **Luxmy.Wigneswaran@asx.com.au**

Dear Ms Wigneswaran

XPD Soccer Gear Group Limited (Company)

We refer to your letter dated 27 November 2017 and advise as follows:

1. Substantial holder notice and Appendix 3Y

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 (**Chou Qin**). In this regard, the Company is in the process of:

- (a) obtaining comprehensive details on the transactions involving Mr Zhang, Mr Chang and Chou Qin;
- (b) issuing beneficial tracing notices to all entities which the Company understands may hold shares on behalf of Mr Zhang, Mr Chang and Chou Qin;
- (c) preparing complete and comprehensive *ASIC Form 604 Notice of change of interests of substantial holder* (for Mr Zhang and Mr Chang), *Appendix 3Y Change of Director's Interest Notice* (for Mr Zhang) and *Appendix 3Z Final Director's Interest Notice* for Mr (for Mr Chang) that will provide comprehensive disclosure on:
 - (i) the relevant interest held in the Company, including a break down of the shares held directly or indirectly whether through a company, trust, nominee, custodian or any other arrangement;
 - (ii) each on-market and off-market transaction including the date of transaction, consideration, class and number of securities, each person's votes effected and the identify of the off-market purchaser; and
 - (iii) each relevant agreement which gives rise to the relevant interest, as required by those documents; and

- (d) providing any further disclosure in relation to the relevant interests of directors as required by ASX (if any).

2. Relationship with Sunbridge Group Ltd (SBB)

The Company confirms that there is not, and there has not ever been, any association or relationship, commercial or otherwise, between the Company and SBB, their directors and/or their shareholders.

The Company is of the view that there has been commonality of officeholders between the Company and SBB as:

- (a) both companies are based in Fujian Province, China;
- (b) there are common professional and personal links between persons involved in the companies (but no direct association or relationship or common control between the companies); and
- (c) both companies are listed on ASX and the officeholders have experience in the reporting, disclosure and governance frameworks for an Australian ASX listed company.

3. Recent resignations

Mr Yubin Qiu resigned as a director due to communication issues with the other directors of the Company, other than with Mr Alvin Tan.

Mr Alvin Tan resigned as a director due to communication issues with the other directors of the Company, other than Mr Yubin Qiu.

Mr Shui-Chiao Chang resigned as a director due to retirement from the business.

Mr Ting Jiang resigned as secretary due to other work commitments and personal reasons.

Yours faithfully



Zhang Jiameng
Chief Executive Director



27 November 2017

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. That suspension was imposed by ASX due to concerns about the accuracy of the information in the market about the shareholding interests held by two of XPD's directors, Mr Jiameng Zhang (XPD's managing director) and Mr Shui-Chiao Chang, in XPD.
- ASX's query letter dated 12 October 2017 and XPD's response dated 17 October 2017 stating that Chou Qin International Co. Ltd ("Chou Qin"), an entity controlled by Mr Zhang, beneficially holds 177,287,519 shares in XPD. The query letter and response were published on the ASX Market Announcements Platform ("MAP") on 17 October 2017.
- XPD's announcement dated 8 November 2017 and published on MAP on that date stating that its securities will remain suspended from official quotation until an updated substantial holder notice is lodged by Chou Qin in accordance with the *Corporations Act 2001* (Cth) (the "Act").
- ASX's email dated 9 November 2017 to Messrs Reid and 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. To date XPD has not satisfactorily responded to that email.

ASX notes that under section 671B of the Act, Chou Qin, as a substantial holder in XPD, was required to give ASX and XPD an accurate Form 603 *Notice of Initial Substantial Holder* within two business days of XPD listing on ASX. It was also required to give ASX and XPD an accurate Form 604 *Notice of change of interests of substantial holder* within two business days after it become aware of a movement of at least 1% in its holding.

The substantial holding notice regime is an important feature of Australian corporate law that allows the market and shareholders to understand who controls substantial holdings in the company. A failure to comply can expose the substantial holder to serious criminal penalties and civil sanctions, including the potential loss of the securities they hold.

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.

Please explain why Mr Zhang has not lodged a corrected substantial holding notice with ASX and XPD and advise when XPD expects this situation to be remedied.

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Sydney NSW 2000

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Australia Square NSW 1215

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Please also note that if it transpires that Chou Qin holds fewer shares than the number previously disclosed in the Appendices 3Y for Messrs Zhang and Chang dated 17 October 2017, ASX will require an updated Appendix 3Y for Mr Zhang.

Relationship with Sunbridge Group Ltd (“SBB”)

ASX refers to:

- The appointment on 20 February 2015, and the resignation on 18 August 2017, of Mr Andrew Plympton as a non-executive director of XPD. ASX notes that Mr Plympton was a non-executive director of SBB between 23 July 2013 and 31 December 2014.
- The appointment on 4 August 2017, and the resignation on 25 October 2017, of Mr Yubin Qiu as non-executive chairman of XPD. ASX notes that Mr Qiu has been the non-executive chairman of SBB since 30 December 2014.
- Your appointment on 26 October 2017 as non-executive chairman of XPD. ASX notes that you were the non-executive chairman of SBB between 2 July 2013 and 18 July 2016.
- The appointment on 17 November 2017 of Mr Tony Zhen Lu as a non-executive director and company secretary of XPD. ASX notes that Mr Lu has been a non-executive director of SBB since 18 July 2017.
- The resignation on 21 November 2017 of Mr Ting Jiang as company secretary of XPD. ASX notes that Mr Jiang was a non-executive director of SBB between 22 May 2013 and 27 January 2016.

In light of the above, is there, or has there ever been, any association or relationship, commercial or otherwise, between XPD and SBB, their directors and/or their shareholders that would explain the significant commonality in the officers of the two companies? If so, please provide details of the nature of the association or relationship.

Recent resignations

ASX refers to:

- The resignations of Mr Yubin Qiu and Mr Alvin Tan as directors of XPD effective 25 October 2017 announced on MAP on 27 October 2017. No reasons were given for their resignations.
- The resignations of Mr Shui-Chiao Chang as a director of XPD and Mr Ting Jiang as company secretary of XPD announced on MAP on 21 November 2017. No reasons were given for their resignations.

Please advise the reasons for the resignations of Messrs Qiu, Tan, Jiang and Chang.

ASX also notes that XPD is yet to lodge an Appendix 3Z for Mr Chang under Listing Rule 3.19A.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 9.30am AEDT on Thursday, 30 November 2017.

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

Your response should be sent to me by letter in a form suitable for release to the market.

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

Yours sincerely,

Lux Wigneswaran
Principal Adviser, Listings Compliance (Sydney)