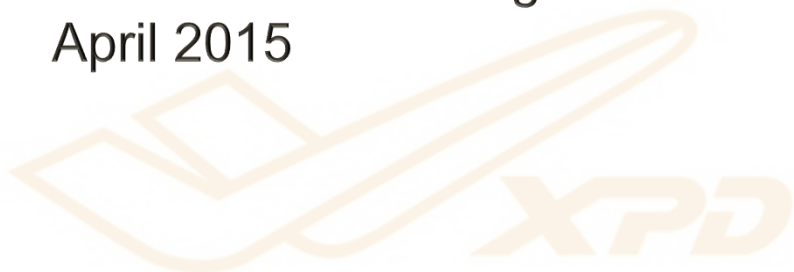




# XPD Soccer Gear Group Limited

ACN 169 695 283

Initial Public Offering Presentation  
April 2015





# Disclaimer

All persons should seek appropriate professional investment advice in reviewing or considering this presentation and all other information with respect to XPD Soccer Gear Group Limited (XPD or the Company) business, financial performance and operations. Neither the provision of this presentation nor the information contained therein, or any associated communication to any person should be taken as constituting financial advice regarding the purchase or dealing of shares in XPD. This presentation does not purport to provide all information that might reasonably be required to complete a detailed assessment of XPD. Individuals should conduct their own investigation of investment and financial parameters relevant to their personal requirements for investment purposes.

This presentation may contain forward looking statements regarding the intentions of XPD, and these will be affected by movements in share markets, macro economy and many other factors beyond the control of XPD. The presentation must be considered in the light of these uncertainties and investments in XPD should be considered as speculative in nature.

This presentation is not a Prospectus or similar disclosure document and does not constitute an invitation to apply for shares. If you do wish to make an investment in XPD's Initial Public Offering please ensure that you either download or obtain a hard copy of the XPD's Prospectus and Supplementary Prospectus, read both documents in its entirety before any investment decision is made.





# Contents

- ❖ Investment Highlights
- ❖ Business Overview
- ❖ Key Financials
- ❖ Growth Drivers
- ❖ Strategies for Growth
- ❖ Offer Details





# Investment Highlights

- ❖ Founded in **1992**, XPD is a **fast growing** sportswear company operating in China
- ❖ Focus on **soccer gear** since 2005
- ❖ **No 1** Chinese soccer footwear brand in China by retail sales value (RSV) in 2013\*
- ❖ XPD, **a well recognised Chinese domestic brand**
- ❖ **Track record** of profitability and growth
  - ❑ Compound Average Growth Rate (CAGR) revenue growth 2011-2014: 66.0%
- ❖ **Chinese Government** are committed to develop soccer
  - ❑ Reform and develop soccer now driven by a national strategy across China
  - ❑ Increasing demand and huge market for soccer gear
- ❖ **Extensive distribution** coverage and retail through **online** platforms
  - ❑ Over 200 distributors and approximately 1,900 retail outlets across China
  - ❑ Online sales through leading e-commerce platforms in China such as [www.tmall.com](http://www.tmall.com), [www.jd.com](http://www.jd.com)
- ❖ **Experienced** Board and management
  - ❑ Significant industry experience and expertise in corporate governance





# Business Overview





# Who We Are...

## No 1 Chinese Soccer Footwear Brand in China





## Who We Are...

- ❖ Vertically integrated business model
- ❖ Design, develop, manufacture, market and distribute sportswear products under the XPD brand in China
- ❖ Products in three categories: sports footwear, sports apparel and sports accessories
- ❖ Focused on growing the line of soccer gear within sportswear products since 2005
- ❖ Wholesale to distributors and retail online
- ❖ Also manufacture for international sportswear brands





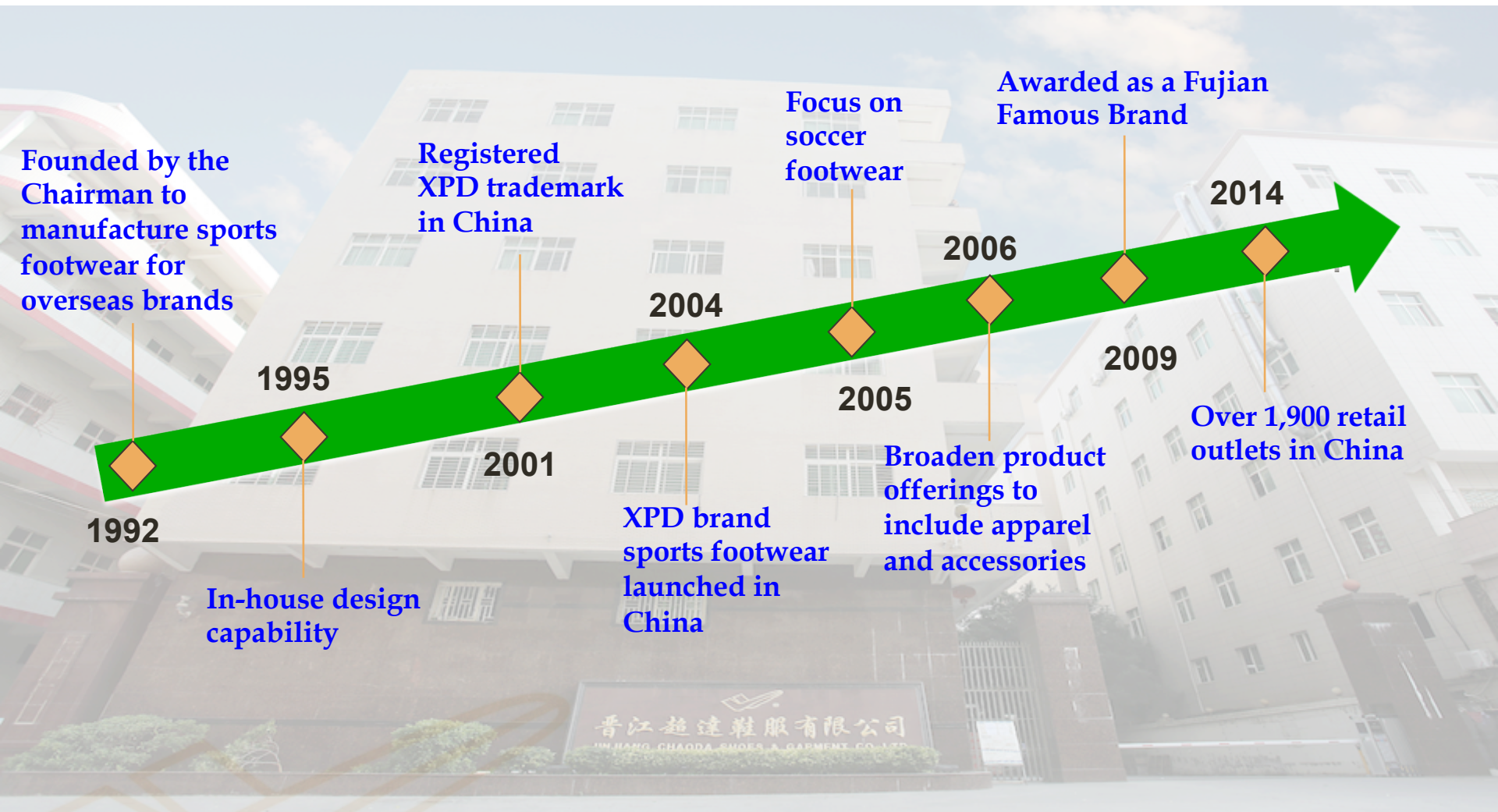
# Listing Structure





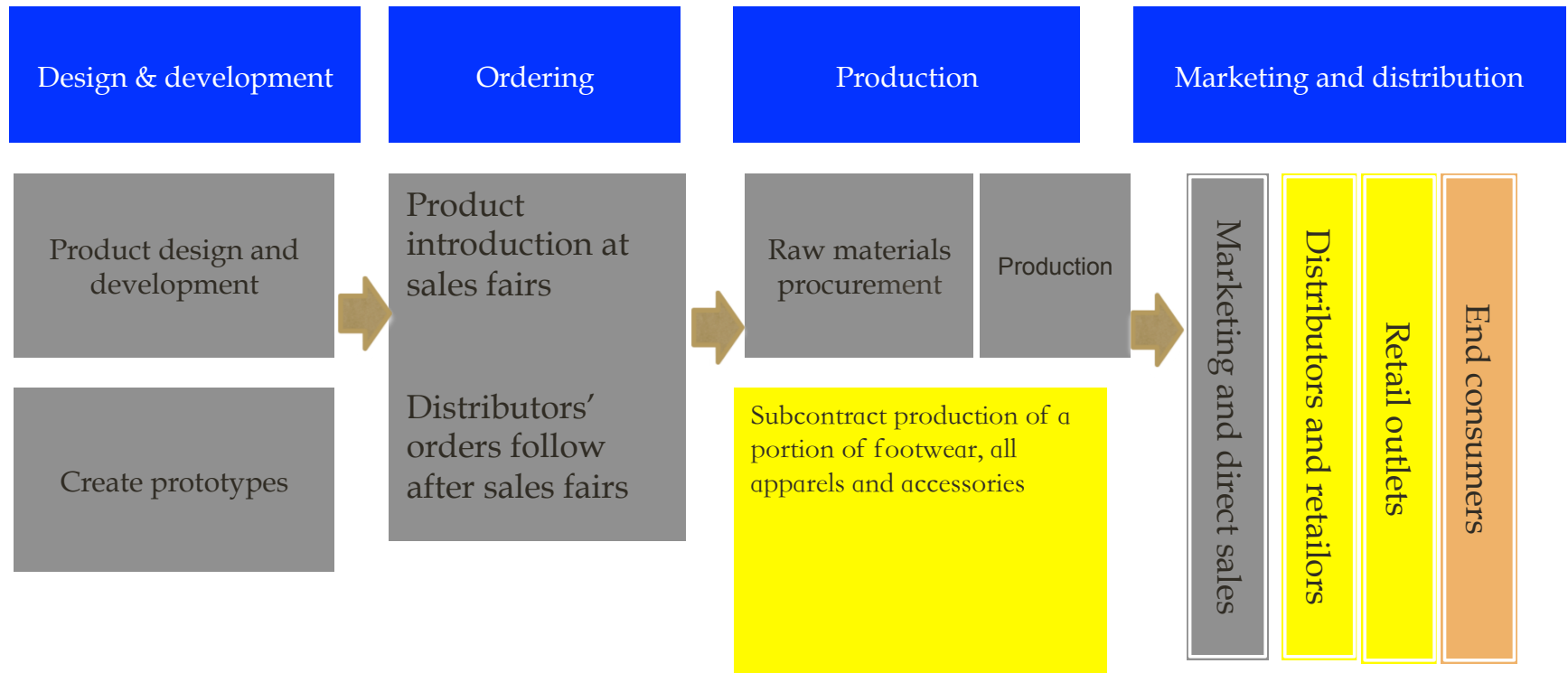


# Key Milestones





# Scalable Business Model

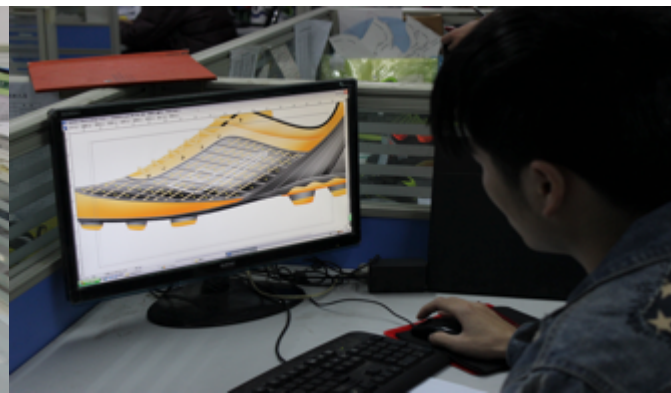


■ Function is in house    ■ Function is outsourced



# Our Design Capabilities

- ❖ Responsive and experienced design team
  - ❑ Creates 200-300 new sports footwear designs of which over 150 new sports footwear designs for showcased at each annual sales fair
  - ❑ Keeps abreast of latest market trends and consumer preference
  - ❑ Applies 3D Print technology
- ❖ Research-backed customised products for Chinese market
  - ❑ Proprietary database ensures product features customised for consumers in China
  - ❑ Footwear products customised for Chinese foot characteristics
  - ❑ Owns a number of patents





# Ordering

- ❖ Sales fair is held in Jinjiang once a year to showcase new products to distributors and to receive orders from distributors
- ❖ Procure raw materials after confirmation of orders
- ❖ Manufacture in accordance with orders to decrease inventory risk
- ❖ Since 2015, XPD conducts product road shows in target cities

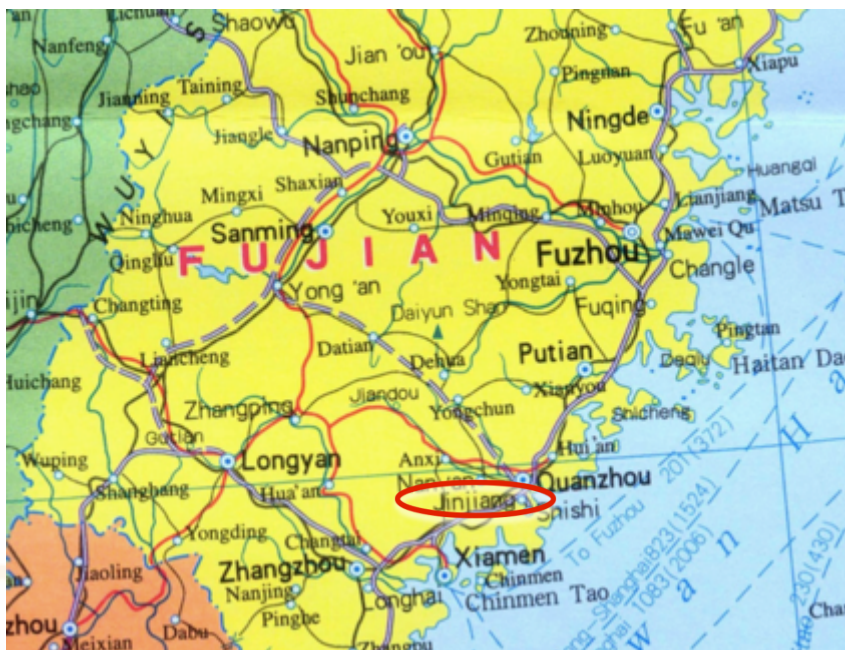






# Existing Production Facilities

- ❖ ISO 9001 and ISO 4000 accredited
- ❖ Located in Jinjiang City, Fujian Province (approximately 600km from Hong Kong)
- ❖ A six-floor building for manufacturing and warehousing, approximately 8,242 sqm
- ❖ 4 production lines with annual capacity of approximately 4 million pairs of footwear
- ❖ Some footwear, and entire apparel and accessories manufacturing outsourced to independent contract manufacturers



Map of Jinjiang City, Fujian Province



# Sportswear Manufacturing Process



Stringent quality control procedures





# Products

- ❖ Target mass sportswear market in China with strength in 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> tier cities
- ❖ Quality sportswear products with technical competence at great value
- ❖ XPD Brand Products
  - ❑ footwear: range of sports shoes designed for specific sports, including soccer shoes, badminton shoes, table tennis shoes, leisure shoes, running shoes
  - ❑ soccer shoes designed and developed for different grounds
  - ❑ theme-based collections of soccer footwear, such as 2010 and 2014 FIFA World Cup series
  - ❑ customised soccer footwear to meet demand of different customers
  - ❑ soccer apparel: soccer jersey, soccer shorts, soccer socks
  - ❑ soccer accessories: soccer balls, gloves, shin pads







# Soccer Gear





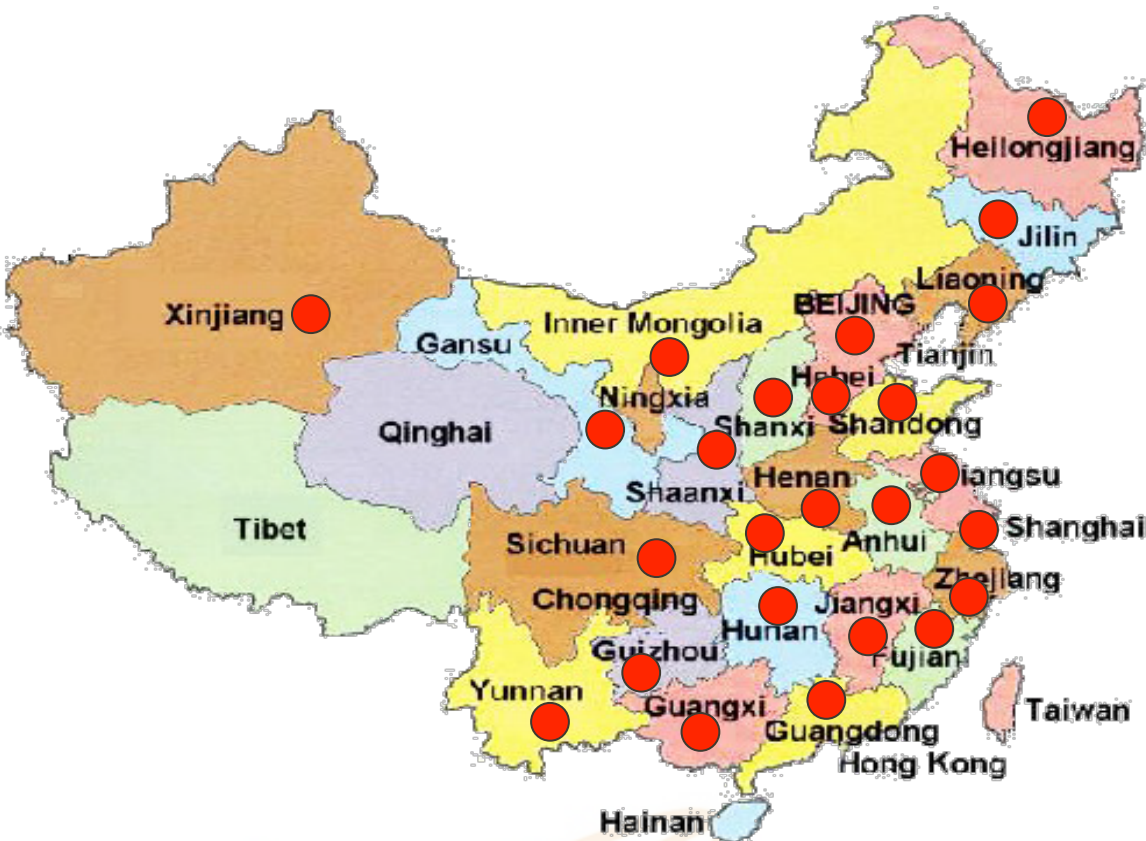


# Other XPD Products





# Our Markets



- ❖ Distributorship
  - ❑ over 200 distributors who sell products to end consumers through retail outlets operated either by themselves or by third party retailers with whom distributors subcontract
- ❖ Retail Presence
  - ❑ 1,900 retail outlets in PRC
  - ❑ target 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> tier cities
  - ❑ Retail outlets are either specialty stores, such as shoe stores and sports stores, or concessions in department stores and shopping malls.
- ❖ Online XPD retail stores



# Building XPD Brand

- ❖ Recognised as “Top Ten Influential Brand in Asia” at Asia Brand Ceremony in 2007
- ❖ Fujian Provincial Famous Brand since 2009
- ❖ XPD brand building through commitment towards
  - ❑ product quality
  - ❑ design and product development capabilities
  - ❑ sales and distribution network
- ❖ XPD brand awareness through
  - ❑ print media and TV media advertising
  - ❑ sports marketing – sponsorship of sports events in particular soccer matches
  - ❑ social media promotion activities







# Experienced Board and Management

Name	Position	Profile
Shui-Chiao Chang	Chairman, Founder	24 years experience in the sportswear industry
Jiameng Zhang	CEO	Joined in 2000 15 years of experience in the sportswear industry
Jiasun Zhang	COO	Joined in 2001 14 years of experience in the sportswear industry
Andrew Smith	Independent NED	Extensive experience in financial services and financial markets in the Asia Pacific, former Executive Chairman of Sedgwick and Managing Director of Intersuisse
Ben Meikle	Independent NED	Extensive experience in financial services and capital markets in Australia and China, a member of the Core BBY group
Andrew Plympton	Independent NED	Extensive experience in the financial services sectors, sports administration and listed companies, successful long term President of the St Kilda Football Club

- ❖ Three Chinese Directors with in-depth knowledge and extensive experience in sportswear industry in China
- ❖ Three independent Australian Directors with experience and expertise in corporate governance, capital markets and sports industry
- ❖ Stable management team
- ❖ The board commit to good corporate governance





# Competitive Strength - Summary

- ❖ Established and differentiated soccer footwear brand in China
- ❖ Extensive distribution network
- ❖ Vertically integrated business model
- ❖ Effective and focused marketing and promotion strategy
- ❖ Experienced management team with a proven track record



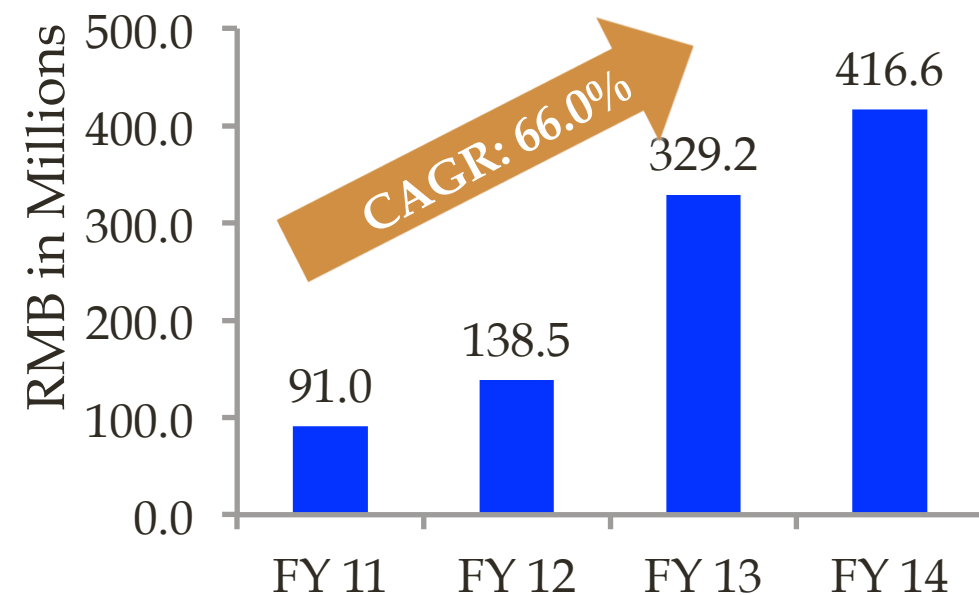


# Key Financials





# Strong Revenue Growth

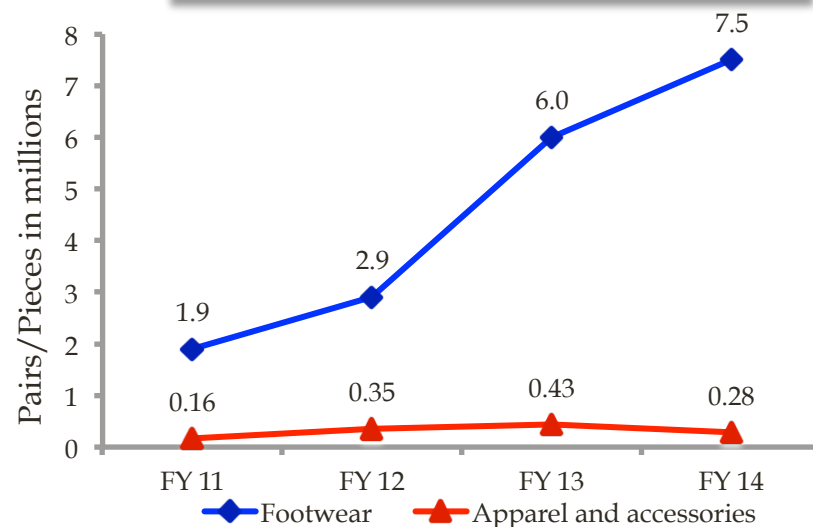


- ❖ Strong revenue growth supported by increase in sales volume and ASP and increase in demand of soccer footwear
- ❖ CAGR revenue growth 2011-2014: 66.0%

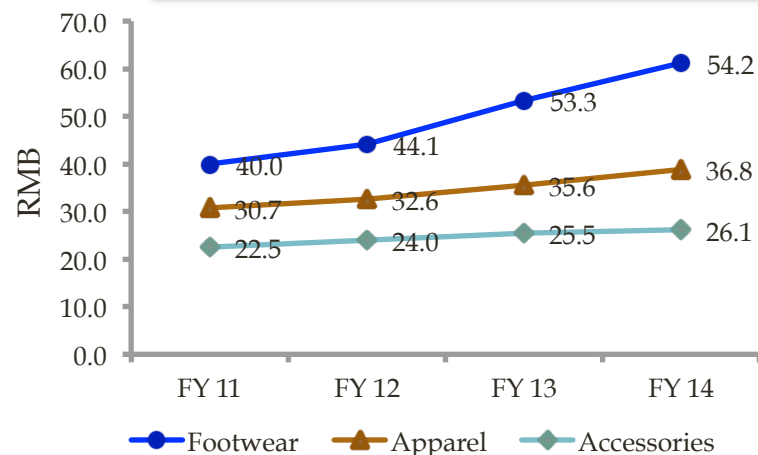
FX rates used

RMB:AUD	Average	Spot
FY2011	0.1497	0.1544
FY2012	0.1528	0.1526
FY2013	0.1673	0.1843
FY2014	0.1806	0.1994

Sales Volume



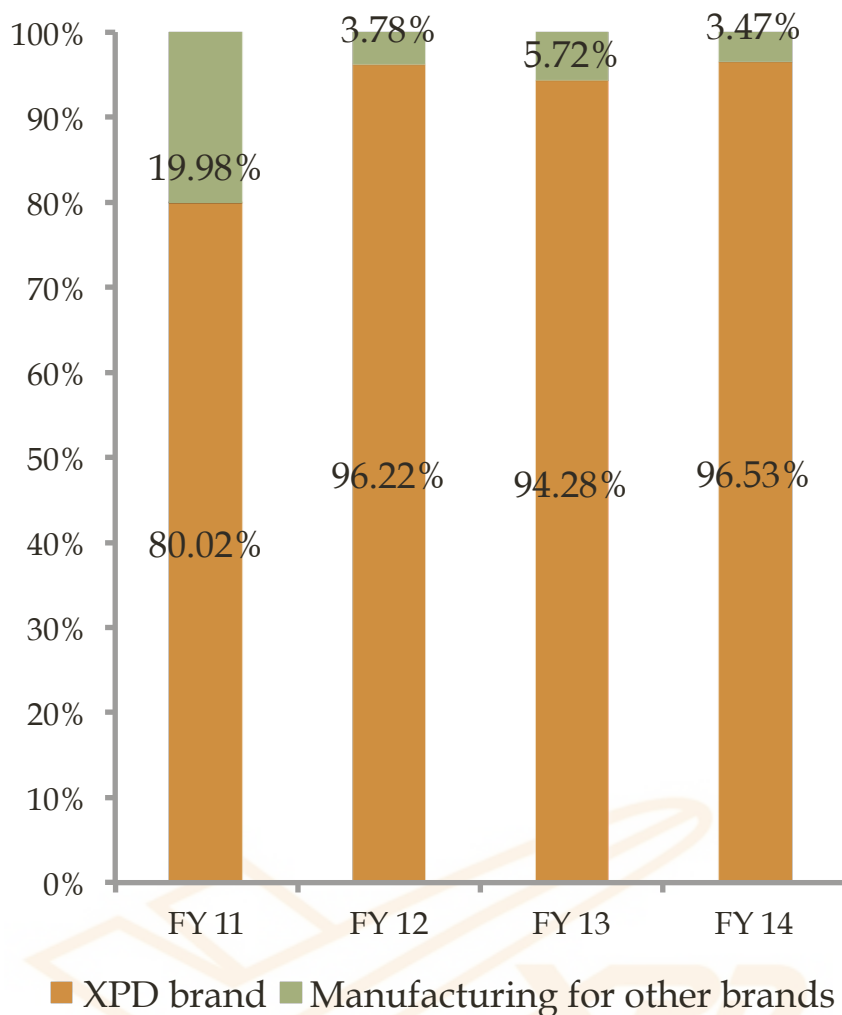
Wholesale Average Selling Price (ASP)



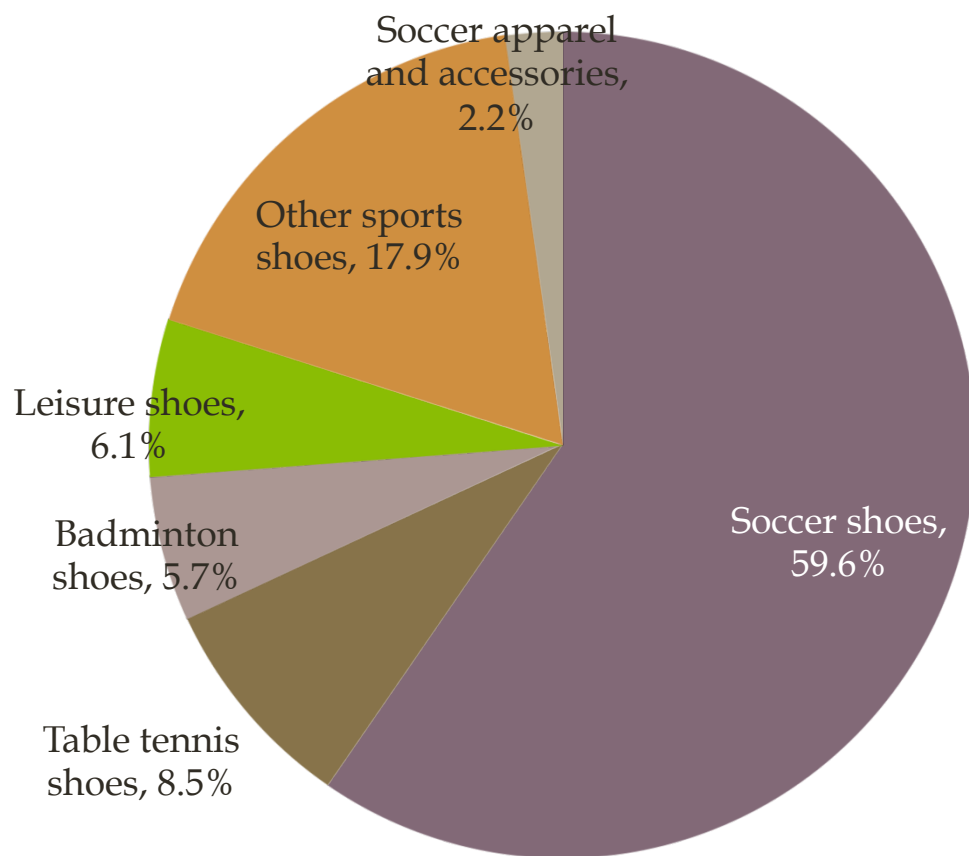


# Breakdown of Revenue

## By Segment



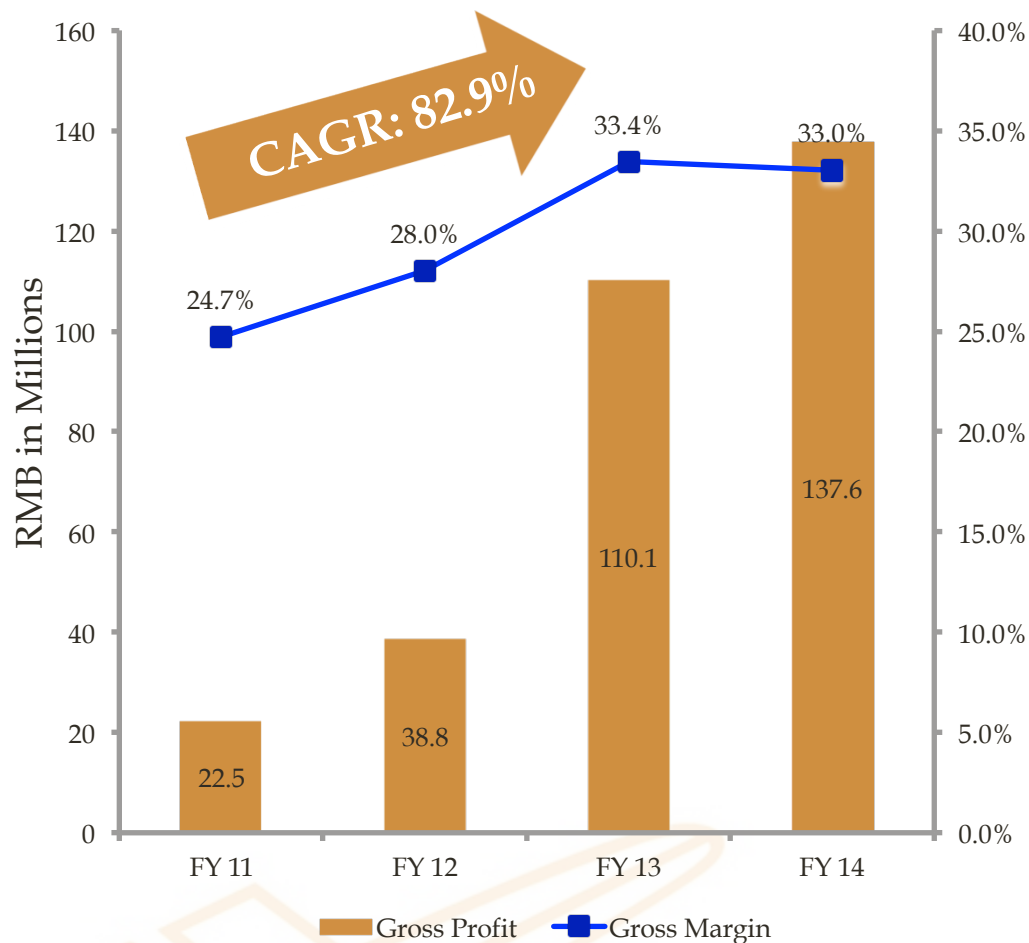
## By Products (FY 14)







# Sustainable Profitability



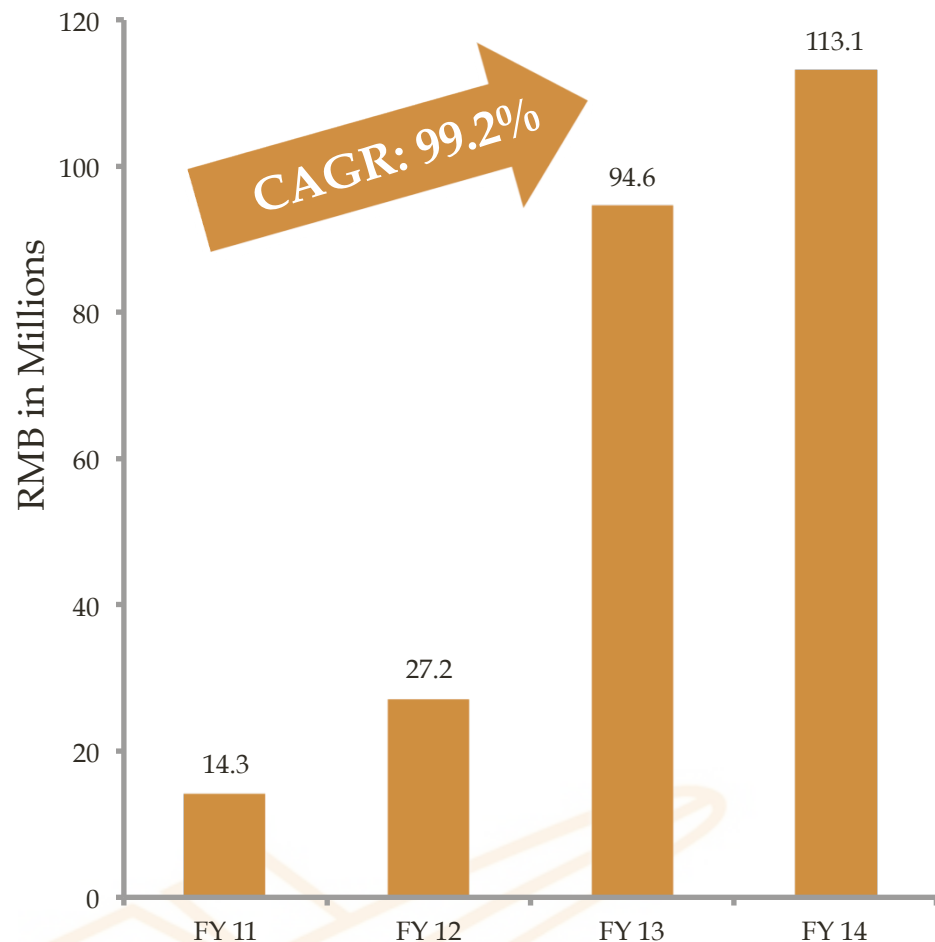
## Gross margin expansion

- ❖ enhanced brand recognition drove up ASP
- ❖ increase sales of higher margin soccer footwear
- ❖ improvement in cost control and efficiency

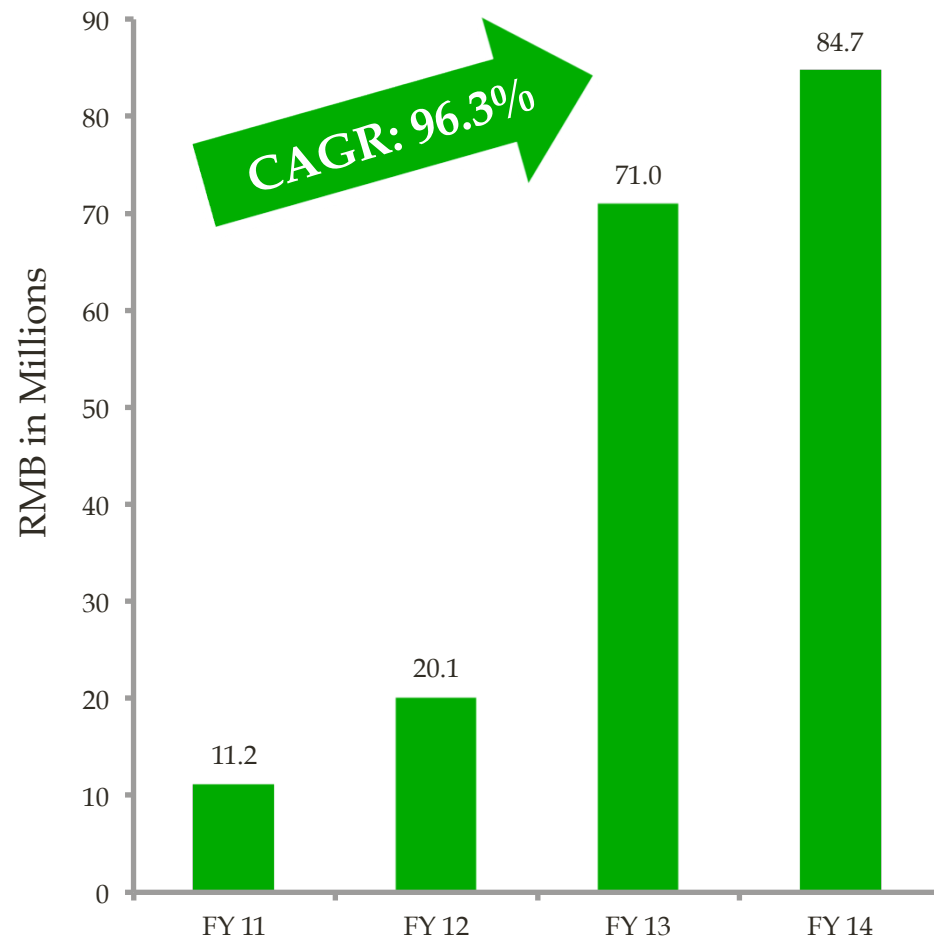


# Profit Before Tax & Net Profit

## Profit before tax

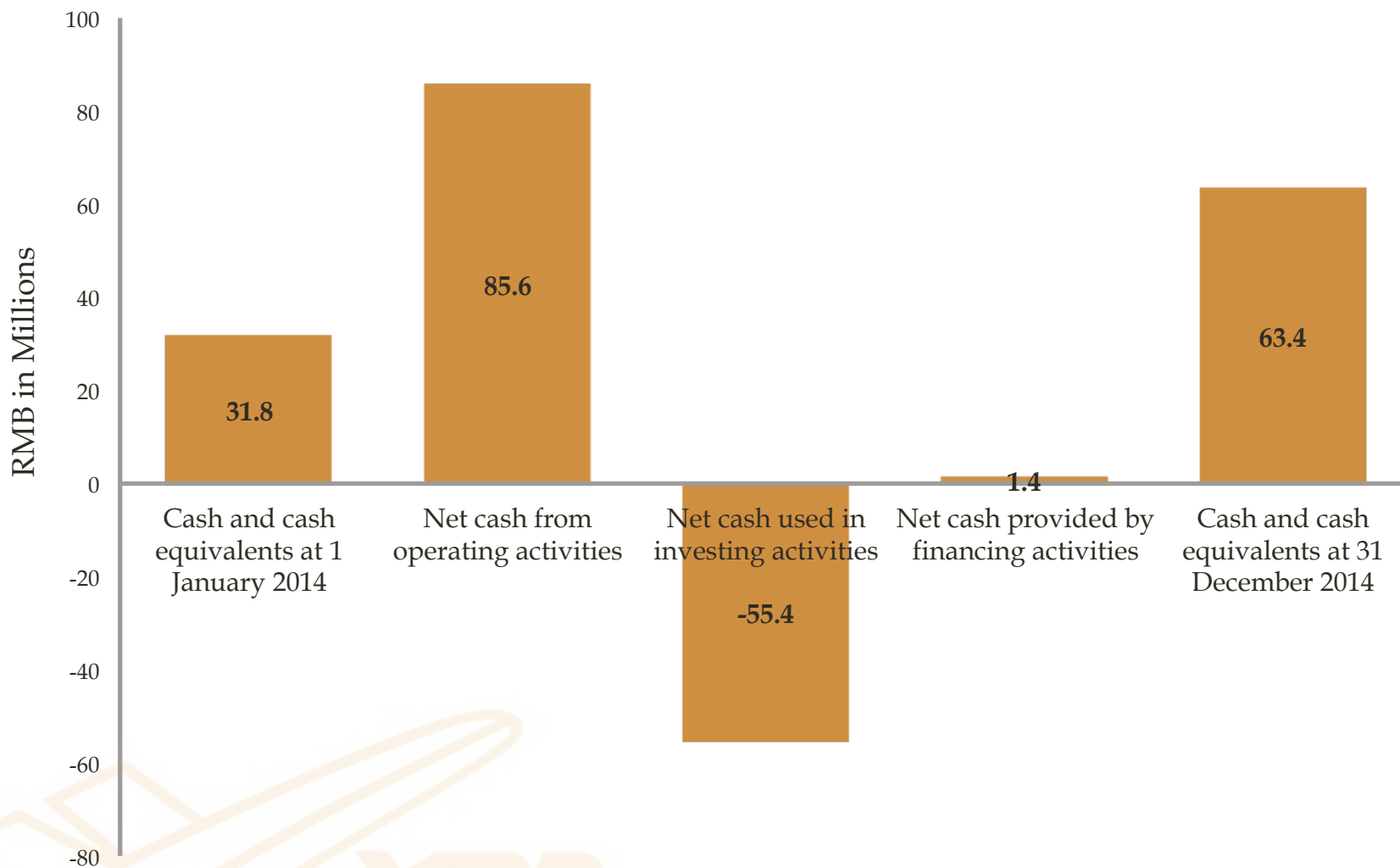


## Net profit





# Cash Flow





# Growth Drivers



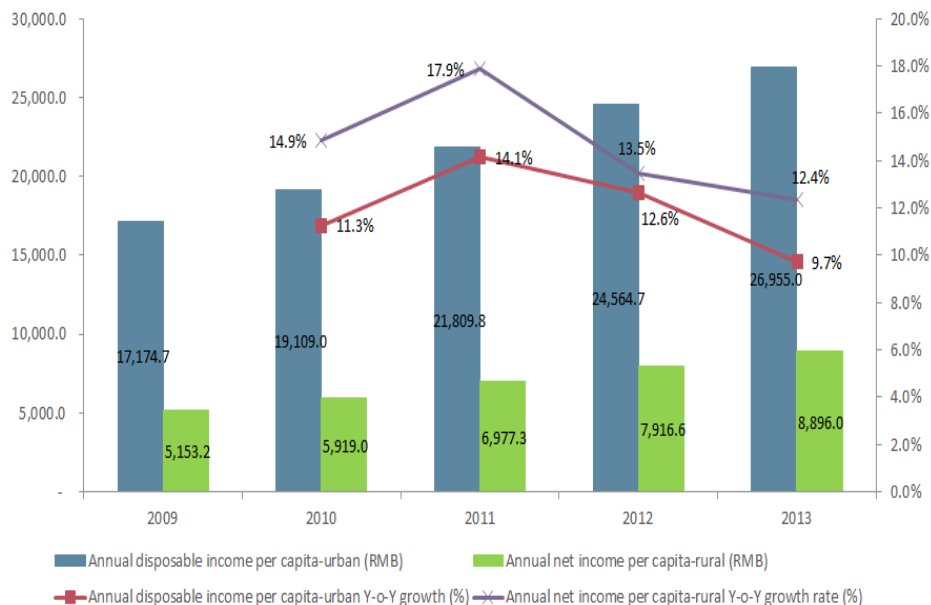




# Growth Drivers

## Macro Market

Annual disposable income per capita<sup>#</sup>



\* RMB converted to Australian Dollar using the RBA's exchange rate \$1= RMB 4.8663 on 16 Feb 2015

<sup>#</sup> Source: Euromonitor International

### ❖ Growth of Chinese Economy

- ❑ Chinese real GDP growth rate of 7.7% in 2013 to reach approximately RMB 5.6 trillion (\$1.2 trillion\*)

- ❑ Chinese GDP per capita reaches approximately RMB 41,907 (\$8,612\*) in 2013, a compound annual growth rate (CAGR) of 13.1% since 2009

- ❑ Chinese Government committed to maintain stable economic growth

### ❖ Increasing living standards in 2<sup>nd</sup> & 3<sup>rd</sup> tier cities in China

### ❖ Accelerated rate of urbanisation

### ❖ Increasing disposable incomes in China



# Growth Drivers

Growing Interest &  
Passion for Sports  
In Particular Soccer

- ❖ Increasing consciousness of the benefits of fitness in China
- ❖ Increasing participation in the sports in China
- ❖ Increasing popularity of soccer in China
- ❖ Chinese Dream, Soccer Dream





# Growth Drivers

Chinese Government  
Determined to  
Develop Soccer



- ❖ In Nov 2014, the Ministry of Education of PRC made soccer a compulsory part of the curriculum for schools across China
- ❖ The Soccer Reform Plan issued by the State Council, the PRC cabinet in March 2015
- ❖ The plans lays out medium- to long term goals for soccer
- ❖ All organisations, from schools to corporations, are encouraged to set up their own soccer teams and to stage amateur games at multiple levels
- ❖ Expand the participation in soccer among young people in particular school students
- ❖ Increasing the number of soccer schools from more than 5,000 to 50,000 by 2025
- ❖ Building a four-tier school league system





# China Soccer Reform In The Headline

“Revitalising soccer is a must for building China into a sports powerhouse and also the earnest hope of the people”

– President Xi Jinping

**New growth impetus to XPD for next decade**

TUESDAY, March 17, 2015

中国日报

## SOCCER

# Nation sets sights on World Cup

By SUN XIAOCHEN  
sunxiaochen@chinadaily.com.cn

Once regarded as untouchable dreams, hosting and eventually winning the soccer World Cup have become serious goals for China under a national plan unveiled on Monday to make the sport a truly mass game.

One important feature of the soccer reform plan, issued by the State Council, the country's cabinet, is to streamline the sport's widely criticized countrywide management system.

The reform will delink the semi-administrative Chinese Football Association from the General Administration of Sport of China, which is now managing the

clubs, and make the former a full-fledged nongovernmental organization.

The Chinese Football Association will hand its decision-making power to a reconstituted league council to be formed by shareholders from domestic league clubs and one CFA representative.

Professional leagues will raise their management standards and be open to market-economy practices. All organizations, from schools to corporations, are encouraged to set up their own soccer teams and to stage amateur games at multiple levels. This should be supported, according to the State Council plan, by government-financed unions, youth organizations and women's associations.

**FIELDS**  
Constructing new fields under national urban development plans and making policies to support commercial soccer facilities to serve the public for free or at low cost

**WORLD CUP**  
Hosting the prestigious FIFA tournament, listed in the plan as one of the long-term goals for Chinese soccer

## THE GOALS

**LEAGUE COUNCIL**  
Setting up an independent league council consisting of club owners and a Chinese Football Association representative to operate and manage professional leagues at all levels outside the State sports body's administration

**SCHOOLS SYSTEM**  
Increasing the number of schools specializing in soccer from more than 5,000 to 50,000 by 2025 and building a four-tier school league system



Primary school students in Hefei, Anhui province, mark the start of a new semester on March 2. An overall plan for

## TRANSPORTATION

# New service caters to commuters

Small airline competes with buses and trains by offering monthly ticket for short-haul flights

By XU JINGXI  
xujingxi@chinadaily.com.cn

China Express Airlines has launched a monthly ticket service that allows passengers to fly between Chongqing municipality and Wanzhou district as many times as they like within a month, a promotion designed to grow the market for commuter airlines against strong competition from highways and railways.

Wanzhou, in the northeast part of Chongqing municipality, is about 280 kilometers from the city. It takes three to four hours by bus to travel between the two areas, while a direct flight can shorten the time to about 40 minutes.

Moreover, it costs less to travel by air than by bus if the passenger makes good use of the airline's monthly ticket service.

airlines. We launched the service to increase the public's knowledge about commuter airlines and encourage them to have a go at commuter air service, so it is worth being part of our profits."

The scale of commuter airlines' operations in China is still small, but the potential of the market's growth is big as the country's airport network improves and people's income increases, said Li Lei, an aviation analyst at China Securities.

"However, commuter airlines face strong competition from highways and railways because of the short flying range," Li told National Business Daily.

"Therefore, to attract passengers, commuter airline providers should not only reduce prices but also launch services accurately targeting niche

# Soccer: 'Management an obstacle'

FROM PAGE 1

China is the world's second-largest economy, but its soccer performances have been sadly lacking on the international stage.

According to Zhang Jian, secretary-general of the CFA, there were 100,000 student players registered at local sports authorities at the beginning of 2014, less than one-third of the number in 1995. The number of soccer schools in operation has dropped from 1,000 in the 1990s to 30.

Soccer in China has been plagued by poor results, match-fixing and bribery, gambling scams and bureaucratic ineptitude and corruption for so long that the State leadership has had to step in.

The soccer reform initiative was first announced in February at a top-level meeting chaired by President Xi Jinping, who is a soccer fan.

"The key obstacle to China's progress in soccer is its current management system," the General Administration of Sport of China said in a statement released on Monday.

Tao Jiansheng, a professor of sports sociology at South China Normal University, said on Monday: "The new measures will help club owners gain some crucial rights, while making the CFA work only as a supervisor and supporter."

Sports industry specialists said implementation of the plan will have to be matched by efforts from the government's taxation, commerce and justice departments.

What they say



Then vice-president Xi Jinping prepares to kick a Gaelic football during a visit to Croke Park Stadium in Dublin, Ireland, in February 2012. PETER WOODMAN / ASSOCIATED PRESS

boosting consumer spending. However, Zhang Jian, CFA secretary-general, said these radical institutional measures won't happen immediately.

National team player Jiang Zhipeng said China will have to learn soccer management from Europe.

Initially, the most important part of the forthcoming reform is to expand the game's participation base among young people.



## China's beautiful game plan

President Xi Jinping has a scheme to turn the Asian giant into a soccer powerhouse, writes Duncan Hewitt.

**T**he Chinese government is taking soccer very seriously these days. Late last year, it announced that the sport would become a mandatory part of China's school curriculum, complete with new textbooks to explain the game to students. Last month, the country's soccer-loving president, Xi Jinping, and other senior officials attended a meeting of China's "central reform leading group", where they discussed the future of the game. Now the results of these deliberations have been released in the form of a 50-point plan that seeks to turn the country into a "soccer powerhouse".

The plan lays out medium- to long-term goals for everything from returning the country's women's soccer team to its former pre-eminence, to seeing the Chinese men's team qualify for the World Cup for only the second time, and, eventually, bidding to host the tournament. It also seeks to address grassroots problems, promising to establish 50,000 soccer schools in the country in the next decade, and to set up a soccer lottery to help fund them.

In a further significant step, it pledges to "professionalise" the Chinese Football Association (CFA), by separating it from China's much-criticised sports bureaucracy.

The plan appears to reflect the personal interests of Xi, who last year took time out of a state visit to Germany to watch a Chinese youth team play in Berlin. But it may also be a smart political move.

Although he has taken a generally tough line on political dissent and civil society, Xi has also sought repeatedly to show that he is in touch with the concerns of ordinary Chinese citizens.

He will be well aware that, in a nation with the world's highest number of soccer supporters, there is much frustration at the poor performance of

the men's national team – currently ranked 83rd in the world – and anger at the bureaucracy that is often blamed for its failures. Sport is one of the few areas of Chinese life where media and internet users are relatively free to criticise the authorities.

Indeed, the official announcement of the plan explicitly connected it to one of Xi's most popular slogans, "the Chinese dream", emphasising that "implementing the Chinese dream of the glorious revival of the Chinese nation is intricately linked with the dream of China becoming a soccer powerhouse".

The *Southern Metropolis Daily*, a liberal Guangzhou-based newspaper, also noted that one of the reasons for promoting the sport among school children was that it encourages "team spirit and the ability to work together".

Yet overcoming cynicism may take time. The Guangzhou newspaper commented drily that the plan "depicts a very beautiful future" for the Chinese men's soccer team but the reputation of the sport has been badly damaged by a series of corruption scandals.

Several stars of the Chinese team, which took part in the 2002 World Cup – the only time the country has qualified (helped by the fact that Asian giants Japan and South Korea had qualified automatically as co-hosts) – were later jailed for match-fixing, while two former vice chairmen of the CFA and the country's former top soccer referee are also in jail.

Disillusionment at the Chinese soccer league has also been fuelled by frequent changes in club ownership, often leading teams to change their names, and sometimes even the city where they are based, whenever they get a new sponsor. For such reasons, experts say soccer has lost its draw among the young generation: the number of schools specialising in soccer has



Soccer in China needs grass-roots reform if the sport is to take off and thrive at the local level. PHOTO: GETTY IMAGES

**Sport is one of the few areas of Chinese life where media and internet users are relatively free to criticise the authorities.**

reportedly dropped significantly since the 1990s and, as coach Terry Singh noted, fewer Chinese children now "aspire to be football stars".

Some experts have welcomed the plan to give the CFA more autonomy as a major step forward, however. Commentator Wang Dazhao told the *Global Times* newspaper that reducing government intervention in the sport's management would "allow professionals to build a system consistent with

soccer development". The *Southern Metropolis Daily* also hailed a call for local governments to back their local teams, saying this would help in issues such as policing for soccer matches and stadium construction.

The plan comes at a time when there have been some hints of progress in Chinese soccer's international competitiveness. Guangzhou Evergrande, owned by one of China's richest property developers, won the Asian Champions League in 2013 under former World Cup-winning coach Marcello Lippi. Jack Ma's Alibaba Group subsequently bought a 50 per cent stake in the club, which is now known as Guangzhou Evergrande Taobao.

China's men's national team surprised many of its supporters by winning three games in a row at the recent Asian Cup tournament, before losing to hosts and eventual champions Australia.

Evergrande has also set up an academy for young players, with links to Spanish giants Real Madrid, while China's richest man, Wanda Group boss Wang Jianlin, recently bought a 20 per cent stake in current Spanish champions Atletico Madrid, and has explicitly stated his aim to use the link

to boost the quality of Chinese football.

Yet China's leading sports newspaper, *Titan Sports*, warned that the sport would require long-term support from the authorities to ensure the proposed reforms really take root at the local level. It also noted that everything from China's strict urban residency rules to the tax system currently work against the development of soccer, and it warned that if towns across China rushed to develop professional clubs in response to the plan, this could lead to a wastage of resources.

Xi's recent discussion with Britain's Prince William about what China could learn from soccer in Britain may be a reminder that money does not always bring success.

Britain has the richest league in the world in the shape of the English Premier League, yet England's national team has repeatedly disappointed its fans in major tournaments. Many Chinese soccer fans will be looking for more structural change at the grass-roots before they allow themselves to dream of a spot at the World Cup finals.

NEWSWEEK

©Newsweek, distributed by The Washington Post



# Strategies for Growth





# Expand Market Reach

Strengthen  
and Expand  
Distribution  
Network

- ❖ Seek out potential distributors
- ❖ Encourage existing distributors to increase retail outlets
- ❖ Increase direct sales to soccer clubs, schools and universities
- ❖ Drive and expand online sales
- ❖ Open 5 flagship stores in capital city i.e. Shenyang, Guangzhou, Jinan, Chengdu and Wuhan, to reinforce the brand image



# Increase Brand Visibility

Increase  
XPD Brand  
Awareness

- ❖ Plan to increase advertising & promotion activities
  - ❑ Increase spending on advertisements
  - ❑ Sponsor high profile sporting events in particular soccer
  - ❑ Appoint XPD brand ambassador
  - ❑ Capitalise on China National Strategy to develop and promote soccer
  - ❑ Participate and organise exhibitions, trade and sales fairs







# Expand Product Offerings

Focus on  
soccer gear  
and increase  
sales of  
other  
sportswear

- ❖ Broaden product offerings and increase sales of soccer apparel, accessories and equipment
- ❖ Expand kids and female soccer wear
- ❖ Leverage our highly recognisable soccer footwear brand to further expand sales of other sportswear
  - ❑ Badminton
  - ❑ Table tennis
  - ❑ Tennis
  - ❑ Leisure and running



# Increase Production Capacity

## Establish New Manufacturing Center

- ❖ Plans underway to increase production capacity by establishing a new manufacturing center in Sui County of Henan Province
- ❖ Add 5 footwear production lines in phases to obtain additional approximately 5 million pair of footwear per annum
- ❖ Expected to commence production in 3Q 2015
- ❖ Strategically located – lower labor and logistics costs



# Strengthen R&D Capabilities

Enhance  
Product Design  
and  
Development

- ❖ Recruit additional high quality design and development personnel
- ❖ Plan to establish a Soccer Sportswear Research Centre to explore new fabrics and technology
- ❖ Maintain and establish cooperative relationships with external studios and research institutions





# Offer Details





# Why ASX?

- ❖ Company requires capital to expand its operations and capitalise on growth opportunities
- ❖ ASX offers a mature and sophisticated capital market in a similar time zone
- ❖ Closer bilateral investment and trade activities between Australia and China after FTA
- ❖ Australian investors understand the opportunity of investing in a growing sports company
- ❖ Australian Socceroo top in Asia
- ❖ Opportunities of alliances, strategic investments and acquisitions with local brands







# Key Offer Details

Key Offer Statistics	Minimum Subscription	Maximum Subscription
Offer price per share	\$0.20	\$0.20
Total number of Shares available under the Offer	25 million	75 million
Number of Existing Shares on issue	350 million	350 million
Total number of Shares on issue following the Offer	375 million	425 million
Total proceeds from the Offer	\$5 million	\$15 million
Indicative Market Capitalisation at Offer price	\$75 million	\$85 million
EPS (FY 14)	4.37 cents	
PER (Max Subscription)	5.55 times	

Offer Opens

16 March 2015

Expected  
listing on ASX

12 May 2015

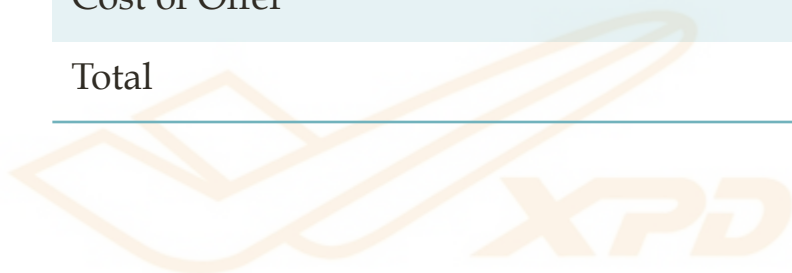
Offer Closes

1 May 2015



# Use of Proceeds

Use of funds	Maximum Subscription		Minimum Subscription	
	\$	%	\$	%
Expansion of retail networks and sales channels in China by increasing the number of distributors and retail outlets both through distributors and the Company opening five flagship stores	4,700,000	31.3	1,700,000	34
Promotion of the XPD brand through increased spending in advertising and promotional activities in China	2,000,000	13.3	1,000,000	20
Increasing footwear production capacity by acquiring five production lines and establishing a new manufacturing centre in China	3,000,000	20	-	-
Improving in-house product design and development capability	1,000,000	6.7	-	-
Working capital	2,473,000	16.5	1,079,000	21.6
Cost of Offer	1,827,000	12.2	1,221,000	24.4
Total	15,000,000	100	5,000,000	100





# How to Apply

1. Complete the Application Form attached to the Supplementary Prospectus dated 16 March 2015 in accordance with the accompanying instructions.
2. Applications must be a minimum of 10,000 Shares (\$2,000) and then in increments of 1,000 Shares (\$200).
3. Pay Application Monies in accordance with instructions set out on the reverse of the Application Form.

**XPD Soccer Gear Group Limited**  
ACN 100 600 585

Supplementary Application Form

Order reference – Stamp Only

Order Code

Advisor Code

Fill out the Supplementary Application Form if you wish to apply for Shares in XPD Soccer Gear Group Limited

Please read the Prospectus dated 27 February 2015 and Supplementary Prospectus dated 16 March 2015

x Follow the instructions to complete this Supplementary Application Form (see reverse).

x Print clearly in capital letters using black or blue pen.

Other Classes 6.00pm (EST) 1 May 2015

**A** Number of Shares you are applying for x \$0.20 per share =

Minimum of 10,000 Shares to be applied for and thereafter in multiples of 1,000.

**B** Total amount payable

**C** Write the name(s) you wish to register the Shares in (see reverse for instructions)

Applicant 1

Name of Applicant 2 or < Account Designation >

Name of Applicant 3 or < Account Designation >

**D** Write your postal address here

Number / Street

Suburb/Town

State

Postcode

**E** CHESS participant – Holder Identification Number (PIN)

X

Important please note if the name & address details above in sections C & D do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.

**F** Enter your Tax File Number(s), ABRN, or exemption category

Applicant #1

Applicant #2

Applicant #3

**G** Cheque payment details – IF BY CHEQUE(S) HERE

Please enter details of the cheque(s) that accompany this Application. Make your cheque or bank draft payable to "XPD Soccer Gear Group Limited".

Name of drawer of cheque

Cheque No.

Cheque Amount \$

**H** Contact telephone number (day/even/work/mobile)

**I** Email address

By submitting this Supplementary Application Form, I/We declare that this Application is completed and lodged according to the Prospectus and Supplementary Prospectus and the instructions on the reverse of the Supplementary Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the Constitution of XPD Soccer Gear Group Limited ("Company"). I/We warrant and undertake to the Company that our subscription for the above Shares will not cause the Company to breach the laws of Australia or any other jurisdiction which may be applicable to this subscription for Shares in the Company.





# Appendix





# Profit & Loss

	FY 2013		FY 2014	
	RMB'000	AUD'000	RMB'000	AUD'000
Revenue	329,229	55,080	416,587	75,236
Cost of sales	-219,169	-36,667	-278,962	-50,381
Gross profit	110,060	18,412	137,625	24,855
Other revenues	253	42	330	60
Operating expenses	-7,925	-1,326	-16,420	-2,965
Administration expenses	-4,104	-687	-5,130	-926
Finance costs	-3,718	-622	-3,353	-606
Profit before income tax	94,566	15,821	113,052	20,417
Income tax expense	-23,576	-3,944	-28,319	-5,114
Profit for the year	<b>70,990</b>	<b>11,877</b>	<b>84,733</b>	<b>15,303</b>

## FX rates used

RMB:AUD

Average

Spot

FY2013

0.1673

0.1843

FY2014

0.1806

0.1994







# Balance Sheet

	FY 2013		FY 2014	
	RMB'000	AUD	RMB'000	AUD
<b>Current assets</b>				
Cash and cash equivalents	31,763	5,854	63,366	12,635
Trade and other receivables	73,443	13,536	80,393	16,030
Inventory	32,445	5,980	30,061	5,994
Prepayments	6,437	1,186	2,844	567
<b>Total current assets</b>	<b>144,088</b>	<b>26,556</b>	<b>176,664</b>	<b>35,226</b>
<b>Non current assets</b>				
Property, plant and equipment	38,663	7,126	36,377	7,260
Land-use rights	3,040	560	2,976	587
Investment	20,000	3,686	74,800	14,915
<b>Total non current assets</b>	<b>61,703</b>	<b>11,372</b>	<b>114,153</b>	<b>22,762</b>
<b>Total assets</b>	<b>205,791</b>	<b>37,928</b>	<b>290,817</b>	<b>57,988</b>
<b>Current liabilities</b>				
Trade and other payables	27,223	5,017	16,530	3,296
Notes payable	15,340	2,827	25,130	5,011
Financial liabilities	36,000	6,635	36,220	7,222
Current tax liabilities	8,464	1,560	9,413	1,877
<b>Total current liabilities</b>	<b>87,027</b>	<b>16,039</b>	<b>87,293</b>	<b>17,406</b>
<b>Total liabilities</b>	<b>87,027</b>	<b>16,039</b>	<b>87,293</b>	<b>17,406</b>
<b>Net assets</b>	<b>118,764</b>	<b>21,889</b>	<b>203,524</b>	<b>40,582</b>
<b>Equity</b>				
Issued capital	14,983	2,313	15,008	2,317
Foreign currency translation reserve	-	1,560	-	5,259
Reserves	7,500	1,382	7,502	1,290
Retained earnings	96,281	16,634	181,014	31,716
<b>Total equity</b>	<b>118,764</b>	<b>21,889</b>	<b>203,524</b>	<b>40,582</b>



# Cash Flow Statement

	FY 2013		FY 2014	
	RMB'000	AUD'000	RMB'000	AUD'000
<b>Cash flows from operating activities</b>				
Receipts from customers	291,766	48,812	396,466	71,602
Payments to suppliers and employees	-226,146	-37,834	-277,744	-50,161
Government grant received	68	11	2	0
Interest received	185	31	308	56
Finance costs	-3,718	-622	-3,353	-606
Income tax paid	-823	-138	-27,370	-4,943
VAT received / (paid) and other taxes	-17,910	-2,996	-2,677	-483
Net cash provided by (used in) operating activities	43,422	7,265	85,632	15,465
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	-3,666	-613	-639	-115
Long-term investment	-20,000	-3,346	-54,800	-9,897
Net cash provided by (used in) investing activities	-23,666	-3,959	-55,439	-10,012
<b>Cash flows from financing activities</b>				
Cash received / (paid) to non-related parties	-871	-146	0	0
Capital contribution received	0	0	25	5
Proceeds / (repayment) of short-term borrowing	-15,610	-2,612	220	40
Cash received / (paid) to related parties	2,645	443	1,165	210
Net cash provided by (used in) financing activities	-13,836	-2,315	1,410	255
Net change in cash and cash equivalents held	5,920	991	31,603	5,708
Cash and cash equivalents at beginning of financial year	25,843	3,944	31,763	5,854
Effect of exchange rates on cash holdings in foreign currencies	0	919	0	1073
Cash and cash equivalents at end of financial year	31,763	5,854	63,366	12,635



## Contact us

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# Thank you!

