



29 April 2016

March 2016 Quarterly Trading Update

XPD Soccer Gear Group Limited (ASX: XPD) is pleased to release the following updates based on unaudited results to 31 March 2016:

1. Financial Results

Sales for the first quarter of 2016 were approximately RMB138million (equivalent A\$29million), 15.1% (19.7% in A\$) up from corresponding period in 2015, and the Gross Profit Margin remained at approximately 33%. The continued increase in sales is largely due to the growing demand for soccer gear in China, a rapid development of our campus soccer program and increasing number of retail outlets selling XPD gear. Geographically, top 5 provinces in terms of sales are Fujian, Guangxi, Liaoning, Jilin and Shandong.

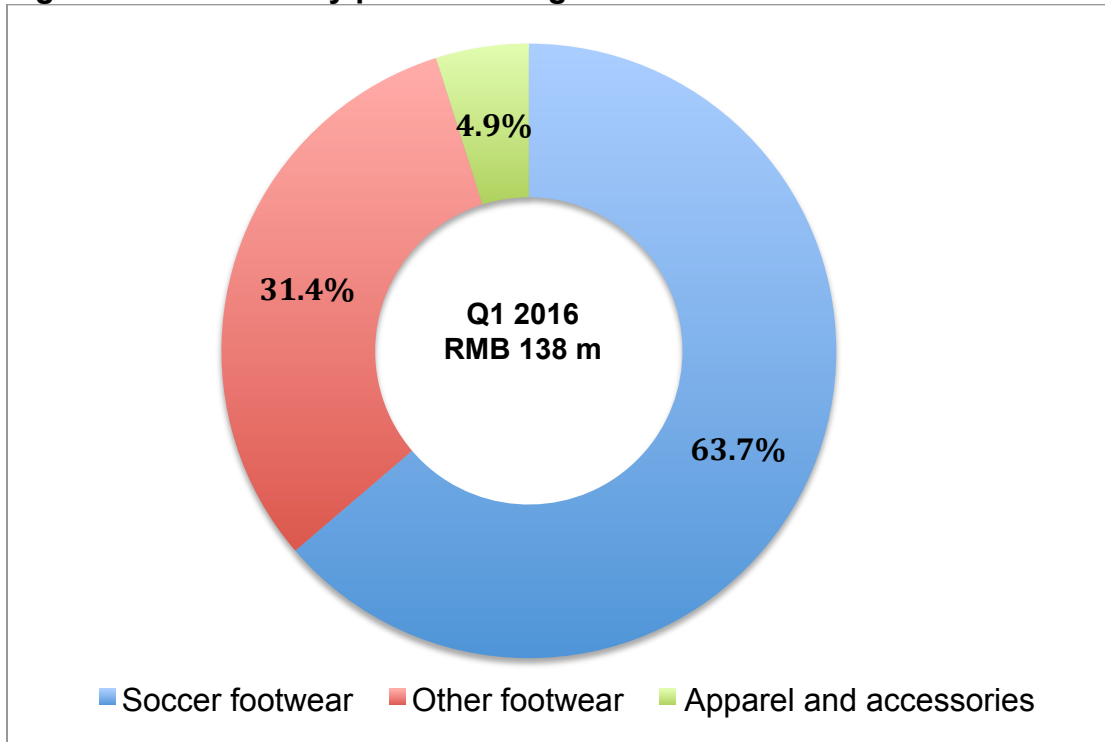


NPAT was approximately RMB24.8million (equivalent A\$5.3million) for the first quarter of 2016. The Net Profit Margin (NPM) is approximately 17.9%, slightly improved from 16.2% in comparison with FY2015. However the NPM is down 1.9% compared with Q1 2015, as a result of increased marketing and administrative costs. Marketing and promotion expenses and administrative



expenses were around 5% and 3% of sales of 1Q 2016 respectively.

Figure 1.1 Revenue by product categories



XPD maintains a solid balance sheet to support future growth strategies.

Table 1.2 Key balance sheet items

A\$	31 Mar 2016*	31 Dec 2015 [#]	Change
Current Assets	67.6	64.5	+4.8%
Current liabilities	22.3	17.6	+26.7%
Net Current Assets	45.3	46.9	-3.4%
Shareholders' Equity	69.2	40.6	+70.4%

* The A\$/RMB exchange rate used is the spot rate 4.9513 on 31 Mar 2016, abstracted from RBA

[#] The A\$/RMB exchange rate used is the spot rate 4.7442 on 31 Dec 2015, abstracted from RBA

2. Operational Updates

XPD continued to expand its distribution networks in third and fourth tier cities in China. As at 31 March 2016, total XPD retail outlets selling XPD gear in China reach 2,070, representing an increase of 8 outlets from 31 December 2015.

XPD has started "I am the Captain" marketing campaign, which recruits 100 Captains from grassroots soccer across China and elects the most favourite Captain through public vote on social media. This campaign will further



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enhance XPD brand within grassroots soccer communities and increase sales to grassroots soccer.

XPD is developing its “campus soccer program” and rolling out this successful concept into other cities by establishing partnerships between XPD, local schools and soccer clubs. Another initiative which XPD is taking to develop its campus soccer is to cooperate with soccer training academies.

XPD sales are fairly balanced throughout the year although the 2nd half is slightly stronger than the 1st half.

The total number of pairs of footwear sold in Q1 2016 was 2.5 million, and within that number 1.6 million were soccer footwear.

Overall, the Company is trading as expected and is on target with our budget. Based on both forward orders and sales, we are confident we will continue to grow our revenue base and take full advantage of the expanding soccer business in China.

Managing Director, Mr Zhang Jiameng, has been re-elected as the deputy Chairman for Fujian Provincial Football Association.

(Note: The A\$/RMB exchange rate used for Sales and NPAT is average rate 4.7189 abstracted from RBA, unless indicated otherwise)



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About XPD Soccer Gear Group Limited

XPD Soccer Gear Group Limited is a leading and fast-growing sportswear company in China. It has developed a vertically integrated business model, through which it designs, develops, manufactures, markets and distributes sportswear products under the “XPD” brand. It started as an Original Equipment Manufacturer (OEM) on footwear products for renowned international brands in 1992.

XPD has been employing a focused business strategy on soccer sector since 2004 whilst it offers products for other sports. XPD has established an extensive supply chain management system through in-house and sub-contracted manufacturing operations, and an extensive distribution network of over 2,000 retail outlets throughout China.

XPD listed on the Australian Securities Exchange on 21 May 2015.

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