

30 April 2019



ASX

Attention: Penelope Reid
Level 40, Central Park,
152-158 St Georges Terrace,
Perth WA 6000

By email: penelope.reid@asx.com.au

Auyeung Hencent & Day Lawyers

Level 30, 133 Castlereagh Street
Sydney NSW 2000

Phone: (02) 8006 5377
Fax: (02) 8006 5388

Email: legal@ahdlawyers.com.au

Dear Ms Reid,

RE: Sunbridge Group Limited Reference ODIN00369

We refer to the letter from ASX Limited (**ASX**) dated 15 April 2019 to Sunbridge Group Limited (**SBB**) raising a number of queries. We are instructed to submit SBB's responses as follows.

Financial Report

1. Please explain why the auditor is yet to finalise the audit of the Financial Report. In doing so, please comment specifically on whether remittance of funds out of the People's Republic of China has any bearing on the reasons for the delay in the audit.

SBB: The auditor's first draft of the financial report was issued and provided to the directors on 25 March 2019, noting that they were concerned with and looking into a related party loan transaction in 2017 that indicated an unrecorded liability of SBB and which will require an adjustment to the 2018 financial report for the year ended 31 December 2018 and other steps to be taken. The auditor confirmed this by letter to SBB on 28 March 2019 and has put further questions to SBB where they are in the course of being answered.

The auditor is further awaiting the payment of their fees, which is taking time due to foreign currency restrictions out of China. The auditor is also requiring resolution of their outstanding fees as a condition to finalizing the audit.

2. If there are any other reasons for the delay in lodgement of the Financial Report, please provide details.

SBB: There are no other reasons.

3. When does SBB expect the auditor to be able to complete the audit?

SBB: SBB knows that the auditor has already completed most parts of the report, while pending on certain issues to be further confirmed with SBB as mentioned above and carrying out additional

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procedures in order to finalize the audit. At this stage, SBB is not aware as to the timing when the auditor will be able to complete the audit. SBB will be working to achieve a timely resolution of the outstanding issues with the auditor.

4. When does SBB expect to be able to lodge its Financial Report?

SBB: Refer to the responses mentioned above. Therefore, SBB is not aware as to the timing by which the Financial Report will be finalized and able to be lodged. As soon as the auditor finalizes this report, SBB will lodge to ASX accordingly.

5. What arrangements does SBB have in place, or propose to put in place, to ensure that it will be able to comply with its reporting obligations under the Listing Rules in a timely manner in the future?

SBB proposes that:

- in terms of the future remittance of funds out of China, SBB will inform and get the approval from the relevant foreign exchange administration about its plan for the remittance of funds in advance, possibly 3 to 6 months beforehand;
- once the SBB Board is reconstituted, SBB plans to establish a compliance committee that is responsible to ensure that SBB complies with all the relevant laws and regulations in Australia and complies with its reporting obligations under the Listing Rules in a timely manner;
- engages a legal consultant who can provide SBB regular legal advice and compliance review in relation to the Listing Rules, Corporations Act and other relevant laws.

Resignation of directors, CFO and company secretary

6. What were the reasons and circumstances for the resignations of the directors, CFO and company secretary referred to in the Announcement? In answering this question, please comment specifically on whether SBB's operations or failure to lodge its Financial Report on time had any bearing on the resignations.

SBB: SBB is not able to confirm whether the reasons for the resignations of the directors, CFO and company secretary referred to in the Announcement relate with SBB's failure to lodge its Financial Report on time, as they have resigned without providing SBB with a reason. However in terms of timing, the resignations occurred after the receipt of the letter from the auditors referred to above.

7. Please advise whether any of the parties referred to in the Announcement have outstanding fees owed to them. If so, please advise the amount of the fees in question and to whom they are owed.

Name of the person to whom SBB owes outstanding fees	Total Amount
Benny QIU (Chairman)	\$12,045.00
Qi LUO (Director)	\$1,666.67
Peihui YANG (CFO)	\$6,501.00
Zuyi GU (Company secretary)	\$7,392.00

8. Given the resignation of the two independent directors, what steps does the board of SBB propose to take to ensure that it has:

8.1 directors with sufficient ASX listed company experience;

8.2 an appropriate representation of independent directors; and

8.3 at least two directors ordinarily residing in Australia?

SBB: Mr Jia Yin Xu, as the only remaining director of SBB, has reached out via his personal network of contacts in Australia with the view to finding appropriate appointees to become independent directors of the board and to become company secretary. Mr Xu intends to engage with one or more recruitment firms to assist in this process.

9. Please confirm, for the purposes of Listing Rule 12.6, the person responsible for communications with ASX in relation to Listing Rule matters.

The relevant contact person will be Mr Jia Yin Xu (and who will be legally advised). In time it is proposed that the new company secretary will take over this role.

Other matters

10. Apart from the instance referred to in point J, above, please confirm SBB's compliance to date with Listing Rule 3.19A.2.

Apart from the instance referred to in point J of the ASX's Query and subject to finalizing the response to paragraph 12 below SBB is, so far as it is aware in compliance with Listing Rule 3.19A.2. As a matter of prudence SBB's legal advisors are making further enquiries with Mr Xu in relation to this.

11. Please confirm when SBB intends to bring itself into compliance with Listing Rule 3.19A.3 and lodge an Appendix 3Z for Mr Luo Qi.

SBB has been contacting Mr Luo Qi to finalize the Appendix 3Z, while Mr Qi has not responded until today. Attached to this letter is the completed Appendix 3Z.

12. With respect to each of the off-market transfers of shares by Jia Yin Xu referred to in point M above, please provide the following details:

12.1 The name of the person or entity to whom the shares were transferred.

12.2 The nature of the transfer.

12.3 The basis upon which SBB believes the transfers were in accordance with SBB's trading policy.

a. 18,800,000 ordinary shares on 20 January 2016 for \$601,600 (Appendix 3Y released on MAP on 20 January 2016):

The name of the person or entity to whom the shares were transferred: HOI NG CHONG

The nature of the transfer: commercial transaction with an unrelated third party

b. 22,600,000 ordinary shares on 22 December 2016 for \$452,000 (Appendix 3Y released on MAP on 28 December 2016):

The name of the person or entity to whom the shares were transferred: YUK CHOI TSAI

The nature of the transfer: commercial transaction with an unrelated third party

c. 22,000,000 ordinary shares on 13 April 2018 for \$264,000 (Appendix 3Y released on MAP 16 April 2018):

The name of the person or entity to whom the shares were transferred: HUAN YANG XU

The nature of the transfer: commercial transaction with an unrelated third party

d. 23,000,000 ordinary shares on 10 August 2018 for \$276,000 (Appendix 3Y released on MAP on 14 August 2018):

The name of the person or entity to whom the shares were transferred: YUK CHOI TSAI

The nature of the transfer: commercial transaction with an unrelated third party

e. 22,000,000 ordinary shares on 12 November 2018 for \$352,000 (Appendix 3Y released on MAP on 11 March 2019):

The name of the person or entity to whom the shares were transferred: ZHIJIANG WEI

The nature of the transfer: commercial transaction with an unrelated third party

Regarding item 12.3, certain relevant documents have been kept by the previous company secretary. SBB requires more time to retrieve the relevant documents in the possession of the previous company secretary and further advise on this issue and may need legal assistance in such matter. SSB will respond further to this query as soon as it is possible to do so.

13. Please confirm that SBB is complying with the Listing Rules and, in particular, Listing Rule 3.1.

Apart from any matter referred to above including the need to make a disclosure on the continuing delay in finalizing the audit of the Financial Report and past communications between SBB and the ASX, SBB is so far as it is aware complying with the Listing Rules. SBB proposes to make a disclosure on the continuing delay in finalizing the audit of the Financial Report within the next 2 business days.

If you have any questions please contact the writer on (02) 8006 5377 or by using the contact details provided.

Yours faithfully,
AUYEUNG HENCENT & DAY LAWYERS

A handwritten signature in black ink, appearing to read 'Vincent Zhu', with a stylized flourish at the end.

Vincent Zhu
Partner

Email: vzhu@ahdlawyers.com.au



15 April 2019

Reference: ODIN00369

Mr Jia Yin Xu
Director
Sunbridge Group Limited
Level 12, 680 George Street
SYDNEY NSW 2000

By email: 1241950327@qq.com

Dear Mr Xu

Sunbridge Group Limited ('SBB'): Query

ASX Limited ('ASX') refers to the following:

- A. SBB's announcement entitled 'Queries on capital restrictions in the PRC' released on the Markets Announcement Platform ('MAP') on 5 September 2017, in which SBB was asked by ASX to respond to the following questions:
1. 'Has the Company encountered any difficulties in repatriating money/converting money into foreign currencies?'
 2. 'Is the Company aware of any changes to laws in China that prohibit repatriation of money/conversion into foreign currencies?'

SBB responded as follows:

'From our understanding, China's capital control regulations allow companies to repatriate money after obtaining permission ... The Company did not receive any notification informing about changes to laws in China that prohibit conversion into foreign currencies or repatriation of money.'

- B. SBB's Preliminary Final Report for the year ended 31 December 2018, released on MAP on 28 February 2019, which stated that the financial statements of SBB were in the process of being audited.
- C. The query letter sent by ASX to SBB on 1 April 2019 (not released on MAP) following SBB's suspension from official quotation on 1 April 2019 under Listing Rule 17.5 for failing to lodge its audited full year financial report (the 'Financial Report') under Listing Rule 4.5 by the due date.
- D. The response ASX received on 1 April 2019 to that query letter, and the amended response received on 2 April 2019 (not released on MAP), neither of which provided a response satisfactory to ASX regarding the reasons for the delay to the audit and failure to lodge SBB's Financial Report.
- E. SBB's announcement entitled 'Resignation of Directors, Company Secretary and CFO' released on MAP on 2 April 2019, in which SBB disclosed that independent directors Mr Yubin Qiu and Mr Luo Qi, Company Secretary Mr Chow Yee Koh and CFO Ms Pei Hui Young were resigning with immediate effect (the 'Announcement').

ASX notes that the Announcement provided no explanation for the resignations.

Further, ASX notes that as SBB has only one director who does not ordinarily reside in Australia, SBB fails to meet the requirements of section 201A of the *Corporations Act 2001*.

- F. Listing Rule 12.5 which states as follows.

An entity's structure and operations must be appropriate for a listed entity.

G. The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ('Principles and Recommendations'), principle 2 of which states that the board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and add value, and recommendation 2.4 of which states that a majority of the board of a listed entity should be independent directors.

H. Listing Rule 12.6, which states as follows.

An entity must appoint a person to be responsible for communication with ASX in relation to listing rule matters. The entity must tell ASX of the initial appointment and any change in the person.

I. Listing Rule 3.19A.2 which requires an entity to tell ASX the following:

A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.

J. ASX's query letter dated 12 March 2019 relating to SBB's late lodgement of an Appendix 3Y for Mr Jia Yin Xu and SBB's response dated 14 March 2019 (released on MAP on the same date).

K. Listing Rule 3.19A.3 which requires an entity to tell ASX the following:

The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.

ASX notes that an Appendix 3Z was lodged for former director, Mr Yubin Qiu, on 5 April 2019 but not for former director, Mr Luo Qi.

L. Listing rule 3.19B which states as follows:

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

M. Mr Jia Yin Xu's off-market transfers of ordinary shares in SBB, as disclosed in the notice of change of interests of substantial holder released on MAP on 15 March 2019 and in various Appendices 3Y:

- a. 18,800,000 ordinary shares on 20 January 2016 for \$601,600 (Appendix 3Y released on MAP on 20 January 2016);
- b. 22,600,000 ordinary shares on 22 December 2016 for \$452,000 (Appendix 3Y released on MAP on 28 December 2016);
- c. 22,000,000 ordinary shares on 13 April 2018 for \$264,000 (Appendix 3Y released on MAP 16 April 2018);
- d. 23,000,000 ordinary shares on 10 August 2018 for \$276,000 (Appendix 3Y released on MAP on 14 August 2018); and

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- e. 22,000,000 ordinary shares on 12 November 2018 for \$352,000 (Appendix 3Y released on MAP 11 March 2019).

ASX notes that under section 671B of the Act, Mr Xu, as a substantial holder in SBB, was required to give ASX and SBB an accurate Form 604 *Notice of change of interests of substantial holder* within two business days after he become aware of a movement of at least 1% in his holding.

In light of the above, we ask that you answer each of the following questions:

Request for Information

Financial Report

1. Please explain why the auditor is yet to finalise the audit of the Financial Report. In doing so, please comment specifically on whether remittance of funds out of the People's Republic of China has any bearing on the reasons for the delay in the audit.
2. If there are any other reasons for the delay in lodgement of the Financial Report, please provide details.
3. When does SBB expect the auditor to be able to complete the audit?
4. When does SBB expect to be able to lodge its Financial Report?
5. What arrangements does SBB have in place, or propose to put in place, to ensure that it will be able to comply with its reporting obligations under the Listing Rules in a timely manner in the future?

Resignation of directors, CFO and company secretary

6. What were the reasons and circumstances for the resignations of the directors, CFO and company secretary referred to in the Announcement? In answering this question, please comment specifically on whether SBB's operations or failure to lodge its Financial Report on time had any bearing on the resignations.
7. Please advise whether any of the parties referred to in the Announcement have outstanding fees owed to them. If so, please advise the amount of the fees in question and to whom they are owed.
8. Given the resignation of the two independent directors, what steps does the board of SBB propose to take to ensure that it has:
 - 8.1 directors with sufficient ASX listed company experience;
 - 8.2 an appropriate representation of independent directors; and
 - 8.3 at least two directors ordinarily residing in Australia?
9. Please confirm, for the purposes of Listing Rule 12.6, the person responsible for communications with ASX in relation to Listing Rule matters.

Other matters

10. Apart from the instance referred to in point J, above, please confirm SBB's compliance to date with Listing Rule 3.19A.2.
11. Please confirm when SBB intends to bring itself into compliance with Listing Rule 3.19A.3 and lodge an Appendix 3Z for Mr Luo Qi.
12. With respect to each of the off-market transfers of shares by Jia Yin Xu referred to in point M above, please provide the following details:
 - 12.1 The name of the person or entity to whom the shares were transferred.

-
- 12.2 The nature of the transfer.
- 12.3 The basis upon which SBB believes the transfers were in accordance with SBB's trading policy.
13. Please confirm that SBB is complying with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than 7.00am WST, Tuesday 23 April 2019. 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. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

ASX reminds SBB that its obligation to comply with the Listing Rules, and in particular the continuous disclosure requirements in Listing Rule 3.1, is not affected by the suspension of its securities from quotation (see Listing Rule 18.6).

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

Yours sincerely

Penelope Reid
Adviser, Listings Compliance (Perth)