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SOUND GLOBAL LTD.

桑德國際有限公司*

(Incorporated in the Republic of Singapore with limited liability)

(Singapore Company Registration Number 200515422C)

(Hong Kong Stock Code: 00967)

FULFILMENT OF RESUMPTION CONDITIONS

AND

RESUMPTION OF TRADING

References are made to the announcements of Sound Global Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 16 March 2015, 31 March 2015, 29 April 2015, 23 June 2015, 9 July 2015 and 31 July 2015, 31 August 2015, 18 September 2015, 30 September 2015, 30 October 2015, 12 November 2015, 24 November 2015, 30 November 2015, 8 December 2015, 11 December 2015, 18 December 2015, 23 December 2015, 31 December 2015 and 8 January 2016 (the “**Previous Announcements**”) in relation to, among other things, the Suspension. Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as defined in the Previous Announcements.

Reference is made to the announcements dated 16 March 2015 and 31 March 2015. At the request of the Company, trading in the Company’s shares (stock code: 00967) has been suspended from 9:00 a.m. on 16 March 2015 pending, *inter alia*, the publication of 2014 Annual Results and the investigation of the Potential Audit Issues identified by the former Auditors.

Reference is made to the announcement dated 9 July 2015. The Company received a letter dated 6 July 2015 from the Stock Exchange, in which the following conditions were given in respect of the resumption of trading in the Company’s shares and debt securities on the Stock Exchange:

1. engage an independent forensic specialist acceptable to the Stock Exchange to conduct forensic investigations on the Cash Discrepancy;
2. demonstrate that the Company has put in place adequate financial reporting procedures and internal control systems to meet its obligations under the Listing Rules;
3. publish all outstanding financial results required by the Listing Rules and address any audit qualifications; and
4. inform the market of all material information.

The Board wishes to inform the Shareholders that the Company has fulfilled all of the Resumption Conditions imposed by the Stock Exchange as set out in the announcement dated 9 July 2015 and has applied to the Stock Exchange for the resumption of trading with effect from 9:00 a.m. on 25 January 2016.

Details of the fulfilment of the Resumption Conditions are set out below.

FULFILMENT OF RESUMPTION CONDITIONS

(A) Independent Forensic Accountants' Report

The Audit Committee's View

A summary of the key findings of RSM in the forensic accounting review ("**Forensic Findings**") has been set out in the announcement dated 18 December 2015.

The views of the Company's Audit Committee (the "**AC**") (which consists of all three Independent Non-Executive Directors ("**INEDs**"), namely Mr. Ma Yuanju, Mr. Luo Jianhua and Mr. Zhang Shuting) on the Forensic Findings are as follows:

- (a) The AC agrees with the Forensic Findings, in particular the causes and reasons of the Cash Discrepancy identified by RSM i.e. the Cash Discrepancy was due to the omission of recording the payments of the Earnest Money in the Company's books.
- (b) The AC (as well as the Board of Directors of the Company) considers that the key person involved in the Cash Discrepancy is the Chief Financial Officer (the "**CFO**"), Mr. Wang Kai ("**Mr. Wang**").
 - (i) Accordingly, the Company has already removed Mr. Wang from his position as the CFO on 18 December 2015. Mr. Wang has also resigned as an Executive Director of the Company with effect from 18 December 2015. Please refer to the announcement dated 18 December 2015 in this regard.
 - (ii) The new CFO, Mr. He Hongbing ("**Mr. He**"), appointed on 18 December 2015 is both a qualified lawyer and a qualified accountant. Please refer to the announcement dated 18 December 2015 for further background information of Mr. He.
 - (iii) The AC is confident that Mr. He is familiar with different legal and compliance requirements and the relevant accounting and auditing standards.
- (c) In addition, the AC takes the view that the Cash Discrepancy could have been avoided should the directors of the Company have been more familiar with the Listing Rules.
 - (i) Accordingly, comprehensive training sessions were provided to the directors of the Company and Mr. He on 17 December 2015 by Messrs. Hastings & Co. so as to update and familiarise them with the compliance requirements under, *inter alia*, the Listing Rules and the directors' duties.

- (ii) To follow the latest regulation requirements, similar trainings will be provided to the directors and CFO of the Company at least once per year in the future.

The Company's Remedial Measures

Apart from the abovementioned remedial measures (e.g. removal of the CFO and training sessions provided to the directors and CFO), in response to the potential internal control weaknesses revealed by the incident of the Cash Discrepancy, as also reflected in the Forensic Findings, the Company has, *inter alia*, taken the following remedial measures to enhance its internal control:

- (a) For each single payment exceeding the limit of RMB30 million to entities outside the Group (save and except for repayments to financial institutions and payments of taxes to the governmental authorities) or for each single transaction exceeding the limit of RMB100 million (save and except for the transactions within the Group and the Build-Operate-Transfer (BOT) and Build-Transfer (BT) Agreements), the Chairman of the AC would be required to counter-sign as an additional signatory on behalf of the INEDs; and
- (b) Before submitting requests to the Chairman of the AC for counter-signing, the management of the Company is required to provide the Chairman of the AC with all the relevant supporting documents and information for his perusal and verification.

The AC (as well as the Board of Directors of the Company) believes that the above remedial measures would improve the internal control of the Company by enabling the Chairman of the AC to:

- (i) Form an independent view on the relevant payment / transaction and its justifications; and
- (ii) Ensure that the relevant payment / transaction is properly made / entered into and is made / entered into in the best interest of the Company.

Please refer to the announcements dated 18 December 2015 for the details of the above remedial measures.

In the circumstances, the Company has fulfilled the Resumption Condition (as set out in the announcement dated 9 July 2015) with regard to the engagement of an independent forensic specialist acceptable to the Stock Exchange to conduct forensic investigations on the Cash Discrepancy.

(B) Internal Control Review

PKF has completed its internal control review and has issued the Internal Control Report dated 13 January 2016 (the “**Internal Control Report**”). On 15 January 2016, the Company submitted the Internal Control Report to the Stock Exchange.

Summary of the internal control review

Set out below are (1) five major deficiencies identified by PKF; (2) the Proposed Measures in respect of these five major deficiencies; (3) specific responses of the management of the Company to the Proposed Measures in respect of these five major deficiencies; and (4) results of PKF's review on the Group's implementation of the Proposed Measures in respect of these five major deficiencies:-

Major deficiencies	Proposed Measures	Company's responses	Results of PKF's review on the implementation of Proposed Measures
Lack of thorough approval procedures for payment applications, especially for payments of significant amounts, and lack of prompt recording of payment transactions into the accounts of the Company	The Company is recommended to strictly implement the approval procedures for payment applications, in particular the approval procedures for payments of significant amounts. The Company is also recommended to require and ensure prompt recording of approved payment transactions into the accounts of the Company.	The Company would implement the Proposed Measures accordingly by around the end of December 2015.	Satisfactory
Lack of stock requisition forms and corresponding review procedures and lack of written records for verification of stock information	The Company is recommended to require staff responsible for obtaining materials to fill in a Form for Obtaining Materials (領料單), which form shall be approved by the person-in-charge of the department before obtaining materials / stocks from the warehouse, thereby ensuring the safety of the Company's assets. Further, material / stock accounting personnel and warehouse administrators have to conduct monthly verification / checking on the relevant data and information and sign a written record accordingly.	The Company would implement the Proposed Measures accordingly by around the end of December 2015.	Satisfactory
Lack of thorough approval procedures of using the authorized chops for bank accounts opening, revocation and modification; incomplete register of bank accounts information	The Company is recommended to strengthen the implementation of the approval procedures of using the authorized chops and improve the management of bank accounts. In particular, approval by the relevant management of the Company has to be recorded in writing, so as to reduce the risk of adversely affecting the Company's interest. Further, the information in bank accounts ledgers have to be supplemented and updated; such information has to be reviewed by relevant person-in-charge of the finance	The Company would implement the Proposed Measures accordingly by around the end of December 2015.	Satisfactory

Major deficiencies	Proposed Measures	Company's responses	Results of PKF's review on the implementation of Proposed Measures
	department who shall sign a written record of such review accordingly.		
Lack of verification of calculations of interest accruals and/or written records for verification	The Company is recommended to review all the relevant accounting documents. Calculations of interest accruals must be reviewed by the person-in-charge of the finance department to ensure the accuracy and completeness of the financial statements.	The Company would implement the Proposed Measures accordingly by around the end of December 2015.	Satisfactory
Incomplete list of connected persons	The Company is recommended to strictly implement the preparation of the list of connected persons and the review of the same by the management of the Company. Timely amendments should be made in case of inaccurate or incomplete information, so as to avoid the Company or relevant persons from facing any potential liability and sanction due to such inaccurate or incomplete information.	The Company would implement the Proposed Measures accordingly by around the end of December 2015.	Satisfactory

Conclusion

According to the Internal Control Report, PKF has come to a conclusion that from their review of the Group's implementation of the Proposed Measures, their enquiries, observations and discussions with the management of the Company, as well as their examination of relevant documents and records, the Company has already put in place adequate financial reporting procedures and internal control systems to meet the obligations under the Listing Rules.

Having considered the Internal Control Report, the Board of Directors of the Company (including all INEDs) are of the view that the Company's financial reporting procedures and internal control systems are sufficient to meet the obligations under the Listing Rules.

In the circumstances, the Company has fulfilled the Resumption Condition (as set out in the announcement dated 9 July 2015) to demonstrate that the Company has put in place adequate financial reporting procedures and internal control system to meet its obligations under the Listing Rules.

(C) Publication of 2014 Annual Results and 2015 Interim Results and Dispatch of 2014 Annual Report and 2015 Interim Report

The 2014 Annual Results was published by the announcement dated 24 November 2015. The 2014 Annual Report was dispatched on 9 December 2015. HLB has stated in the 2014 Annual Report that HLB's opinion is clean and not qualified.

The 2015 Interim Results was published by the announcement dated 23 December 2015. The 2015 Interim Report was dispatched on 11 January 2016.

In the circumstances, the Company has fulfilled the Resumption Condition (as set out in the announcement dated 9 July 2015) to publish all outstanding financial results required by the Listing Rules and addressed all audit qualifications.

(D) CLARIFICATION

The Company wishes to clarify that (1) paragraph 1 under the heading "MEASURES IMPLEMENTED TO ENHANCE INTERNAL CONTROL" in the announcement dated 18 December 2015; and (2) paragraph 24(a)(i) on page 61 of the Interim Report 2015 of the Company, published in the Company's announcement dated 8 January 2016, should be read as follows:

"For each single payment exceeding the limit of RMB30 million to entities outside the Group (save and except for repayments to financial institutions and payments of taxes to the governmental authorities) or for each single transaction exceeding the limit of RMB100 million (save and except for the transactions within the Group and the Build-Operate-Transfer (BOT) and Build-Transfer (BT) Agreements), the Chairman of the AC would be required to counter-sign as an additional signatory on behalf of the INEDs."

The above has also been reflected in the Internal Control Report under the section on the major deficiency in relation to the lack of thorough approval procedures for payment applications, especially for payments of significant amounts, and lack of prompt entering of payment transactions into the accounts of the Company.

(E) CONCLUSION

The Company confirms that no further inside information needs to be disclosed under Part XIVA of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

In light of the foregoing, the Company has fulfilled all of the Resumption Conditions imposed by the Stock Exchange as set out in the announcement dated 9 July 2015.

RESUMPTION OF TRADING

At the request of the Company, trading in the Company's shares (stock code: 00967) has been suspended from 9:00 a.m. on 16 March 2015, pending the publication of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading with effect from 9:00 a.m. on 25 January 2016.

By Order of the Board
Sound Global Ltd.
Zhang Jingzhi
Executive Director

Hong Kong, 21 January 2016

As of the date of this announcement, the executive Directors are Wen Yibo, Zhang Jingzhi, Luo Liyang, Jiang Anping and Liu Wei; and the independent non-executive Directors are Ma Yuanju, Luo Jianhua and Zhang Shuting.

** For identification purposes only*