



**CHINA SPORTS INTERNATIONAL LIMITED**

(Incorporated in Bermuda)  
(Company Registration: 39798)

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**RESPONSE TO QUERY FROM THE  
SINGAPORE EXCHANGE SECURITIES TRADING LIMITED**

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The Board of Directors (the “**Board**”) of China Sports International Limited (the “**Company**”) refers to the Company’s Annual Report for the financial year ended 31 December 2015 (“**FY2015**”) released on 22 July 2016 and the announcement in relation to the Response to Query from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in relation to the Cessation of Independent Director released on 8 August 2016. The Board would like to respond to the following queries raised by the SGX-ST on 3 August 2016 and 15 August 2016 as follows:

**SGX Query 1 (A)**

Guideline 11.3 of the Code of Corporate Governance 2012 (the “Code”) states that the Board should comment in the Company’s Annual Report on whether it has received assurance from the CEO and the CFO:-

- (i) that the financial records have been properly maintained and the financial statements give a true and fair view of the company’s operations and finances; and
- (ii) regarding the effectiveness of the company’s risk management and internal control systems.

We note that the Company did not mention if assurance was received from the CFO. Please explain the reason(s) for the deviation from the Code recommendation.

**Company’s Response to SGX Query 1 (A)**

There was no mention of the assurance received from the CFO as required under Guideline 11.3 of the Code as the previous CFO appointed in January 2015 had resigned in July 2015 due to health reasons and the Chief Executive Officer of the Company, Mr Lin Shaoxiong (the “CEO”) had been unable to shortlist a new CFO.

**SGX Query 1 (B)**

Guideline 11.3 of the Code states that the Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company’s Annual Report. As recommended in paragraph 11.3 of the Code and pursuant to Rule 710 of the Listing Manual, please make disclosures on the Board’s comments on the adequacy and effectiveness of the Company’s risk management systems or otherwise explain the reason(s) for the deviation from the Code recommendation.

### **Company's Response to SGX Query 1 (B)**

There are adequate internal controls in place within the Group. However, the effectiveness of these controls was hindered by the absence of the CFO. The CEO and Executive Director, Mr. Lin Shaoqin, has since committed that the Company would continue to work closely with the external auditors while the Company is searching to appoint a new CFO.

### **SGX Query 1 (C)**

Please disclose whether the Company has complied with Listing Rule 712 with regards to the appointment of auditors for the Company.

### **Company's Response to SGX Query 1 (C)**

The Company has complied with Listing Rule 712 with regards to the appointment of auditors for the Company.

### **SGX Query 1 (D)**

For the Exchange's consideration under Rule 1303(3)(c) and noting the Independent Auditor's findings on "Going concern", please provide the following information:-

- (i) the Board's opinion if the Company will be able to operate as going concern and basis for the Board's view.
- (ii) the Board's confirmation that all material disclosures have been provided for trading of the Company's shares to continue.

### **Company's Response to SGX Query 1 (D)**

- (i) The Board believe that the Company is able to operate as going concern as the Group continues to implement measures to tighten cost controls over various operating expenses in order to improve profitability and generate positive cash flows from operations. In this regard, Management has provided external auditors with cash flow projections of the Group's future operations including information such as the current and expected profitability, debt repayment schedules, potential sources of replacement financing and future business plans etc., which shows the Group will have adequate working capital for its operation and will be able to meet its obligations as and when they fall due.
- (ii) The Board confirmed that all material information have been provided for trading of the Company's shares to continue.

### **SGX Query 2**

We refer to the Company's announcement of 8 August 2016 on the cessation of Mr Lim Kim Huat as Independent Director of the Company. The Company announced that it had sought clarification from Mr Lim Kim Huat and he had informed the Company that the reason for his cessation was that he had accepted another job opportunity which requires him to travel overseas frequently. Please disclose whether Mr Lim Kim Huat has any disagreements or concerns over the matters in the Company prior to his cessation. If so, please disclose accordingly. If not, please disclose Mr Lim Kim Huat's confirmation of this via SGXNet.

### **Company's Response to SGX Query 2**

Mr Lim Kim Huat has no disagreements or concerns over the matters in the Company prior to his cessation.

### **SGX Query 3**

What are the steps taken by the Company to appoint a second Independent Director resident in Singapore, as required under Rule 704(8). Please disclose the timeline.

### **Company's Response to SGX Query 3**

The Company is in touch with some potential candidates and will make the appointment announcement in due course.

### **SGX Query 4**

We understand that various shareholder questions were raised at the Company's GM on 5 August 2016. However, Mr Lin Shaoqiong, the Executive Chairman and Chief Executive Officer of the Company and the Company's management were not present and these questions were not answered. In this respect, please disclose the shareholders' questions and the Company's response to these questions.

### **Company's Response to SGX Query 4**

The Company will arrange dialogue session with the shareholders and the Management of the Company will provide answers to shareholders' queries in the session.

### **BY ORDER OF THE BOARD**

Lin Shaoqin  
Executive Director  
16 August 2016