



**CHINA SPORTS INTERNATIONAL LIMITED**

Incorporated in Bermuda

(Company Registration: 39798)

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## **RESPONSE TO QUERIES RAISED BY SINGAPORE EXCHANGE LIMITED ON ANNUAL REPORT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2013**

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The Board of Directors of China Sports International Limited (the “**Company**”) makes this announcement in response to queries by the Singapore Exchange Limited (the “**SGX**”) in connection with the Annual Report issued by the Company for its financial year ended 31 December 2013 (the “**Annual Report**”) on 14 April 2014.

### **Query 1**

For the purpose of complying with Listing Rule 1207(10), please note that:

- (a) “Absence of evidence to the contrary” disclaimer is NOT allowed in the opinion.
- (b) The Board and the Audit Committee must opine whether the risk management and internal control systems are adequate to address all 4 areas of risks (i.e. financial, operational, compliance and information technology risks).

We note that the confirmation provided in your annual report is not consistent with the guidelines stated above. Hence, please provide a clean opinion that is in compliance with Listing Rule 1207(10).

### **Company’s response:**

The Company had stated in pages 32 to 37 of the Annual Report that the Board is responsible for maintaining a sound system of internal controls and risk management practices, covering not only financial controls but also operational, compliance and information technology controls including risk management to safeguard shareholders’ investments and the Company’s assets. The Board is continuously reviewing the adequacy of the Company’s system of internal control and management systems, including systems for compliance with applicable laws, regulations, rules directive and guidelines. The Board and the Audit Committee are informed of control issues pertaining internal control and regulatory compliances.

Based on the work performed by the internal and external auditors, the internal auditor’s reports and the management controls in place, the Board, with the concurrence of the Audit Committee are of the opinion that the internal control systems of the Group, addressing the financial, operational, compliance and information technology risks are adequate as at 31 December 2013.

## **Query 2**

We note that the annual report did not state whether officers deal in the Company's securities:

- (a) on short-term basis; and
- (b) during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements.

Please provide the necessary disclosure required under Rule 1207(19).

### **Company's response:**

The Company's internal code, *Code of Best Practices on Securities Transactions by the Company and its Officers*, provides guidance to all directors and officers of the Company that:

- (a) officers should not deal in the Company's securities on short-term considerations and should be mindful of the law on insider trading.
- (b) the Company and its officers are prohibited from dealing in the Company's securities when the window period is closed. The window period is 'closed' commencing two weeks before the announcement of the Company's financial statements for the first, second and third quarters of its financial year and one month before the announcement of the Company's financial statements for its full financial year, and ending after the announcement of the relevant results. Officers will be notified of the 'closed' window period by email or internal memo or notices.

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

Lin Shaoxiong  
Chief Executive Officer  
Chairman of the Board of Directors  
9 May 2014