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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)

KEY FINDINGS OF THE INDEPENDENT INVESTIGATION

This announcement is made by Sound Global Ltd. (the “**Company**”, together with the subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provision under Part XIVA of the Securities and Futures Ordinance (Chapter. 571 of the Laws of Hong Kong).

References are made to the Company’s announcements dated 13 April 2016, 29 April 2016, 31 August 2016, 2 June 2017, 19 June 2017, 28 June 2017, 24 July 2017, 8 August 2017, 13 September 2017, 26 September 2017, 16 October 2017, 6 November 2017, 17 November 2017, 27 December 2017 and 26 January 2018 (the “**Announcements**”). Unless otherwise specified, capitalised terms used in the Announcements shall have the same meanings when used herein.

Background

On 13 April 2016, trading in the shares of the Company was suspended under Rule 8(1) of the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong). The reason is that the SFC has found that the bank balances of five bank accounts of the subsidiaries of the Company (the “**Bank Accounts**”) as at 31 December 2012 and 2013 were materially overstated by around RMB2.1 billion and RMB2.7 billion respectively (the “**Discrepancies**”). As at the date of this announcement, the SFC has not received from the Company any submission or representation which can satisfactorily explain such material Discrepancies in such bank balances.

As announced on 24 July 2017, the Company engaged the Reviewer on 19 January 2017 to perform investigation services to the Company in respect of the Discrepancies. On 8 January 2018, the Reviewer issued a report on its findings.

Work performed by the Reviewer

The Reviewer has performed the following investigation works:–

1. verifying the bank balances of the Group as at 31 December 2012, 2013 and 2014 by obtaining confirmations from the relevant banks;

2. comparing the balances shown in the bank statements and bank reconciliation statements provided by the Company as at 31 December 2012, 2013 and 2014 against the records maintained by the finance department of the Group (the “**Finance Department**”); and
3. conducting matching tests on a series of randomly selected bank transactions of the Group for the financial years ended 31 December 2012, 2013 and 2014 and examining and comparing the relevant accounting vouchers, supporting documents and monthly bank statements against the bank ledgers.

Key findings of the Reviewer

The key findings of the Reviewer is set out below:–

1. As announced by the Company on 2 and 19 June 2017, an accident occurred when some of the financial documents of the Company were being transported to a new file storage facility, and as a result, the financial documents and records for the years of 2010 to 2015 of five of the subsidiaries of Company were damaged (the “**Accident**”).
2. According to the explanation obtained by the Reviewer from the Finance Department, the list of bank accounts of the Group was updated by the Finance Department after the Accident (the “**Updated List**”), and the Updated List omitted some of the bank accounts (保證金戶) of the Group which had not been used for a long period of time (“**Abandoned Bank Accounts**”).

By reason of the exclusion of the Abandoned Bank Accounts in the Updated List, the Reviewer identified discrepancies between the records shown in the Updated List and the Group’s audited consolidated bank balances.

3. The Reviewer also identified discrepancies between the bank balances shown on the list of bank accounts of the Group provided by the Company and the records obtained by the SFC. Based on the information obtained by the Reviewer, the Reviewer identified that the balances of the Bank Accounts shown on records obtained by the SFC as at 31 December 2012 and 2013 were lower than the corresponding balances shown on the lists of bank accounts of the Group provided by the Company, and the differences were respectively around RMB2.1 billion as at 31 December 2012 and around RMB2.7 billion as at 31 December 2013.

However, the Reviewer was unable to identify the cause(s) for the Discrepancies. This was because (1) the Bank Accounts had been closed and the relevant banks did not respond to the Reviewer’s request for confirmations; and (2) the relevant financial records and documents were damaged and/or destroyed during the Accident.

4. The Reviewer did not receive responses from the relevant banks on confirmation requests for most of the bank balances as at 31 December 2012, 2013 and 2014.

Furthermore, the extent of work performed by the Reviewer on tracing bank transactions to supporting records was constrained due to unavailability of related financial documents and records as a result of the Accident.

Save for the discrepancies caused by the omission of the Abandoned Bank Accounts in the Updated List and the discrepancies identified by the Reviewer referred to in paragraph 3 above, the Reviewer was not provided with requested documentary records on a number of accounts for the remaining bank balances of the Group as at 31 December 2012, 2013 and 2014.

Conclusion of the Reviewer

Due to the limited information made available to the Reviewer, the Reviewer was unable to identify the reason for and particulars of the Discrepancies.

The Company is currently seeking professional advice in respect of the findings and conclusion the Reviewer. Further announcement will be made by the Company as and when appropriate.

Continued Suspension of Trading

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9 a.m. on 13 April 2016 and will remain suspended until further notice.

By Order of the Board
Sound Global Ltd.
Wen Yibo
Chairman

Hong Kong, 1 February 2018

As at the date of this announcement, the executive Directors are Wen Yibo, Luo Liyang, Zhou Hao, Liu Xiqiang and Li Feng; and the independent non-executive Directors are Ma Yuanju, Zhang Shuting and Luo Jianhua.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* *For identification purposes only*