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**SinoCom**

## **SINOCOM SOFTWARE GROUP LIMITED**

**中訊軟件集團股份有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 299)**

### **UPDATE ON THE MEETING OF THE BOARD OF DIRECTORS**

Reference is made to the announcement of SinoCom Software Group Limited (the "**Company**") dated 13 August 2013 in relation to the notice of meeting of the board (the "**Board**") of directors proposed to be held on 16 August 2013 for approving, amongst others, the final results of the Company and its subsidiaries for the year ended 31 December 2012 ("**2012 Annual Results**") and recommendation for the payment of final dividend, if any.

The Board convened a meeting (the "**Meeting**") on 16 August 2013. At the Meeting, the Board considered the draft audit opinion prepared by Deloitte Touche Tohmatsu, the auditors of the Company (the "**Auditors**") of the 2012 Annual Results (the "**Draft Auditor's Opinion**").

After due consideration by the Board of various factors as summarised below, the Board resolved not to accept the Draft Auditor's Opinion.

Five (5) directors (the "**Dissenting Directors**") , voted against the acceptance of the Draft Auditor's Opinion and four (4) directors voted for the acceptance of the Draft Opinion.

### **REASONS AND CONSIDERATIONS IN VOTING AGAINST THE ACCEPTANCE OF THE DRAFT AUDITOR'S OPINION**

The Board did not resolve to accept the Draft Auditor's Opinion for, amongst others, the following reasons:

- The basis on which the disclaimer of opinion (the "**Disclaimer Opinion**") contained in the Draft Auditor's Opinion is unfounded. In particular, while certain Dissenting Directors recognized that the Company may have internal control issues regarding the

loans extended by SinoCom Japan Corporation (a subsidiary of the Company) to SDI Corporation, Falcon Corporation and King Tech Corporation (the "**Loans**"), this however should not justify the basis for the Auditors to arrive at the Disclaimer Opinion.

- If the basis of arriving at the Disclaimer Opinion is unfounded, publication of the same would have a material adverse impact on the Company and the trading of the shares of the Company on the Stock Exchange of Hong Kong will very likely have to continue to be suspended in the near future.

## **SUSPENSION OF TRADING**

Trading in the shares of the Company was suspended from 9:00 a.m. on 2 April 2013 and will remain suspended until the release of the announcement of the 2012 Annual Results. The Board will provide further updates to the Shareholders and investors regarding any other actions to be taken by the Company for the resumption of trading in the shares of the Company as and when appropriate.

By order of the Board  
**SinoCom Software Group Limited**  
**Wang Zhiqiang      Zuo Jian Zhong**  
*Co-Chairman      Co-Chairman*

Hong Kong, 18 August 2013

*As at the date of this announcement, the executive Directors are Mr. Wang Zhiqiang, Mr. Li Jian, Mr. Kotoi Hirofumi and Mr. Zuo Jian Zhong, the non-executive Directors are Mr. Wang Xubing and Dr. Shi Chongming, and the independent non-executive Directors are Professor Liang Neng, Mr. Lee Kit Wah and Mr. Yamamoto Yoshimasa.*