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## **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)**

### **PROPOSED REMOVAL OF AUDITORS**

The Board announces that Deloitte shall, subject to the approval of the Shareholders at the EGM, be removed as the auditors of the Company.

A circular containing certain information on the removal of Deloitte together with a notice convening the EGM will be despatched to the Shareholders as soon as possible.

The board (the "**Board**") of directors (the "**Directors**") of SinoCom Software Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") announces that the Company shall, subject to the approval of the shareholders of the Company (the "**Shareholders**") at the extraordinary general meeting of the Company (the "**EGM**"), remove Deloitte Touche Tohmatsu ("**Deloitte**") as the auditors of the Company.

### **PROPOSED REMOVAL OF DELOITTE**

The main reason for the proposed removal of Deloitte is that the Board disagrees with the contents contained in and basis that forms the draft audit opinion (the "**Draft Auditors' Opinion**") prepared by Deloitte for the financial results of the Group for the year ended 31 December 2012 ("**2012 Annual Results**"). The Board therefore did not resolve to accept the Draft Auditors' Opinion due to the reasons set out in the announcement of the Company dated 18 August 2013.

## **MATTERS TO BE BROUGHT TO THE ATTENTION OF SHAREHOLDERS**

Deloitte requested the following circumstances be brought to the attention of the Shareholders:

By a letter dated 12 September 2013, Deloitte requested the board of directors of the Company to bring to the attention of the shareholders at the forthcoming EGM the matters set out in their letter. A copy of that letter with its appendices will be circulated to the Shareholders in advance of the EGM.

In summary, Deloitte's position is as set out in the following extract from their letter of 12 September 2013 (a full copy of which will be circulated as mentioned above):

"On the basis that 1) the Board of Directors is unable to satisfy itself about the representations made to it by Mr. Li Jian on the purpose and commercial substance of the Loans (as defined in the letter of 12 September 2013) with the Borrowers (as also defined in the said letter); 2) information and satisfactory explanations have not been provided to substantiate the purpose and commercial substance of the Loans and for the fund flow patterns in relation to the Loans and as is set out in note 21 to the consolidated financial statements, some of the fund flow patterns do not appear to be consistent with the representations given by Mr. Li as to the purpose of the Loans; and 3) certain documents relating to the Loans were destroyed, allegedly at Mr. Li's direction, during the Investigation and which have not been recovered, Deloitte are unable to satisfy themselves that the effects of the Loans including any residual liabilities and obligations have been properly dealt with in the consolidated financial statements of the Group.

Had Deloitte been able to satisfy themselves in respect of the matter above, adjustments might have been found to be necessary which would have had a consequential impact on the net assets of the Group as at 31 December 2012 and its profit for the year ended 31 December 2012 and may have resulted in additional information being disclosed in the consolidated financial statements as to the nature of these transactions."

The Board disagrees with Deloitte's views. A circular containing more detailed information and the Board's views on the removal of Deloitte together with a notice convening the EGM will be despatched to the Shareholders as soon as possible.

The Company is in the process of identifying new auditors of the Company and will provide Shareholders with details of such proposed appointment when available.

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

Hong Kong, 25 October 2013

*As at the date of this announcement, the Company's executive directors are Mr. Wang Zhiqiang, Mr. Zuo Jian Zhong and Mr. Kotoi Hirofumi and the non-executive directors are Mr. Li Jian, Mr. Wang Xubing and Dr. Shi Chongming, and the independent non-executive directors are Mr. Chui Man Lung Everett, Mr. Yamamoto Yoshimasa, and Mr. Wu Hong.*