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If you have sold or transferred all your shares in SinoCom Software Group Limited (the “**Company**”), you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



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)

**(1) MAJOR TRANSACTIONS —
DISPOSAL OF THE ENTIRE ISSUED SHARE INTERESTS IN SINOCOM
DEVELOPMENT HOLDINGS LIMITED AND SINOCOM JAPAN CORPORATION
AND
CONNECTED TRANSACTION —
ACQUISITION OF 8% OF THE ISSUED SHARE INTERESTS
IN SINOCOM JAPAN CORPORATION
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial Adviser

MIZUHO

Mizuho Securities Asia Limited

A notice convening the EGM to be held at 11:00 a.m. on 20 October 2015 at Room 1804, 18/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong is set out on pages 34 to 36 of this circular of the Company.

A form of proxy for the EGM is enclosed with this circular. If you do not intend to attend and vote at the EGM in person, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

30 September 2015

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	means the proposed acquisition by SinoCom Holdings in relation to 8% issued capital in SinoCom Japan from Dr. Shi Chongming
“Acquisition Announcement”	means the announcement of the Company dated 1 September 2015 in relation to the Acquisition
“Agreements”	collectively means the BVI SPA and the Japan SPA
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	means the board of Directors
“Business”	means the IT Outsourcing Business carried on by and on behalf of each of SinoCom BVI and the Operating PRC Subsidiaries as at the Latest Practicable Date, with NRI and its subsidiaries as customers which is sourced by SinoCom Japan and which is to be transferred to SinoCom BVI and its subsidiaries pursuant to the BVI Restructuring
“Business Day”	means a day (other than Saturdays and Sundays) on which banks in Hong Kong, the PRC and Japan are generally open for business
“BVI Adjustment Amount”	has the meaning given to it in the paragraphs headed “Consideration for the BVI Sale Shares and payment terms”
“BVI Rental Increase”	has the meaning given to it in the paragraphs headed “Consideration for the BVI Sale Shares and payment terms”
“BVI Restructuring”	means the restructuring of SinoCom BVI and its subsidiaries prior to Completion as more particularly set out in the paragraph headed “BVI Restructuring”
“BVI Salary Increase”	has the meaning given to it in the paragraphs headed “Consideration for the BVI Sale Shares and payment terms”
“BVI Sale Shares”	means 474,671 shares of SinoCom BVI to be sold by SinoCom Holdings to NRI pursuant to the BVI SPA, representing the entire issued shares of SinoCom BVI
“BVI Sale Shares Completion”	means completion of the sale and purchase of the BVI Sale Shares in accordance with the BVI SPA

DEFINITIONS

“BVI Sale Shares Consideration”	means the consideration payable by NRI to SinoCom Holdings for the disposal of BVI Sale Shares as described in the paragraph headed “Consideration for the BVI Sale Shares and payment terms”
“BVI SPA”	means the sale and purchase agreement dated 17 June 2015 entered into between SinoCom Holdings, the Company and NRI in relation to the disposal of the BVI Sale Shares, as amended and/or supplemented by a supplemental agreement dated 31 August 2015 made between the same parties, as the same may be amended and/or supplemented by the parties from time to time
“BVI SPA Conditions Precedent”	means the condition(s) precedent to completion as set out in the BVI SPA
“Company”	means SinoCom Software Group Limited (to be renamed New Sports Group Limited), a limited liability company incorporated in the Cayman Islands whose registered office is at Cricket Square Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and whose shares are listed on the main board of the Stock Exchange (stock code 299).
“Completion”	means the completion of the sale and purchase of the BVI Sale Shares and the Japan Sale Shares in accordance with the Agreements
“Completion Date”	means 5 Business Days after all the Conditions Precedent are fulfilled or waived and in any event by 28 October 2015, or such other date as the parties thereto may agree in writing
“Condition(s)” or “Condition(s) Precedent”	means the condition(s) precedent to Completion as set out in the Agreements, collectively the BVI SPA Conditions Precedent and the Japan SPA Conditions Precedent
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	means the directors of the Company
“Disposal”	means the disposal by SinoCom Holdings of the BVI Sale Shares and the Japan Sale Shares pursuant to the terms and conditions of the Agreements
“Disposal Announcement”	means the announcement of the Company dated 17 June 2015 in relation to the Disposal

DEFINITIONS

“Dr. Shi”	Dr. Shi Chongming, a director and a minority shareholder of SinoCom Japan as of the Latest Practicable Date
“EGM”	means the extraordinary general meeting of the Company to be held for considering, and if thought fit, approving the Minority Interest SPA, the Agreements and the transactions contemplated thereunder respectively
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	means the Shareholders other than NRI and its associates and any other Shareholders who are interested in the Transactions
“IT Outsourcing Business”	means the business activities including but not limited to the manufacturing of computer related products, provision of software development services, provision of computer software testing services, system integration and product consultation services
“Japan Adjustment Amount”	has the meaning given to it in the paragraphs headed “Consideration for the Japan Sale Shares and payment terms”
“Japan Restructuring”	means the restructuring of SinoCom Japan prior to Completion as more particularly set out in the paragraph headed “Japan Restructuring”
“Japan Salary Increase”	has the meaning given to it in the paragraphs headed “Consideration for the Japan Sale Shares and payment terms”
“Japan Sale Shares”	means 800 shares of SinoCom Japan to be sold by SinoCom Holdings to NRI pursuant to the Japan SPA, representing the entire issued shares of SinoCom Japan
“Japan Sale Shares Completion”	means completion of the sale and purchase of the Japan Sale Shares in accordance with the Japan SPA

DEFINITIONS

“Japan Sale Shares Consideration”	means the consideration payable by NRI to SinoCom Holdings for the disposal of Japan Sale Shares as described in the paragraph headed “Consideration for the Japan Sale Shares and payment terms”
“Japan SPA”	means the sale and purchase agreement dated 17 June 2015 entered into between SinoCom Holdings, the Company and NRI in relation to the disposal of the Japan Sale Shares, as amended and/or supplemented by a supplemental agreement dated 31 August 2015 made between the same parties, as the same may be amended and/or supplemented by the parties from time to time
“Japan SPA Conditions Precedent”	means the condition(s) precedent to completion as set out in the Japan SPA
“JP Loan”	means the loan made by the representative director of SinoCom Japan on behalf of SinoCom Japan to SinoCom Holdings under the credit line agreement made between SinoCom Japan and SinoCom Holdings dated 24 February 2014
“JPY”	means Japanese yen, the lawful currency of Japan
“Latest Practicable Date”	25 September 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information included in this circular
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	means 20 October 2015 (or such other date as the Company, SinoCom Holdings and NRI may agree in writing)
“Minority Interest”	means 64 shares of SinoCom Japan held by Dr. Shi at the Latest Practicable Date and to be sold by Dr. Shi to SinoCom Holdings pursuant to the Minority Interest SPA, representing 8% of the entire issued shares of SinoCom Japan
“Minority Interest Completion”	means completion of the sale and purchase of the Minority Interest in accordance with the Minority Interest SPA
“Minority Interest Consideration”	means the sum of HK\$6,800,000 less Unaccounted Dividend (if any)

DEFINITIONS

“Minority Interest SPA”	means the sale and purchase agreement dated 1 September 2015 entered into between SinoCom Holdings and Dr. Shi in relation to the Minority Interest Acquisition, as the same may be amended and/or supplemented by the parties from time to time
“New PRC Subsidiaries”	collectively means SinoCom Innovative Technology Software Limited, and certain other subsidiaries of SinoCom BVI and branches of such subsidiaries incorporated under the laws of the PRC
“NRI”	means Nomura Research Institute, Ltd., a limited liability company incorporated in Japan whose registered office is at 1-6-5 Marunouchi, Chiyoda-ku, Tokyo, 100-0005, Japan
“Operating PRC Subsidiaries”	collectively means 大連中訊高科軟件有限公司 Dalian SinoCom High Technology Software Co., Ltd., 中訊申軟計算機技術(上海)有限公司 SinoCom Shensoft Computer Technology (Shanghai) Co., Ltd., 中訊計算機系統(北京)有限公司 SinoCom Computer System (Beijing) Co., Ltd, 無錫中訊高科軟件有限公司 Wuxi SinoCom High Technology Software Co., Ltd., 吉林中訊創新軟件有限公司 Jilin SinoCom Innovative Software Co., Ltd., together with branch offices in Chengdu and Hangzhou
“PRC”	means the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan)
“Remaining Group”	means the Company and its subsidiaries excluding the Target Companies
“Reserved Business”	means the IT Outsourcing Business, which Operating PRC Subsidiaries may continue to conduct after the Completion (i) not sourced from SinoCom Japan as at the date of completion of the transfer of non-NRI related clients as detailed in the paragraph headed “Reserved Business” or, (ii) if sourced from SinoCom Japan with person(s) or entities other than NRI or its subsidiaries as customers
“RMB”	means Renminbi, the lawful currency of the PRC
“Share(s)”	means ordinary share(s) in the capital of the Company
“Shareholder(s)”	means the holder(s) of the ordinary shares in the issued share capital of the Company

DEFINITIONS

“SinoCom BVI”	means SinoCom Development Holdings Limited, a limited liability company incorporated in the British Virgin Islands whose registered office is at NovaSage Chambers, P.O. Box 4389, Road Town, Tortola, the British Virgin Islands
“SinoCom Holdings”	means SinoCom Holdings (BVI) Limited, a wholly-owned subsidiary of the Company and a limited liability company incorporated in the British Virgin Islands whose registered office is at NovaSage Chambers, P.O. Box 4389, Road Town, Tortola, the British Virgin Islands
“SinoCom Japan”	means SinoCom Japan Corporation, a limited liability company incorporated in Japan whose registered office is at 5F, Across Shinkawa Building Annex, 1-16-14 Shinkawa, Chuo-ku, Tokyo
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Target Companies”	collectively means SinoCom BVI, the New PRC Subsidiaries and SinoCom Japan
“Transactions”	the Acquisition and the Disposal
“Unaccounted Dividends”	means the amount of dividend or distribution to be paid or made by the Company after the date of Minority Interest SPA and prior to Minority Interest Completion which the Vendor has failed to account to the Purchaser in accordance with Minority Interest SPA
“Unconditional”	means SinoCom Holdings as vendor and NRI as purchaser proceed to Japan Sale Shares Completion in accordance with the Japan SPA on the Completion Date after all the Japan SPA Conditions Precedent having been satisfied or waived in accordance with the Japan SPA
“%”	means per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Wang Zhiqiang (*Co-chairman*)
Mr. Zuo Jian Zhong (*Co-chairman*)
Mr. Tang Yau Sing
Mr. Zhang Zhige
Mr. Liu Wei

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Independent Non-Executive Directors:

Mr. Chui Man Lung, Everett
Mr. Han Chu
Mr. Wu Hong

Head Office and Principal Place of

Business in Hong Kong:
Unit 2001, 20/F., Lippo Centre
Tower 2, No. 89 Queensway
Admiralty
Hong Kong

30 September 2015

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR TRANSACTIONS —
DISPOSAL OF THE ENTIRE ISSUED SHARE INTERESTS IN SINOCOM
DEVELOPMENT HOLDINGS LIMITED AND SINOCOM JAPAN CORPORATION;
AND
CONNECTED TRANSACTION —
ACQUISITION OF 8% OF THE ISSUED SHARE INTERESTS
IN SINOCOM JAPAN CORPORATION;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

References are made to the Disposal Announcement and the Acquisition Announcement.

LETTER FROM THE BOARD

The Disposal

On 17 June 2015, the Company, SinoCom Holdings and NRI entered into:

- (a) the BVI SPA in relation to the disposal of the BVI Sale Shares representing the entire issued share capital of SinoCom BVI; and
- (b) the Japan SPA in relation to the disposal of the Japan Sale Shares representing the entire issued share capital of SinoCom Japan.

Completion under the BVI SPA shall be inter-conditional upon and simultaneous with the completion under the Japan SPA made between the same parties on the same date as the BVI SPA, vice versa.

The Acquisition

On 1 September 2015 (after trading hours), SinoCom Holdings entered into the Minority Interest SPA with Dr. Shi in relation to the Acquisition. The Acquisition was conducted for the purpose of facilitating the sale of 100% equity interest of SinoCom Japan to NRI.

Pursuant to the Minority Interest SPA, subject to and conditional upon (1) the shareholders' approval in respect of the Acquisition and the Disposal having been obtained, and (2) the Japan SPA becoming Unconditional, the Minority Interest Completion is expected to take place on the Completion Date simultaneous with but in any event preceding the Japan Sale Shares Completion.

The purpose of this circular is to provide you with, amongst other things, (i) further details of the Agreements in relation to the Disposal and the Minority Interest SPA in relation to the Acquisition and (ii) the notice of the EGM.

2. THE AGREEMENTS

The BVI SPA

Date

17 June 2015

Parties

- (a) the Company as the guarantor;
- (b) SinoCom Holdings as the vendor; and
- (c) NRI as the purchaser.

LETTER FROM THE BOARD

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, NRI and its associates (as defined under the Listing Rules) in aggregate hold approximately 6.67% shareholding of the Company as at the Latest Practicable Date and is independent of the Company and its connected persons (as defined in the Listing Rules).

Assets to be disposed

Pursuant to the terms and conditions of the BVI SPA, subject to the fulfillment or waiver (as the case may be) of BVI SPA Conditions Precedents, SinoCom Holdings has agreed to sell and NRI has agreed to purchase the BVI Sale Shares, representing the entire issued share interests of SinoCom Holdings in SinoCom BVI.

BVI Restructuring

Pursuant to the BVI SPA, SinoCom Holdings undertakes to use its best endeavour to complete the BVI Restructuring by 30 September 2015. The BVI Restructuring shall be conducted by way of the transfer of certain assets, the assignment and novation of rights and benefits under certain contracts (including but not limited to the subsisting tenancy agreement(s) entered into by each of the Operating PRC Subsidiaries) and the termination of employment of certain employees of each of the Operating PRC Subsidiaries and the employment of them by the relevant New PRC Subsidiaries.

Consideration for the BVI Sale Shares and payment terms

The BVI Sale Shares Consideration shall be HK\$98,000,000 less the BVI Adjustment Amount.

The BVI Adjustment Amount shall be calculated as follows:

$(\text{BVI Rental Increase} + \text{BVI Salary Increase}) \times 12 \text{ months} \times 3 \text{ years} = \text{BVI Adjustment Amount}$

Where:

- (a) BVI Rental Increase means the amount of increase in monthly rental of the properties leased by the New PRC Subsidiaries due to the entering into a new lease agreement in connection with the BVI Restructuring excluding any increase which is not exceeding 5% of the existing rentals; and
- (b) BVI Salary Increase means the increase in monthly salary of any employee of the New PRC Subsidiaries solely due to the entering into of the new employment contracts in connection with the BVI Restructuring not including any regular salary increase which is in line with such employee's past three years record of the Operating PRC Subsidiaries.

The BVI Sale Shares Consideration was determined after arm's length negotiations between SinoCom Holdings and NRI on normal commercial terms taking into account various factors including the prevailing market conditions and with reference to the

LETTER FROM THE BOARD

prevailing commercial and business conditions in which each of SinoCom BVI and its subsidiaries operates and the adjusted net assets value of SinoCom BVI and its subsidiaries as at 31 December 2014 on the basis as if the BVI Restructuring were completed.

The three years' period adopted as the adjustment multiple in respect of the BVI Adjustment Amount was a result of negotiation among the parties to the BVI SPA, after considering the following:

- (a) the average tenure of the rental contracts entered into by the Group in respect of the offices in the PRC; and
- (b) the average tenure of service of employees of the Operating PRC Subsidiaries.

There is no maximum cap on the BVI Adjustment Amount. However, as at the Latest Practicable Date, the Directors consider that the BVI Adjustment Amount (as compared to the BVI Sale Shares Consideration) is unlikely to be very significant, given that:

- (a) the Purchaser has indicated that the New PRC Subsidiaries shall use most of the existing office premises of the Operating PRC Subsidiaries. As such, there is not expected to be any material increase in monthly rental of the properties to be leased by the New PRC Subsidiaries due to the BVI Restructuring; and
- (b) the rate of any salary increases of the employees proposed to be employed by the New PRC Subsidiaries is expected to be not more than the rate of annual inflation in the PRC.

Pursuant to the terms of the BVI SPA, within 2 months after the Completion, NRI will submit to SinoCom Holdings a notice stating the BVI Adjustment Amount, after which SinoCom Holdings will have the right to verify the rationale of the calculation in respect of the BVI Adjustment Amount. In the event that the parties fail to agree on the BVI Adjustment Amount, such dispute shall be settled by arbitration in Hong Kong in accordance with the relevant prevailing procedures.

In view of the fact that the BVI Adjustment Amount is based on a formula which is a result of commercial negotiation among the parties to the BVI SPA and taking into consideration the current results of negotiation with the landlords and employees as set out above, the Directors consider that such adjustment mechanism is fair and reasonable. In the event there is any BVI Adjustment Amount, the Company will publish an announcement regarding the BVI Adjustment Amount as soon as practicable after it has been determined by the parties.

The BVI Sale Shares Consideration shall be settled in the following manner:

- (a) an amount of HK\$98,000,000 shall be payable in cash by NRI to SinoCom Holdings at BVI Sale Shares Completion; and

LETTER FROM THE BOARD

- (b) in the event there is any BVI Adjustment Amount, NRI shall submit to SinoCom Holdings a notice stating the BVI Adjustment Amount within 2 months after the Completion. The BVI Adjustment Amount shall be payable by SinoCom Holdings within 15 Business Days after the receipt of NRI's notice by SinoCom Holdings of the BVI Adjustment Amount, if there shall be no dispute in relation to the same. Any such dispute shall be resolved in accordance with the terms of the BVI SPA.

Conditions Precedent

The BVI Sale Shares Completion is conditional upon the fulfillment or waiver of, as the case may be, the following BVI SPA Conditions Precedent on or before the Long Stop Date:

- (a) the completion of the BVI Restructuring;
- (b) the settlement of all outstanding inter-company loans between the Remaining Group and SinoCom BVI and its subsidiaries);
- (c) the passing of ordinary resolution(s) at the EGM by the Independent Shareholders to approve the BVI SPA, the Japan SPA and the Acquisition;
- (d) the listing status of the Company not being affected in connection with the disposal of the BVI Sale Shares;
- (e) satisfaction or the waiver of all the Japan SPA Conditions Precedent;
- (f) all requisite consents and approvals in connection with the entering into and performance of the terms of the BVI SPA having been obtained by the respective parties to the BVI SPA;
- (g) there having been no material adverse effect to SinoCom BVI and its subsidiaries; and
- (h) none of the warranty is misleading in any material respect or none of the pre-completion undertakings made by SinoCom Holdings having been breached in any material respect.

All the BVI SPA Conditions Precedent above (save and except for paragraphs (c) and (d) above) may be waived by NRI in writing.

If the BVI SPA Conditions Precedent are not fulfilled or (where applicable) waived in accordance with the BVI SPA by the Long Stop Date and if any of SinoCom Holdings or NRI terminates the BVI SPA, the BVI SPA shall cease to be of any effect except certain clauses including but not limited to confidentiality clause and save in respect of any claims arising out of any antecedent breach of the BVI SPA provided that the maximum liability of the defaulting party shall not exceed the actual cost and expenses incurred by the innocent party.

LETTER FROM THE BOARD

The Directors confirm that as at the Latest Practicable Date, the listing status of the Company is not affected in connection with the disposal of the BVI Sale Shares referred to in clause (d) of the above BVI SPA Conditions Precedents and save for clause (b) which has been fulfilled, none of the other BVI SPA Conditions Precedent has been fulfilled or waived.

BVI Sale Shares Completion

Subject to the fulfillment or waiver (as the case may be) of the BVI SPA Conditions Precedent and other terms under the BVI SPA, the BVI Sale Shares Completion is expected to take place on the Completion Date.

Upon the BVI Sale Shares Completion, the Company will cease to hold any equity interest in SinoCom BVI and SinoCom BVI will cease to be a subsidiary of the Company.

Completion under the BVI SPA shall be inter-conditional upon and simultaneous with the completion under the Japan SPA made between the same parties on the same date as the BVI SPA. Details of the Japan SPA are set out in the section headed “THE JAPAN SPA” in this circular.

Non Competition Undertakings

Pursuant to the BVI SPA, for a period of one (1) year after the BVI Sale Shares Completion, neither SinoCom Holdings itself and it will procure that none of the companies in the Remaining Group will (without the prior written consent of NRI):

- (a) compete with the Business;
- (b) solicit or entice away from the SinoCom BVI and its subsidiaries any person, company or other entity who is, or was, in the two (2) years immediately prior to the Completion Date, a sub contractor of SinoCom BVI and its subsidiaries in connection with the Business; or
- (c) solicit or entice away from SinoCom BVI and its subsidiaries any individual who is employed by SinoCom BVI and its subsidiaries in connection with the Business as a director or in a managerial, executive or technical capacity.

Notwithstanding the above, the Remaining Group shall have the right to continue to carry on any business (other than the Business) including for the avoidance of doubt, the Reserved Business, being the IT Outsourcing Business (i) not sourced from SinoCom Japan or, (ii) if sourced from SinoCom Japan with person(s) or entities other than NRI or its subsidiaries as customers. The said non-competition undertaking essentially restricts the Company from providing IT Outsourcing Business to NRI or its subsidiaries as customers (in other words, it does not restrict the Company from providing IT Outsourcing Business to customers other than NRI or its subsidiaries) and that the continued operation of the Reserved Business by the Remaining Group will not be regarded as competition with the Business so long as no IT Outsourcing Business will be provided to NRI or its subsidiaries as customers.

LETTER FROM THE BOARD

Guarantee and Indemnity

In consideration of NRI entering into the BVI SPA, the Company irrevocably and unconditionally guarantees to NRI the due performance of all obligations by SinoCom Holdings and the due and punctual payment of all amounts payable by SinoCom Holdings under the BVI SPA and the transactions contemplated therein.

SinoCom Holdings undertakes to indemnify NRI and/or any of SinoCom BVI and its subsidiaries against any and all losses which have been actually suffered by NRI and/or any of SinoCom BVI and its subsidiaries arising in respect of (a) any losses suffered by SinoCom BVI and its subsidiaries arising from or in respect of the BVI Restructuring caused by the Group (if any) and (b) any losses suffered by NRI and/or SinoCom BVI and its subsidiaries arising from SinoCom Holdings' failure to declare or settle taxation relating to the disposal of the BVI Sale Shares contemplated under the BVI SPA.

The JAPAN SPA

Date

17 June 2015

Parties

- (a) the Company as the guarantor;
- (b) SinoCom Holdings as the vendor; and
- (c) NRI as the purchaser.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, NRI and its associates (as defined under the Listing Rules) in aggregate hold approximately 6.67% shareholding of the Company as at the Latest Practicable Date and is independent of the Company and its connected persons (as defined in the Listing Rules).

Assets to be disposed

Pursuant to the terms and conditions of the Japan SPA, subject to the fulfillment or waiver (as the case may be) of the Japan SPA Conditions Precedents, SinoCom Holdings has agreed to sell and NRI has agreed to purchase the Japan Sale Shares, representing the entire issued share interests of SinoCom Holdings in SinoCom Japan.

Japan Restructuring

Pursuant to the Japan SPA, SinoCom Holdings undertakes to complete the Japan Restructuring by 30 September 2015. The Japan Restructuring shall be conducted by way of revision of certain existing employment contracts and the repayment of the JP Loan.

LETTER FROM THE BOARD

Consideration for the Japan Sale Shares and payment terms

The Japan Sale Shares Consideration shall be HK\$92,000,000 less the Japan Adjustment Amount.

The Japan Adjustment Amount shall be calculated as follows:

(Japan Salary Increase) x 12 months x 3 years = Japan Adjustment Amount

Where:

Japan Salary Increase means the increase in monthly salary of any employee of SinoCom Japan solely due to entering into of a revised employment contract, not including any regular salary increase which is in line with such employee's past three years record of SinoCom Japan.

The Japan Sale Shares Consideration was determined after arm's length negotiations between SinoCom Holdings and NRI on normal commercial terms taking into account various factors including the prevailing market conditions and with reference to the prevailing commercial and business conditions in which SinoCom Japan operates and the adjusted net assets value of SinoCom Japan as at 31 December 2014 on the basis as if the Japan Restructuring is completed.

The three years' period adopted as the adjustment multiple in respect of the Japan Adjustment Amount was a result of negotiation among the parties to the Japan SPA, after taking into account the average tenure of service of employees of SinoCom Japan.

There is no maximum cap for the Japan Adjustment Amount. However, as at the Latest Practicable Date, the Directors consider that the Japan Adjustment Amount (as compared to the Japan Sale Shares Consideration) is unlikely to be very significant, given that any salary increases of the employees proposed to be re-employed by SinoCom Japan is expected to be made with reference to the rate of annual inflation in Japan and the rate of salary adjustments in the previous year.

Pursuant to the terms of the Japan SPA, within 2 months after the Completion, NRI will submit to SinoCom Holdings a notice stating the Japan Adjustment Amount, after which SinoCom Holdings will have the right to verify the rationale of the calculation in respect of the Japan Adjustment Amount. In the event that the parties fail to agree on the Japan Adjustment Amount, such dispute shall be settled by arbitration in Hong Kong in accordance with the relevant prevailing procedures.

In view of the fact that the Japan Adjustment Amount is based on a formula which is a result of commercial negotiation among the parties to the Japan SPA and taking into consideration the current results of negotiation with the employees as set out above, the Directors consider that such adjustment mechanism is fair and reasonable. In the event there is any Japan Adjustment Amount, the Company will publish an announcement regarding the Japan Adjustment Amount shortly after it has been determined by the parties.

LETTER FROM THE BOARD

The Japan Sale Shares Consideration shall be settled in the following manner:

- (a) an amount of HK\$92,000,000 shall be payable in cash by NRI to SinoCom Holdings at Japan Sale Shares Completion; and
- (b) in the event there is any Japan Adjustment Amount, NRI shall submit to SinoCom Holdings a notice stating the Japan Adjustment Amount within 2 months after the Completion. The Japan Adjustment Amount shall be payable by SinoCom Holdings within 15 Business Days after the receipt of NRI's notice by SinoCom Holdings of the Japan Adjustment Amount, if there shall be no dispute in relation to the same. Any such dispute shall be resolved in accordance with the terms of the Japan SPA.

Conditions Precedent

The Japan Sale Shares Completion is conditional upon the fulfillment or waiver of, as the case may be, the following Japan SPA Conditions Precedent on or before the Long Stop Date:

- (a) the completion of the Japan Restructuring;
- (b) the written confirmation of a previous shareholder of SinoCom Japan confirming that he has no rights or interests whatsoever in SinoCom Japan;
- (c) the settlement of all outstanding intercompany loans between the Remaining Group and SinoCom Japan;
- (d) the passing of ordinary resolution(s) at the EGM by the Independent Shareholders to approve the Japan SPA, the BVI SPA and the Acquisition;
- (e) the listing status of the Company not being affected in connection with the disposal of the Japan Sale Shares;
- (f) satisfaction or the waiver of all the BVI SPA Conditions Precedent;
- (g) all requisite consents and approvals in connection with the entering into and performance of the terms of the Japan SPA having been obtained by the respective parties to the Japan SPA;
- (h) there having been no material adverse effect to SinoCom Japan;
- (i) none of the warranty is misleading in any material respect or none of the material pre-completion undertakings made by SinoCom Holdings having been breached in any material respect; and
- (j) the entering into of the Minority Interest SPA.

All the Japan SPA Conditions Precedent above (save and except for paragraphs (d) and (e) above) may be waived by NRI in writing.

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If the Japan SPA Conditions Precedent are not fulfilled or (where applicable) waived in accordance with the Japan SPA by the Long Stop Date and if any of SinoCom Holdings or NRI terminates the Japan SPA, the Japan SPA shall cease to be of any effect except certain clauses including but not limited to confidentiality clause and save in respect of any claims arising out of any antecedent breach of the Japan SPA provided that the maximum liability shall not exceed the actual cost and expenses incurred by the innocent party.

The Directors confirm that as at the Latest Practicable Date, the listing status of the Company is not affected in connection with the disposal of the Japan Sale Shares referred to in clause (e) of the above Japan SPA Conditions Precedents and, save for clauses (a), (c) and (j) which have been fulfilled (as described under the section headed “MINORITY INTEREST SPA” below), none of the other Japan SPA Conditions Precedent has been fulfilled or waived.

Japan Sale Shares Completion

Subject to the fulfillment or waiver (as the case may be) of the Japan SPA Conditions Precedent and other terms under the Japan SPA, the Japan Sale Shares Completion is expected to take place on the Completion Date.

Upon the Japan Sale Shares Completion, the Company will cease to hold any equity interest in SinoCom Japan and SinoCom Japan will cease to be a subsidiary of the Company.

Completion under the Japan SPA shall be simultaneous with the completion of the Acquisition, and shall be inter-conditional upon and simultaneous with the Completion under the BVI SPA made between the same parties on the same date as the Japan SPA.

Details of the BVI SPA are set out in the section headed “THE BVI SPA” in this circular.

Non Competition Undertakings

Pursuant to the Japan SPA, for a period of one (1) year after Japan Sale Shares Completion, neither SinoCom Holdings itself and it will procure that none of the Group will (without the prior written consent of NRI):

- (a) compete with the Business;
- (b) solicit or entice away from SinoCom Japan any person, firm, company or other entity who is, or was, in the two (2) years immediately prior to the Japan Sale Shares Completion Date, a sub-contractor of the SinoCom Japan and its subsidiaries in connection with the Business; or
- (c) solicit or entice away from SinoCom Japan any individual who is employed by SinoCom Japan in connection with the Business as a director or in a managerial, executive or technical capacity.

LETTER FROM THE BOARD

Notwithstanding the above, the Remaining Group shall have the right to continue to carry on any business (other than the Business) including for the avoidance of doubt, the Reserved Business, being the IT Outsourcing Business (i) not sourced from SinoCom Japan or, (ii) if sourced from SinoCom Japan with person(s) or entities other than NRI or its subsidiaries as customers. The said non-competition undertaking essentially restricts the Company from providing IT Outsourcing Business to NRI or its subsidiaries as customers (in other words, it does not restrict the Company from providing IT Outsourcing Business to customers other than NRI or its subsidiaries) and that the continued operation of the Reserved Business by the Remaining Group will not be regarded as competition with the Business so long as no IT Outsourcing Business will be provided to NRI or its subsidiaries as customers.

Guarantee and Indemnity

In consideration of NRI entering into the Japan SPA, the Company irrevocably and unconditionally guarantees to NRI the due performance of all obligations by SinoCom Holdings and the due and punctual payment of all amounts payable by SinoCom Holdings under the Japan SPA and the transactions contemplated therein.

SinoCom Holdings will indemnify NRI and/or SinoCom Japan against any and all losses which have been actually suffered by NRI and/or SinoCom Japan arising in respect of (a) any losses suffered by SinoCom Japan arising from or in respect of the Japan Restructuring caused by the Group (if any); and (b) any losses suffered by NRI and/or SinoCom Japan arising from SinoCom Holdings' failure to comply with any tax related obligation of SinoCom Japan.

3. THE MINORITY INTEREST SPA

Date

1 September 2015 (after trading hours)

Parties

- (a) Dr. Shi as the vendor; and
- (b) SinoCom Holdings as the purchaser.

SinoCom Japan is a non-wholly owned subsidiary of the Company immediately prior to the entering into of the Minority Interest SPA. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Dr. Shi is a director of SinoCom Japan, and therefore is a connected person of the Company by virtue of Rule 14A.07(1) of the Listing Rules.

Assets to be acquired

Pursuant to the terms and conditions of the Minority Interest SPA, Dr. Shi has conditionally agreed to sell and SinoCom Holdings has conditionally agreed to purchase the Minority Interest, representing 8% of the issued share capital in SinoCom Japan.

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Consideration for the Minority Interest and payment terms

The Minority Interest Consideration for the Minority Interest to be paid by SinoCom Holdings to Dr. Shi shall be a sum of HK\$6,800,000 less the Unaccounted Dividend (if any), to be paid by SinoCom Holdings to Dr. Shi at Minority Interest Completion.

The Consideration was determined after arm's length negotiations between Dr. Shi and SinoCom Holdings on normal commercial terms with reference to the unaudited net assets value of SinoCom Japan as at 30 June 2015.

Completion

Subject to and conditional upon (1) the shareholders' approval in respect of the Minority Interest Acquisition and the Disposal having been obtained, and (2) the Japan SPA becoming Unconditional, the Minority Interest Completion is expected to take place on the Completion Date simultaneous with but in any event preceding the Japan Sale Shares Completion.

Immediately upon the Minority Interest Completion but before the Japan Sale Share Completion which is expected to take place on the same day, the Company will hold the entire issued share capital in SinoCom Japan and SinoCom Japan will become a wholly owned subsidiary of the Company. The Company will, however, cease to hold any equity interests in SinoCom Japan upon the Japan Sale Shares Completion.

Dr. Shi's Undertakings

Pursuant to the Minority Interest SPA, Dr. Shi shall procure each of the following:

- (a) not to do or omit to do any act which cause SinoCom Holdings to be in breach of any provisions under the Japan SPA;
- (b) the Japan Restructuring to be conducted and completed in accordance with the terms of the Japan SPA;
- (c) declaring or paying dividends as contemplated under the Japan SPA if and when SinoCom Holdings considers necessary; and
- (d) accounting to SinoCom Holdings all the dividends paid by SinoCom Japan to Dr. Shi after the date of the Minority Interest SPA as soon as practicable.

Indemnity

Dr. Shi will pay to SinoCom Holdings in cash for any and all losses suffered by SinoCom Holdings arising in respect of any breach of any terms, warranties, undertakings, covenants of the Minority Interest SPA.

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4. INFORMATION OF THE TARGET COMPANIES AND SINOCOM JAPAN

Information of the Target Companies

Upon completion of the BVI Restructuring and the Japan Restructuring, the Target Companies are principally engaged in the Business. The New PRC Subsidiaries are established for the purpose of conducting the BVI Restructuring pursuant to which certain assets, rights and benefits of certain contracts and certain employees of the Operating PRC Subsidiaries relating to the Business will be transferred to the relevant New PRC Subsidiaries. The current clients of the Group include NRI (and its related companies) and other Japanese and PRC companies. After Completion, the Remaining Group shall be able to continue to run its Reserved Business with non-NRI-related clients.

The table below sets out (i) the total turnover of the Group and the turnover attributable to the Business and the Reserved Business respectively, and (ii) the adjusted sum of the loss before and after taxation of SinoCom BVI and SinoCom Japan derived from their respective unaudited management accounts, on the basis that the BVI Restructuring and the Japan Restructuring were completed before the commencement of the relevant financial year for each of the two financial years ended 31 December 2013 and 2014 and the six months ended 30 June 2015. Except for the audited total turnover amounts of the Group for the two financial years ended 31 December 2013 and 2014, all other amounts are unaudited:

	For the financial year ended 31 December 2013 (HK\$'000)	For the financial year ended 31 December 2014 (HK\$'000)	For the six months ended 30 June 2015 (HK\$'000)
Turnover of the Group	481,115	582,892	284,313
of which attributable to the Business	293,088	364,099	164,665
of which attributable to the Reserved Business	188,027	218,793	91,251
Adjusted sum of the loss before tax (on the basis described above)	(23,901)	(15,940)	(12,345)
Adjusted sum of the loss after tax (on the basis described above)	(29,050)	(23,858)	(15,949)

As at 30 June 2015, the unaudited net assets of the Group amounted to approximately HK\$554,836,000, and the unaudited attributable net assets value of the Target Companies (as if the BVI Restructuring and the Japan Restructuring were completed on 30 June 2015) was approximately HK\$97,345,000. The aggregate of the BVI Sale Shares Consideration and the Japan Sale Shares Consideration represents an

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excess of approximately 95.18% over the unaudited attributable net assets value of the Target Companies (as if the BVI Restructuring and the Japan Restructuring were completed on 30 June 2015).

Reserved Business

It is the intention of the Company and NRI that certain non-NRI related Japanese clients, who are presently clients of SinoCom Japan, shall in future continue to be served by the Remaining Group. The parties are in the process of finalizing arrangements for the transfer of such non-NRI related Japanese clients from SinoCom Japan to the Operating PRC Subsidiaries without any consideration payable by any parties. It is expected that the Remaining Group shall in future be serving a few key Japanese clients and a number of PRC clients as its Reserved Business. The Group intends to continue to develop such business, with a focus on the PRC market in the future. At this stage, the Group has no agreement, arrangement, understanding, intention or negotiation (concluded and otherwise) about any disposal, termination or scaling-down of the Reserved Business.

Information of SinoCom Japan

SinoCom Japan, which was incorporated in Japan, is principally engaged in software outsourcing development and technical support services primarily for Japanese clients. Prior to completion of the Transactions, the equity interests of SinoCom Japan is owned as to 92% by the Group and 8% by Dr. Shi.

Set out below is the unaudited consolidated financial information of SinoCom Japan, the total turnover attributable to the Business and the Reserved Business respectively for each of the financial year ended 31 December 2013 and 2014 and the six months ended 30 June 2015 which is extracted from the management accounts of SinoCom Japan:

	For the financial year ended 31 December 2013 (HK\$'000)	For the financial year ended 31 December 2014 (HK\$'000)	For the six months ended 30 June 2015 (HK\$'000)
Turnover of SinoCom Japan	458,733	548,101	251,183
of which attributable to the Business	290,483	360,862	163,800
of which attributable to the Reserved Business	168,250	187,239	87,383
Net profit before tax	10,192	15,286	10,442
Net profit after tax	2,079	6,269	6,072

As at 30 June 2015, the unaudited net assets of SinoCom Japan amounted to approximately HK\$58,507,000. Dr. Shi acquired the Minority Interest on 27 November 2009 at a price of approximately JPY28,500,000.

5. INFORMATION OF THE GROUP, NRI AND DR. SHI

Information of The Group

The Group is principally engaged in the provision of software outsourcing development and technical support services, and the design, development and operation of the mobile and web-games. In view of the operational performance of the software outsourcing development and technical support services business, the Group has currently been putting emphasis on the development of its mobile and web-game business.

Information of NRI

NRI, a company incorporated in Japan with limited liability, is principally engaged in the business of providing consulting services, information technology solutions and system solutions globally. Its principal clients for financial IT solutions include investment banks, asset managers, banks and insurance providers. NRI is listed on the Tokyo Stock Exchange. It and its related companies have been clients of the Group on software outsourcing development and technical services for a number of years.

Information of Dr. Shi

Dr. Shi is currently a minority shareholder and holds 8% of the issued share capital in SinoCom Japan. He acquired his interest in SinoCom Japan on 27 November 2009 at a consideration of JPY28,500,000. Dr. Shi is currently a director of SinoCom Japan.

6. EXPECTED GAIN FOR THE TRANSACTION AND USE OF PROCEEDS

The Minority Interest Completion is expected to take place on the Completion Date simultaneous with but in any event preceding the Japan Sale Shares Completion.

Upon the Completion, the Company will cease to hold any direct or indirect equity interest in the Target Companies and each of the Target Companies will cease to be a subsidiary of the Company, and the financial results of the Target Companies will no longer be consolidated into the accounts of the Company.

Upon the Completion, the Group expects to book a net gain of approximately HK\$82,655,000 which is estimated taking into account the considerations for the Disposal, and the book values of SinoCom BVI and SinoCom Japan (adjusted as if the BVI Restructuring and the Japan Restructuring were completed), after netting off estimated expenses for the Disposal. Such amount of estimated net gain is subject to the audit of the financial statements of the Group for the financial year ending 31 December 2015.

Following the Minority Interest Completion and the Completion, the Group will receive net proceeds of approximately HK\$180,000,000 after deducting the Minority Interest Consideration. The Group intends to apply the net proceeds for general working capital and potential acquisitions and investments, particularly relating to its mobile and web-game business, as and when opportunities arise. The Group is currently looking for acquisition or investment opportunities in companies operating in the mobile and web-game business

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industry. As at the Latest Practicable Date, save for any potential transactions which have been disclosed by the Company, the Company has not entered into any definitive agreement or arrangement in relation to such acquisition or investment. In the event such opportunities materialise, the Company will comply with the laws, rules or regulations including the Listing Rules to which it is subject.

7. FINANCIAL EFFECTS OF THE TRANSACTIONS

Upon Completion, the Target Companies will cease to be subsidiaries of the Company.

Assets and liabilities

According to the interim results of the Company for the six months ended 30 June 2015, the audited net assets of the Group as at 30 June 2015 was HK\$554,836,000. On the basis that Completion took place on 30 June 2015, the net assets of the Group is estimated to be adjusted to approximately HK\$637,491,000.

Earnings

According to the annual report of the Company for the year ended 31 December 2014, the audited net loss of the Group for the year ended 31 December 2014 was HK\$56,910,000. As disclosed on page 19 of this circular, the adjusted sum of the loss after tax of SinoCom BVI and SinoCom Japan for the year ended 31 December 2014 on the basis described therein was RMB23,858,000 which represented approximately 41.9% of the audited net loss of the Group for that year.

8. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group's business in relation to the provision of software outsourcing development and technical support services has been generating steadily growing turnover for the Group in recent years. However, such business is loss making for the financial years ended 31 December 2013 and 2014. The depreciating JPY currency, particularly in the past 12 months, has substantially increased the exposure of the Group to currency risks, as all revenue of the Group derived from Japanese clients are payable in JPY while the operating costs of the Group which principally arise in the PRC are payable in RMB.

Against such background, the Disposal shall enable the Group to depart from the segment of Business which is exposed to increasing currency risks, and to focus its resources on its PRC software outsourcing development business, as well as its mobile and web-game business on which the Group has currently been putting emphasis. The Disposal shall result in the Group effectively transferring to NRI a key client, namely NRI and its related companies, and as such, the Reserved Business of the Remaining Group will be smaller in scale than the Business of SinoCom Holdings and SinoCom Japan upon Completion. The business of the Operating PRC Subsidiaries and SinoCom Japan is the provision of software outsourcing development and technical support services. As such, the operation of their business does not require the possession of any substantial operating assets. The key elements to the continued operation of the business are human resources and clientele. The asset transfer pursuant to the BVI Restructuring is in relation to certain assets which are replaceable, such as motor vehicles

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and office equipment. As at the Latest Practicable Date, the Operating PRC Subsidiaries employed approximately a total of 1,154 full time employees. Around 195 employees are expected to remain in the Operating PRC Subsidiaries immediately after completion of the BVI Restructuring. The employees to be transferred to the New PRC Subsidiaries are mainly involved in work for NRI and related companies, and less than 15% of them were previously involved in the Reserved Business on a part-time or ad hoc basis. In addition, the Operating PRC Subsidiaries have present arrangements with a number of software contracting firms in the PRC with more than 180 professionals providing any necessary support. Moreover, the Operating PRC Subsidiaries also have over 190 professionals ready to provide services to the Operating PRC Subsidiaries on a part-time or temporary basis. These human resources shall not be transferred to the New PRC Subsidiaries pursuant to the BVI Restructuring. As such, the remaining approximately 195 employees in the Operating PRC Subsidiaries have the capacity to handle the work of the Reserved Business, as supported by the human resources from contracting firms, and from part-time and temporary human resources. The Directors are also prepared to execute plans to expand the human resources of the Operating PRC Subsidiaries if necessary to meet the needs of the Reserved Business, and consider that the Operating PRC Subsidiaries shall have adequate human resources to provide services to their customers. In consideration of the fact that the Disposal will only result in the transfer of (1) part of the human resources and (2) part of the clientele of the Operating PRC Subsidiaries and SinoCom Japan to the Purchaser, the Directors consider that the Operating PRC Subsidiaries shall be able to continue to develop its business, particularly for the PRC market upon Completion.

The Acquisition is conducted for the purpose of facilitating the sale of the entire issued share capital in SinoCom Japan to NRI. The Disposal and the Acquisition are inter-conditional upon each other.

The terms of the Minority Interest SPA and the Agreements were determined after arm's length negotiations between the parties thereto. Having considered the reasons for and benefits of the Acquisition and the Disposal as mentioned above, and in the case of Acquisition, the fact that the Minority Interest Consideration is determined with reference to the unaudited net assets value of SinoCom Japan as at 30 June 2015, the Board is of the view that the terms of the Minority Interest SPA and the Agreements are fair and reasonable and the Acquisition and the Disposal are the interest of the Company and the Shareholders as a whole.

9. IMPLICATIONS UNDER THE LISTING RULES

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Directors have a material interest in the Agreements and the Minority Interest SPA and the transaction contemplated thereunder and no Directors are required to abstain from voting in the board resolutions approving the Agreements and the Minority Interest SPA and the transaction contemplated thereunder.

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The Disposal

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major disposal of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Acquisition

As Dr. Shi is a director of SinoCom Japan, Dr. Shi is a connected person of the Company by virtue of Rule 14A.07(1) of the Listing Rules. The Acquisition constitutes a connected transaction of the Company under Rule 14A.25 of the Listing Rules. The Board (including the independent non-executive Directors) has confirmed that the terms of the Minority Interest SPA are fair and reasonable and the transaction contemplated thereunder is on normal commercial terms and that entering into of the Minority Interest SPA is in the interests of the listed issuer and its shareholders as a whole. As the applicable percentage ratios (as defined under the Listing Rules) exceed 1% but are less than 5%, according to Rule 14A.76 of the Listing Rules, the Acquisition will, subject to the paragraphs below, be subject to the reporting and announcement requirements but will be exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Transactions

Pursuant to Rule 14.24 of the Listing Rules, since the Acquisition and the Disposal are inter-conditional, the Acquisition and the Disposal will be regarded as one transaction involving both an acquisition and disposal. Notwithstanding the paragraph above, the Transactions will be classified by reference to the larger of the percentage ratios of the Acquisition or the Disposal, being a major transaction, and subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules applicable to the major transaction. In relation to the circular of the Company, each of the Acquisition and the Disposal will be subject to the content requirements applicable to their respective transaction classification.

Mizuho Securities Asia Limited has been appointed as the financial adviser to the Company on compliance aspects of the Transactions.

10. EGM

The EGM will be convened for the purpose of, among other matters, considering, and if thought fit, approving the Minority Interest SPA and the Agreements and the Transactions contemplated thereunder. The notice of the EGM of the Company is set out on pages 34 to 36 of this circular. If you do not intend to attend and vote at the EGM in person, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, on Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48

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hours before the time appointed for the holding of the meeting or any adjournment thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

The voting in respect of the Transactions at the EGM will be conducted by way of a poll. As at the Latest Practicable Date, NRI and its associates together hold 88,356,100 shares in the Company, representing 6.67% of the issued share capital of the Company. As NRI has material interest in the Transactions, NRI and its associates shall abstain from voting on the resolution approving the Transactions at the EGM under Chapter 14 of the Listing Rules.

11. VOTING BY POLL

All the resolutions set out in the notice of the EGM would be decided by poll in accordance with the Listing Rules and the articles of association of the Company.

On a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy shall have one vote for every fully paid Share held. A Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy who is entitled to more than one vote need not use all his/its votes or cast all his/its votes in the same way.

After the conclusion of the EGM, the poll results will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.sinocom.cn.

12. RECOMMENDATION

The Directors are of the opinion that the Transactions are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Independent Shareholders to vote in favour of all the resolutions to be proposed at the EGM.

13. FURTHER INFORMATION

Your attention is also drawn to the Financial Information of the Group as set out in Appendix I to this circular as well as other general information as set out in Appendix II to this circular.

By Order of the Board
Sinocom Software Group Limited
Wang Zhiqiang Zuo Jian Zhong
Co-Chairman Co-Chairman

1. FINANCIAL SUMMARY OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 December 2012, 2013 and 2014 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2015 are respectively disclosed in the following documents which have been published on the website of the Company (www.sinocom.cn) and the website of the Stock Exchange (www.hkexnews.hk):

- the annual report of the Company for the year ended 31 December 2012 published on 19 February 2014 (pages 35 to 92);
- the annual report of the Company for the year ended 31 December 2013 published on 25 April 2014 (pages 40 to 102);
- the annual report of the Company for the year ended 31 December 2014 published on 15 April 2015 (pages 36 to 96); and
- the interim report of the Company for the six months ended 30 June 2015 published on 15 September 2015 (pages 13 to 60).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 July 2015, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had other unsecured loan of approximately HK\$12,673,000 and convertible bonds of approximately HK\$171,754,000 (the outstanding principal face value of the convertible bonds is HK\$200,000,000), at a conversion price of HK\$2.50 per share.

Save as aforesaid or as otherwise disclose herein, and apart from intra-group liabilities and normal trade payables and bills arising in the ordinary course of business, the Group on a consolidated basis did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing or acceptances or hire purchase or finance lease commitments, or outstanding mortgages and charges, or contingent liabilities or guarantees.

3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after due and careful enquiry, taking into account (i) the Transactions; (ii) the internal resources available to the Remaining Group; (iii) the presently available borrowings of the Group; and (iv) the estimated net proceeds from the Transactions, in the absence of unforeseeable circumstances, the Remaining Group has sufficient working capital to meet its present requirements for at least the next 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS

Subject to the completion of the Disposal, the Group will focus its resources on mobile and web-based gaming business, especially sports-related mobile entertainment. While mobile and web-based games are generally characterised by their short-lived cycles, sports-related games are expected to enjoy more sustainable popularity among the public. In this connection, in order to further develop and expand the gaming business, the Group entered into a share purchase agreement on 28 July 2015 to acquire the 100% equity interest in Kingworld Holdings Limited (“Kingworld Holdings”). Through a wholly-owned subsidiary of Kingworld Holdings, Star Creation Development Limited, a wholly foreign-owned enterprise (九合無限(北京)體育科技有限公司) will be established to enter into various control agreements with 九合天下(北京)科技有限公司 (Kingworld (Beijing) Technology Co., Ltd.) (“Kingworld Beijing”), which is principally engaged in publishing, selling, developing and operating the sports-related wireless platform and interactive entertainment products, including online games, web-based games and games on wireless platform. On 4 June 2015, Kingworld Beijing has successfully obtained the license to develop the official wireless platform (including but not limited to Wechat) for the Chinese Football Association Super League. The abovementioned acquisition of Kingworld Holdings is expected to be completed on or before 31 December 2015. It is noteworthy that the soccer-related wireless platform and games to be developed by Kingworld Holdings are protected by exclusive rights granted from the Chinese Football Association Super League. Banking on the strong capabilities of the Group and Kingworld Holdings to design, develop and distribute the mobile and web games, the Group is set to go from strength to strength in the blooming online gaming industry in China. In addition, the software market in China has been developing well, and the growth rate is expected to be higher, thus benefiting the software outsourcing services industry, for which the Group may also be benefitted.

In addition, the Group will explore new ideas and seek a new drive for business development, and will also broaden its clientele and enable sharing of human resources. The Group hopes to enhance its operation and accelerate its business development through merger and acquisitions. The Directors believe that the management will be able to lead the way to strengthen a customer-oriented development system, by which the Group may capitalize on new opportunities in the market on an ongoing basis.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors, supervisors, chief executives and senior management of the Company

As at the Latest Practicable Date, the interests of the Directors and chief executive in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)), that were disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or that were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or that were required to be entered in the register referred to in section 352 of the SFO, or that were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), are set out as follows:

Name of Director	Capacity in which interests are held	Number of shares/underlying shares held in the Company			Approximate percentage of issued share capital of the Company	Note
		Interests in shares	Equity derivatives (Share Options)	Total interests		
Wang Zhiqiang	Corporate Interest	500,000,000	—	500,000,000 (L)	3.77%	1
Zhuo Jian Zhong	Beneficial Owner	—	50,000,000	50,000,000 (L)	0.37%	
Tang Yau Sing	Beneficial Owner	1,000,000	50,000,000	51,000,000 (L)	0.38%	
Zhang Zhige	Beneficial Owner	—	50,000,000	50,000,000 (L)	0.37%	
Liu Wei	Beneficial Owner	—	50,000,000	50,000,000 (L)	0.37%	
Chui Man Lung, Everett	Beneficial Owner	—	11,000,000	11,000,000 (L)	0.08%	
Han Chu	Beneficial Owner	—	11,000,000	11,000,000 (L)	0.08%	
Wu Hong	Beneficial Owner	4,760,000	11,000,000	15,760,000 (L)	0.11%	

Notes:

- These shares are beneficially owned by China Way International Limited (“China Way”). By virtue of his 49% shareholding interests in China Way, Mr. Wang Zhiqiang is deemed or taken to be interested in the 500,000,000 shares of the Company owned by China Way for the purpose of SFO.

As at Latest Practicable Date (“LPD”), the total issued share capital of the Company amounted to 13,253,151,280 shares.

Abbreviations: “L” stands for long position

Interests in shares of associated corporations of Company

Name of associated corporation	Name of Director	Capacity/ Nature of interest	Number of ordinary shares	Percentage of shareholding/ registered capital of the associated corporation as at LPD	Note
China Way	Wang Zhiqiang	Corporate interest	49 ordinary shares of US\$1.00 each	49%	
Beijing Kaixin Jiu hao Technology Company Limited (“Kaixin Jiu hao”)	Liu Wei	Beneficial owner	RMB770,000, being 35% of the registered capital	35%	1

Note 1: Kaixin Jiu hao is a sino-foreign co-operative joint venture company established in Beijing. The registered capital of Kaixin Jiu hao is RMB2,200,000, which is held as to 35% by Mr. Liu Wei and as to 65% by All Rise Technology.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be entered in the register referred to in section 352 of the SFO, or notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders and other person’s interests and short position in the Shares, underlying Shares and securities of the Company

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share

capital carrying rights to vote in all circumstance at general meetings of any other member of the Group (if any) or had any options in respect of such capital:

Name	Capacity	Number of Ordinary Shares	Approximate percentage of total interests in issued capital of the Company as at LPD	Notes
Dymagin Global Limited	Corporate Interest	2,210,000,000 (L)	16.67%	1
Dynamic Trading Capital Limited	Beneficial Owner	2,210,000,000 (L)	16.67%	1
Power View Group Limited	Beneficial Owner	2,500,000,000 (L)	18.86%	2
Feng Yuming	Corporate Interest	2,500,000,000 (L)	18.86%	2
Nomura Holdings Inc.	Corporate Interest	883,561,000 (L)	6.67%	3
Nomura Research Institute Ltd.	Beneficial Owner	883,561,000 (L)	6.67%	3

Notes:

1. Dynamic Trading Capital Limited (“DTCL”) is the ultimate holding company of Dymagin Global Limited (“DGL”). By virtue of the SFO, DTCL and DGL are deemed to be interested in the same parcel of shares of the Company.
2. Power View Group Limited is a company wholly owned by Mr. Feng Yuming. Accordingly, Mr. Feng Yuming is deemed to be interested in the shares of the Company by virtue of the SFO.
3. Nomura Holdings Inc, is the ultimate holding company of Nomura Research Institute Ltd. By virtue of the SFO, Nomura Holdings Inc. and Nomura Research Institute Ltd. are deemed to be interested in the same parcel of shares of the Company.
4. As at LPD, the issued share capital of the Company is 13,253,151,280.

Abbreviations: “L” stands for long position

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, no other person had interests or short positions in the Shares or underlying Shares of any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, beneficially interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or in any options in respect of such capital.

3. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

Prime Castle Holdings Limited, which is held as to 100% by Mr. Liu Wei, has sold and SinoCom Investment Holding Limited, a subsidiary of the Company has purchased the entire issued share capital of Heroic Coronet Limited on 30 January 2015. Please refer to the announcements of the Company dated 10 December 2014, 16 December 2014, 19 December 2014, 8 January 2015 and 30 January 2015 for details of the above-said transaction.

As at the Latest Practicable Date, except as disclosed above none of the Directors had any direct or indirect interests in any assets which had been, since 31 December 2015 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and his respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, other than those businesses to which a Director and his associate were appointed to represent the interests of the Company and/or the Group.

6. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business of the Group, were entered into by the Group within two years immediately preceding the date of this circular which are or may be material:

- (a) Share purchase agreement dated 31 December, 2014 entered into among 深圳中訊實華軟件有限公司, 北京共創萬博投資管理有限公司 and 徐強軍先生 in relation to the acquisition of Hangzhou Network Co. Ltd. (杭州智玩網絡有限公司) at a consideration of HK\$90,000,000
- (b) Sale and purchase agreement dated 10 December, 2014 entered into among Mr. Liu Wei, SinoCom Investment Holding Limited as buyer, Prime Castle Holdings Limited as seller and Heroic Coronet Limited in relation of the acquisition of Heroic Coronet Limited at a consideration of HK\$260,000,000

- (c) Placing agreement dated 5 June, 2015 (as supplemented and amended by a supplemental placing agreement dated 11 June 2015 entered into between the same parties) entered into between the Company as issuer and Ping An Securities Limited as placee in relation to the placing of bonds in the principal amount of HK\$200,000,000 issued by the Company
- (d) Sale and purchase agreement dated 28 July, 2015 entered into among SinoCom Investment Holding Limited as buyer, the Company, Century Edge International Limited as seller, Kingworld Holdings Limited, Xu Rong and Zhou Xu in relation to the acquisition of Kingworld Holdings Limited at a consideration of HK\$450,000,000
- (e) the BVI SPA
- (f) the Japan SPA
- (g) the Minority Interest SPA

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MISCELLANEOUS

- (a) The secretary of the Company is Ms. Foo Man Yee, Carina. She is an associate member of the Hong Kong Institute of Companies Secretaries.
- (b) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the principal place of business in Hong Kong is at Unit 2001, 20/F, Lippo Centre, Tower 2, No. 89 Queensway, Admiralty, Hong Kong.
- (c) The Hong Kong branch share registrar of the Company is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular prevails over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Unit 2001, 20/F, Lippo Centre, Tower 2, No. 89 Queensway, Admiralty, Hong Kong for a period of 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;

- (b) the annual reports of the Company containing audited consolidated financial statements of the Company for the three years ended 31 December 2012, 2013 and 2014;
- (c) the 2015 interim report of the Company for the six months ended 30 June 2015;
- (d) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (e) service contracts referred to in the paragraph headed “Directors’ Service Contracts” in this appendix; and
- (f) this circular.

NOTICE OF EGM



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)

NOTICE OF EGM

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**EGM**”) of SinoCom Software Group Limited (the “**Company**”) will be held at Room 1804, 18/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong at 11:00 a.m. on 20 October 2015 for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) conditional on the passing of resolutions No. 1(b) and 1(c), the sale and purchase agreement dated 17 June 2015 and entered into between SinoCom Holdings (BVI) Limited (“**SinoCom Holdings**”), a wholly-owned subsidiary of the Company, as vendor, the Company as guarantor and Nomura Research Institute, Ltd. (“**NRI**”) as purchaser in respect of the sale and purchase of the entire issued shares of SinoCom Japan Corporation (“**SinoCom Japan**”) for the consideration of HK\$92,000,000, as amended and/or supplemented by a supplemental agreement dated 31 August 2015 made between the same parties, as the same may be amended and/or supplemented by the parties from time to time (“**BVI SPA**”) and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) conditional on the passing of resolutions No. 1(a) and 1(c), the sale and purchase agreement dated 17 June 2015 and entered into between SinoCom Holdings, a wholly-owned subsidiary of the Company, as vendor, the Company as guarantor and NRI as purchaser in respect of the sale and purchase of the entire issued shares of SinoCom Development Holdings Limited for the consideration of HK\$98,000,000, as amended and/or supplemented by a supplemental agreement dated 31 August 2015 made between the same parties, as the same may be amended and/or supplemented by the parties from time to time (“**Japan SPA**”) and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

NOTICE OF EGM

- (c) conditional on the passing of resolutions No. 1(a) and 1(b), the sale and purchase agreement dated 1 September 2015 and entered into between SinoCom Holdings, a wholly-owned subsidiary of the Company, as purchaser and Dr. Shi Chongming as vendor in respect of the sale and purchase of 64 shares in SinoCom Japan, representing 8% of the entire issued shares of SinoCom Japan for the consideration of HK\$6,800,000 as the same may be amended and/or supplemented by the parties from time to time (“**Minority SPA**”) and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- (d) any one director of the Company be and is/are hereby authorized to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to, the BVI SPA, Japan SPA and Minority Interest SPA and the transactions contemplated thereunder and to waive compliance from or make and agree such variations of a non-material nature to any of the terms of each of the BVI SPA, Japan SPA and Minority Interest SPA, as he/she may in his/her absolute discretion consider to be desirable and in the interests of the Company and all of such acts of director(s) as aforesaid be hereby approved, ratified and confirmed.”

By Order of the Board
Sinocom Software Group Limited
Wang Zhiqiang Zuo Jian Zhong
Co-Chairman Co-Chairman

Hong Kong, 30 September 2015

*Head Office and Principal Place
of Business in Hong Kong:*
Unit 2001, 20/F., Lippo Centre
Tower 2, No. 89 Queensway
Admiralty
Hong Kong

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

As at the date hereof, the executive directors of the Company are Mr. Wang Zhiqiang, Mr. Zuo Jian Zhong, Mr. Tang Yau Sing, Mr. Zhang Zhige and Mr. Liu Wei; and the independent non-executive directors of the Company are Mr. Chui Man Lung Everett, Mr. Han Chu and Mr. Wu Hong.

Notes:

1. A shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxy(ies) (if he/she/it is the holder of two or more shares) to attend and on a poll, vote instead of him/her at the EGM that the appointment shall specify the number and class of shares in respect of which such proxy is so appointed. A proxy need not be a shareholder of the Company.

NOTICE OF EGM

2. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of authority, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
4. Where there are joint registered holders of any shares, any one of such joint holders may vote, either in person or by proxy in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of shareholders of the Company in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.