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SINOCOM SOFTWARE GROUP LIMITED

中訊軟件集團股份有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 299)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



CLC Securities Limited

PLACING OF NEW SHARES

On 28 November 2014 the Company entered into the Placing Agreement with the Placing Agent whereby the Company agreed to place, through the Placing Agent, on a best effort basis, a maximum of 200,000,000 new Shares to not less than six Placees at a price of HK\$0.70 per Placing Share.

The maximum of 200,000,000 Placing Shares represent (i) approximately 17.92% of the issued share capital of the Company of 1,115,835,128 Shares as at the date of this announcement; and (ii) approximately 15.20% of the issued share capital of the Company of 1,315,835,128 Shares as enlarged by the issue of the 200,000,000 Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$5,000,000.

The Placing Price of HK\$0.70 per Placing Share represents (i) a discount of approximately 16.67% to the closing price of HK\$0.84 per Share as quoted on the Stock Exchange on 28 November 2014, being the date of the Placing Agreement; and (ii) a discount of approximately 12.50% to the average of the closing price of HK\$0.80 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 27 November 2014.

The Placing Shares will be issued under the General Mandate and therefore the Placing will not be subject to any Shareholders' approval.

On the assumption that all Placing Shares are fully placed, the aggregate gross proceeds and the net proceeds (after deduction of the applicable costs and expenses relating to the Placing) from the Placing will be approximately HK\$140.0 million and HK\$136.5 million, respectively. The net proceeds from the Placing are intended to be used for future new business development opportunities in the mobile gaming industry.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the condition under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

PLACING AGREEMENT

Date	28 November 2014
Issuer	the Company
Placing Agent	CLC Securities Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined under the Listing Rules).

Number of Placing Shares

Pursuant to the Placing Agreement, the Placing Agent agreed to procure, on a best effort basis, not less than six Placees to subscribe for a maximum of 200,000,000 Placing Shares at the Placing Price of HK\$0.70. The maximum of 200,000,000 Placing Shares represent (i) approximately 17.92% of the issued share capital of the Company of 1,115,835,128 Shares as at the date of this announcement; and (ii) approximately 15.20% of the issued share capital of the Company of 1,315,835,128 Shares as enlarged by the issue of the 200,000,000 Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$5,000,000.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu among themselves and with the Shares in issue at the time of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.70 per Placing Share represents (i) a discount of approximately 16.67% to the closing price of HK\$0.84 per Share as quoted on the Stock Exchange on 28 November 2014, being the date of the Placing Agreement; and (ii) a discount of approximately 12.50% to the average of the closing price of HK\$0.80 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 27 November 2014.

The net Placing Price (after deduction of the commissions and expenses relating to the Placing) is approximately HK\$0.68 per Placing Share.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent on the date of the Placing Agreement with reference to the prevailing market price of the Shares.

The Directors, including the independent non-executive Directors, consider that the terms of the Placing Agreement (including the Placing Price and placing commission) are on normal commercial terms and are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

Placees

The Placing Shares will be placed to not less than six Placees, who and whose ultimate beneficial owners are independent institutional, professional and/or individual investors, and not connected with any directors, chief executive or substantial Shareholder (if any) of the Company or its subsidiaries and their respective associates. It is expected that none of the Placees and their respective associates will become a substantial Shareholder of the Company as a result of the Placing.

Condition of the Placing Agreement

Completion of the placing by the Placing Agent of the Placing Shares under the Placing Agreement is conditional upon the Listing Committee of the Stock Exchange granting or agreeing to grant a listing of, and permission to deal in, the Placing Shares.

The Placing Agent and the Company shall use its reasonable endeavours to procure the fulfilment of the condition as set out in the Placing Agreement and in the event the condition is not fulfilled by 15 December 2014 (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement shall terminate and all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall be null and void and neither the Company nor the Placing Agent shall have any claim against the other for costs, damages, compensation or otherwise.

Termination and force majeure

The Placing Agent may, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. (Hong Kong time) on the Closing Date if there occurs or comes into force:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong, which in the reasonable opinion of the Placing Agent, is likely to be materially adverse to the success of the Placing, or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which, in the reasonable opinion of the Placing Agent, is likely to be materially adverse to the success of the Placing, or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith; or

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 8:00 a.m. (Hong Kong time) on the Closing Date.

Completion

Completion shall take place at 4:00 p.m. (Hong Kong time) at the office of the Placing Agent on the fourth Business Day after the date on which all the condition as set out in the paragraph headed "Condition" in the Placing Agreement are satisfied or such other date as the Company and the Placing Agent may agree in writing.

Placing commission

The Placing Agent shall receive a placing commission of 2.5% of the aggregate Placing Price of the Placing Shares successfully placed by the Placing Agent on behalf of the Company in pursuance of its obligations in the Placing Agreement. The placing commission was determined after arm's length negotiations between the Company and the Placing Agent with reference to the market rate.

General Mandate

The maximum of 200,000,000 Placing Shares will be issued under the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders. Under the General Mandate, the Company is authorized to issue up to 20% of the then issued share capital of the Company. Up to the date of this announcement, no Share has been issued under the General Mandate.

The Placing Shares will be allotted and issued under the General Mandate, which remained unutilised as at the date of this announcement. Pursuant to the General Mandate, the Company is authorized to allot and issue up to 20% of the then issued share capital of the Company.

Immediately upon the completion of the placing, approximately 89.6% of the General Mandate will be utilized.

Application for Listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing is set out below.

Shareholders	As at the date of this announcement		Upon completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
SJI (Hong Kong) Limited (Note 1)	636,688,918	57.06	636,688,918	48.39
China Way International Limited (Note 2)	111,396,000	9.98	111,396,000	8.47
Dymagin Global Limited (Note 3)	100,308,000	8.99	100,308,000	7.62
Nomura Research Institute Ltd. (Note 4)	72,356,100	6.48	72,356,100	5.50
Placees	-	-	200,000,000	15.20
Other public Shareholders	195,086,110	17.49	195,086,110	14.82
Total	1,115,835,128	100.00	1,315,835,128	100.00

Notes:

- SJI (Hong Kong) Limited is a wholly owned subsidiary of SJ Asia Pacific Limited. SJ Asia Pacific Limited is wholly owned by SJI Inc. SJI Inc. is the ultimate holding company of SJI (Hong Kong) Limited, the controlling shareholder of the Company. As of the date of this announcement, the following parties held certain security interests in the Shares held by SJI (Hong Kong) Limited:

 - Risa Partners Inc. (“Risa Partners”) held 268,000,000 Shares as a pledgee only because SJI Inc. pledged the Shares to Risa Partners in consideration for a loan advanced to SJI Inc. Risa Partners is a wholly-owned subsidiary of NEC Capital Solutions Limited (“NEC Capital”) which is a controlled corporation of NEC Corporation.
 - Mizuho Financial Group Inc. (“Mizuho”) held 350,000,000 Shares as a pledgee only because SJI Inc. pledged the Shares to Mizuho in exchange for a loan advanced to SJI Inc. Mizuho is wholly owned by Mizuho Bank Ltd.
- Mr. Wang Xubing and Mr. Wang Zhiqiang is deemed or taken to be interested in the 111,396,000 Shares of the Company owned by China Way International Limited for the purpose of the SFO.
- Dymagin Global Limited is a company wholly owned by Mr. Sado Yasutaka. Accordingly, Mr. Sado Yasutaka is deemed to be interested in the Shares of the Company by virtue of SFO.
- 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.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Directors are of the view that the Placing can (i) strengthen the financial position of the Group; (ii) raise further capital for future investment; and (iii) provide general working capital for the Group. The Placing also represents a good opportunity to broaden the Shareholders' base and the capital base of the Company. The Directors consider that the Placing is in the interest of the Company and the Shareholders as a whole.

On the assumption that all Placing Shares are fully placed, the aggregate gross proceeds and the net proceeds (after deduction of the applicable costs and expenses relating to the Placing) from the Placing will be approximately HK\$140.0 million and HK\$136.5 million respectively. The net proceeds from the Placing are intended to be used for future new business development opportunities in the mobile gaming industry.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising exercise during the past twelve months immediately preceding the date of this announcement.

GENERAL

The Placing Shares will be issued under the General Mandate and therefore the Placing will not be subject to any Shareholders' approval.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the condition under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“AGM”	the annual general meeting of the Company held on 5 June 2014
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays, Sundays and public holidays) on which commercial banks generally are open for business in Hong Kong

"Closing Date"	he date of completion of the Placing which will take place on the fourth Business Day after the fulfillment of the condition of Placing, or such other date as the Company and the Placing Agent may agree in writing but in any event no later than 15 December 2014
"Company"	SinoCom Software Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed and traded on the Stock Exchange
"Director(s)"	the director(s) of the Company
"General Mandate"	the general mandate granted to the Board pursuant to the resolution passed by the shareholders of the Company at the AGM to allot, issue and deal with up to 20.00% of the then issued share capital of the Company (being 1,115,835,128 Shares) as at the date of passing such resolution
"Group"	the Company and its subsidiaries, from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Placee(s)"	any independent institutional, professional and/or individual investors who are not connected with any directors, chief executive or substantial Shareholder(s) (if any) of the Company or its subsidiaries and their respective associates
"Placing"	the placing of a maximum of 200,000,000 Placing Shares on a best effort basis pursuant to the terms and conditions of the Placing Agreement

“Placing Agent”	CLC Securities Limited
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 28 November 2014 in respect of the Placing
“Placing Price”	HK\$0.70 per Placing Share (excluding any SFC transaction levy, Stock Exchange trading fee and other fees or levies as may be payable by the Placees)
“Placing Share(s)”	a maximum of 200,000,000 Shares to be issued pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 28 November 2014

As at the date of this announcement, the Company's executive directors are Mr. Wang Zhiqiang and Mr. Zuo Jian Zhong and the non-executive directors are Mr. Kotoi Hirofumi and Mr. Sasaki So, and the independent non-executive directors are Mr. Chui Man Lung Everett, Mr. Takei Akio and Mr. Wu Hong.