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**SINOSOFT**  
TECHNOLOGY

**SINOSOFT TECHNOLOGY GROUP LIMITED**

**中國擎天軟件科技集團有限公司**

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

**(Stock Code: 1297)**

**ANNOUNCEMENT**

**DISCLOSEABLE TRANSACTION**

**ACQUISITION OF THE ENTIRE EQUITY INTEREST IN  
NANJING AISITA REAL ESTATE COMPANY LIMITED \***

**THE EQUITY TRANSFER AGREEMENT**

The Board is pleased to announce that on 26 August 2016, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendor, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to dispose of, the entire equity interest in the Target Company. Upon completion of the Acquisition, the Purchaser will hold the entire equity interest in the Target Company, and the Target Company will become an indirectly wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Group. The principal assets of the Target Company is the Target Property.

**LISTING RULES IMPLICATIONS**

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition are 5% or more but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but is exempted from shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

None of the Directors are considered to be interested in the transactions contemplated under the Equity Transfer Agreement. Therefore, none of the Directors is required to abstain from voting at the Board meeting approving the entry into the Equity Transfer Agreement by the Company.

## **THE EQUITY TRANSFER AGREEMENT**

**Date** : 26 August 2016

**The Parties** : (i) Jiangsu Skytech Investment Management Co., Limited \* (江蘇擎天科技投資管理有限公司) as the Purchaser; and  
(ii) Nanjing Jingtian Technology Co., Limited \* (南京競天科技有限公司) as the Vendor.

Each of the Purchaser and the Vendor is hereinafter referred to as a “Party” and collectively referred to as the “Parties”.

The Vendor is a subsidiary of a shareholder of the Company which holds a less than 5% interest in the Company. Other than this, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

### **Subject Matter**

Pursuant to the Equity Transfer Agreement, the Purchaser agreed to acquire, and the Vendor agreed to sell, the entire equity interest in the Target Company. Upon completion of the Acquisition, the Purchaser will hold the entire equity interest in the Target Company, and the Target Company will become an indirectly wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Group.

The principal assets of the Target Company is the Target Property. Upon completion of the Acquisition, the Purchaser will hold the Target Property as a result of its holding of the entire equity interest in the Target Company.

## **Consideration and Payment**

The aggregate consideration (the “**Consideration**”) for the Acquisition is RMB121,395,700 (equivalent to approximately HK\$141,592,447) and shall be payable by the Purchaser in the following manner:

- (i) a deduction of RMB25,000,000 (equivalent to approximately HK\$29,159,280) in prepayment (the “**Prepayment**”) made by the Purchaser to the Vendor on 28 April 2016 from the Consideration;
- (ii) a sum of RMB67,476,990 (equivalent to approximately HK\$78,703,217), representing 70% of the Consideration after deducting the Prepayment referred to in (i) above, shall be payable by the Purchaser to the Vendor within ten days upon the signing of the Equity Transfer Agreement; and
- (iii) the remainder of the Consideration in the amount of RMB28,918,710 (equivalent to approximately HK\$33,729,950), representing 30% of the Consideration after deducting the Prepayment as referred to in (i) above, shall be payable by the Purchaser to the Vendor on or before 30 September 2016, provided that the Target Company has completed the registration of the equity transfer with the competent administration for industry and commerce (the “**AIC**”) and the Vendor has dealt with the assets and liabilities of the Target Company by such date.

The consideration for the Acquisition will be satisfied by the Purchaser in cash and shall be funded by internal resources of the Group.

## **Basis for Determination of the Consideration**

The Consideration was determined with reference to the appraised value of the Target Company as stated in the Valuation Report, which is RMB121,395,700. Based on the foregoing, the Directors are of the view that the Consideration for the Acquisition is fair and reasonable.

## **Completion**

Completion of the Acquisition shall take place upon completion of the registration of the equity transfer with the AIC. Upon completion of the Acquisition, the Purchaser will hold the entire equity interest in the Target Company, and the Target Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Group.

## Termination

On a date (the “**Termination Date**”) before 31 October 2016, if any Party becomes unable to fulfil its obligations under the Equity Transfer Agreement, such Party shall pay a sum equals to 5% of the Consideration, being RMB6,069,785, as liquidated damage to the other Party within five business days after the Termination Date, and the Equity Transfer Agreement shall be terminated on the Termination Date. The Vendor shall return the Consideration or any portion thereof (including the Prepayment) received by it to the Purchaser within five business days after the Termination Date.

If any Party fails to fulfil its obligations under, or is in serious breach of any provisions of the Equity Transfer Agreement, such Party shall indemnify the other Party (the “**Non-breaching Party**”) for all actual losses suffered by the Non-breaching Party as a result of such failure or breach. Unless the Equity Transfer Agreement provides otherwise, the Non-breaching Party shall have the right to demand for the termination of the Equity Transfer Agreement and payment of the actual losses suffered by it as a result of such termination.

## INFORMATION ON THE TARGET COMPANY

As at the date of this announcement, the entire equity interest in the Target Company is held by the Vendor.

The principal assets of the Target Company is the Target Property, which is a property consisting of four buildings located at No.26 Tianpu Road, Pukou District, Nanjing 211800, Jiangsu Province, PRC with a total aggregate floor area of approximately 20,829.05 sq. m. According to the information available to the Purchaser, the Target Property is currently solely occupied by the Purchaser with an existing lease due to expire on 31 December 2016, which is renewable for a further term of 12 months by serving three months’ prior notice.

Set out below are certain financial information of the Target Company for the two financial years ended 31 December 2015 and the seven months ended 31 July 2016:

	<b>Year ended 31 December 2014 (audited) RMB’000</b>	<b>Year ended 31 December 2015 (audited) RMB’000</b>	<b>7 months ended 31 July 2016 (unaudited) RMB’000</b>
Profit/(loss) before taxation	1,744.1	3,521.9	852.6
Profit/(loss) after taxation	1,563.7	3,298.0	733.2
Net Assets/(liabilities)	9,395.5	12,693.6	103,688.9

Upon completion of the Acquisition, the Target Company will become an indirectly wholly-owned subsidiary of Company and its financial results will be consolidated into the consolidated financial statements of the Group.

## **REASONS FOR AND BENEFIT OF THE ACQUISITION**

Upon completion of the Acquisition, the Company will indirectly hold the entire equity interest in the Target Company which in turn is holding the entire interest in the Target Property. As at the date of this announcement, the Purchaser is the sole tenant of the Target Property. The Target Property is currently occupied by the Purchaser as the headquarter and research center of the Group. Earmarked by the local government as one of the properties in an economic development zone, the Target Property is located in an area with good transportation infrastructures and can be directly accessed by various highways and roads. As such, mobility is relatively convenient for staff of the Group. Upon completion of the Acquisition, the Group will no longer have to pay for rental of its headquarters. Taking into consideration the potential growth of the area where the Target Property is located, the Directors believe that the Acquisition will allow the Company to maintain stability of the Group's development without incurring any adverse disruption to the business and research and development process of the Group and costs saving in the long-run. Based on the Consideration, the monthly depreciation based on the Company's current depreciation policy of 50 years for land and 20 years for buildings will be less than the amount of rental that the Company is currently paying. In addition, through the Acquisition, title of the Target Property and any future appreciation in value of the Target Property will belong to the Company.

Based on the foregoing, the Directors consider that the Acquisition is entered into on normal commercial terms, and the terms of the Acquisition are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **INFORMATION ON THE PARTIES**

The Company is incorporated in the Cayman Islands with limited liability and its shares are listed on the main board of the Stock Exchange. The Company is an investment holding company, and together with its subsidiaries, is principally engaged in software development, system integration, sales of related computer products and provision of other related services in the PRC.

The Purchaser is a company established in the PRC, a wholly-owned subsidiary of the Company, and is principally engaged in investment and advisory services in the PRC.

The Vendor is a company established in the PRC and is principally engaged in property leasing and property management in the PRC.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition are 5% or more but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but is exempted from shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

None of the Directors are considered to be interested in the transactions contemplated under the Equity Transfer Agreement. Therefore, none of the Directors is required to abstain from voting at the Board meeting approving the entry into the Equity Transfer Agreement by the Company.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the entire equity interest in the Target Company by the Purchaser pursuant to the terms of the Equity Transfer Agreement
“Company”	Sinosoft Technology Group Limited, a company incorporated under the laws of the Cayman Islands whose shares are listed on the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 26 August 2016 entered into by and between the Purchaser and the Vendor in relation to the Acquisition

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Parties”	third parties independent of and not connected with the Company or any of its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	Jiangsu Skytech Investment Management Co., Limited * (江蘇擎天科技投資管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“sq. m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Nanjing Aisita Real Estate Company Limited * (南京艾斯特置業有限公司), a company established in the PRC with limited liability and as at the date of this announcement, being a company wholly-owned by the Vendor
“Target Property”	a property with four buildings located at No.26 Tianpu Road, Pukou District, Nanjing 211800, Jiangsu, the PRC with a total aggregate floor area of approximately 20,829.05 sq. m.

“Valuation Report”	a valuation report dated 3 August 2016 in relation to the valuation of the entire equity interest in the Target Company as of 31 July 2016 prepared by an independent valuer in the PRC
“Vendor”	Nanjing Jingtian Technology Co., Limited * (南京競天科技有限公司), a company established in the PRC with limited liability. It is a subsidiary of a shareholder of the Company which holds a less than 5% interest in the Company
“%”	per cent.

*For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at HK\$1.00 = RMB0.85736.*

By order of the Board  
**Sinosoft Technology Group Limited**  
**Xin Yingmei**  
*Chairlady*

Hong Kong, 26 August 2016

*As at the date of this announcement, the executive Directors are Ms. Xin Yingmei and Mr. Yu Yifa, and the independent non-executive Directors are Mr. Kang Choon Kiat, Mr. Kwauk Teh Ming, Walter and Mr. Zong Ping.*

*\* For illustration purpose only*