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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)

CLARIFICATION ANNOUNCEMENT

IN RELATION TO

(1) ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2016; AND

(2) INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2017

Reference is made to the annual report of Sinosoft Technology Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2016 (the “**2016 Annual Report**”) and the interim report of the Company for the six months ended 30 June 2017 (the “**2017 Interim Report**”).

The Company noted certain errors as disclosed under note 37 (*Contingent Liabilities*) to the consolidated financial statements as contained in the 2016 Annual Report and note 18 (*Contingent Liabilities*) to the condensed consolidated financial statements as contained in the 2017 Interim Report where Nanjing Skytech Co., Limited (南京擎天科技有限公司) (“**Nanjing Skytech**”), a wholly-owned subsidiary of the Company, has been involved in a series of disputes with Janful Limited (“**Janful**”) over a joint venture company, Nanhua Skytech Technology Co., Ltd. (南京南華擎天資訊科技有限公司) (“**Nanhua Skytech**”), established and held as to 33.3% and 66.7% by Nanjing Skytech and Janful, respectively, in 2000, and wishes to make the following clarification, with the changes amended and double-underlined as follow:

“18. CONTINGENT LIABILITIES

Nanjing Skytech has been involved in a series of disputes with Janful Limited (“**Janful**”) over a joint venture company set up between Nanjing Skytech and Janful in 2000. Various legal actions were commenced by Janful for claims against the Group, but most of which were dismissed by courts or were subsequently withdrawn. On 15 September 2015, the Group received a court order issued by the Nanjing Intermediate People’s Court, ordering the defendants of the Group to pay a damage of approximately RMB 27,906,000 to **Nanhua Skytech Technology Co., Ltd. (南京南華擎天資訊科技有限公司) (“Nanhua Skytech”)**. The Group had issued a defend letter and filed an appeal to the Higher People’s Court of Jiangsu Province (“**Higher Court**”). On 1 July 2016, the Group received the judgement made by the Higher Court to **maintain the claim of Nanhua Skytech**. On 11 July 2016, the Group issued another defend letter to the Supreme People’s Court of The People’s Republic of China (“**Supreme People’s Court**”). On 3 August 2016, the Group received a notice of case registration from the Supreme People’s Court. In October 2016, the Group issued a supplementary defend letter to the Supreme People’s Court. Pursuant to the Company’s further announcements dated 6 December 2015, Janful filed an application to the Beijing Fourth Intermediate People’s Court (the “**Beijing Court**”) for the revocation of the China International Economic and Trade Arbitration Commission Arbitral Award (“**CIETAC**”) which was given in favour of Nanjing Skytech but after the trials, the Beijing Court made a judgement that the rationale for Janful’s application to revoke the CIETAC Arbitral Award was unsubstantiated. On 7 November 2016, the Beijing Court issued a decision to dismiss Janful’s application of revoking the CIETAC Arbitral Award. This decision is final and conclusive with effect from 7 November 2016 as per Company’s announcement dated 14 November 2016. The directors believe, based on the legal advices, the action (**for the case in the Supreme People’s Court**) can be successfully defended and therefore no losses (including claims for costs) will be incurred. Accordingly, no provision for any of such claims was made in the condensed consolidated financial statements at 30 June 2017 and prior year.”

Based on the aforesaid, the Company is still liable for a damage of approximately RMB 27,906,000 to Nanhua Skytech, however, the Group would like to emphasize that as disclosed in the Company’s prospectus dated on 27 June 2013, any potential economic losses arising as a result of the above case will be borne by the original shareholders and any net loss arising from the above case will only be 66.7% of the gross amount.

Save as otherwise, the contents to the 2016 Annual Report and 2017 Interim Report remain unchanged.

By order of the Board
Sinsoft Technology Group Limited
Xin Yingmei
Chairlady

Hong Kong, 8 December 2017

As at the date of this announcement, the executive directors of the Company are Ms. Xin Yingmei and Mr. Yu Yifa, the non-executive director of the Company is Mr. Hu Xiaoming, Simon, and the independent non-executive directors of the Company are Mr. Kang Choon Kiat, Mr. Kwauk Teh Ming, Walter and Mr. Zong Ping.