

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purposes only and does not constitute an invitation for offer to acquire, purchase or subscribe for securities of the Company.*



**中软国际**

**CHINASOFT INTERNATIONAL LIMITED**

**中軟國際有限公司\***

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

**Stock Code: 354**

**PROPOSED ISSUE OF 4.25% CONVERTIBLE NOTES  
DUE 2013 UNDER SPECIFIC MANDATE  
PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL  
RESUMPTION OF TRADING**

**Financial Adviser and Arranger of the Convertible Notes**



**ISSURANCE OF CONVERTIBLE NOTES**

The Board is pleased to announce that on 3 October 2010, the Company and the Subscriber entered into the Subscription Agreement relating to the issue and subscription of the 4.25% Convertible Notes due 2013 in an aggregate principal amount of RMB200 million (equivalent to approximately HK\$231.62 million).

The Conversion Price shall initially be the lower of (i) HK\$2.00 or (ii) 1.2 times the volume weighted average of the closing price per Share for the five trading days prior to issuance of the Convertible Notes (subject to adjustment from time to time in accordance with the terms of the Convertible Notes). Assuming full conversion of the Convertible Notes, the Convertible Notes will be convertible into a maximum of 464,006,391 Conversion Shares and a minimum of 115,809,100 Conversion Shares, representing approximately 42.84% and 10.69% of the issued share capital of the Company, respectively as at the date of this announcement and approximately 29.99% and 9.66% of the issued share capital of the Company, respectively as enlarged by the issue of the Conversion Shares upon exercising the conversion right attaching to the Convertible Notes in full.

The Noteholder shall have the right to convert the whole of the principal amount of the Convertible Notes on any Business Day on or prior to the close of business on the Maturity Day. The Noteholder shall be entitled to an interest of 4.25% per annum, payable semi-annually in arrears in equal installments on 15 January and 15 July in each year, commencing on 15 January 2011.

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be granted to the Directors at the EGM. The Conversion Shares will rank *pari passu* in all respects with the existing Shares in issue. The estimated net proceeds from the issue of the Convertible Notes of approximately HK\$230 million will be applied (i) towards financing the cash consideration due under the share purchase agreement dated 22 September, 2010 between the Company, MMIM Technologies, Inc and certain selling shareholders (“**MMIM Acquisition**”), details of which are set out in the announcement of the Company dated 24 September, 2010 and (ii) with any remaining amount being used for general working capital.

The Subscription is conditional upon, among other things, (i) the approval from the Shareholders at the EGM; (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Conversion Shares; (iii) the Series A Preferred Shareholders having consented to the issue of the Convertible Notes and the issue of the Conversion Shares; and (iv) the number of the Conversion Shares issuable upon full exercise of the Convertible Rights on the Completion Date shall not be equal to 30 per cent. or more of the issued and outstanding share capital of the Company on the Completion Date. If such conditions are not fulfilled or waived, the Subscription will not proceed.

### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

As at the date of this announcement, the authorized share capital of the Company is HK\$75,000,000 divided into 1,500,000,000 Shares, of which 1,083,197,314 Shares have been allotted and issued and fully paid. In order to accommodate the issue of Conversion Shares pursuant to the Convertible Notes under the Subscription Agreement and possible further issue of Shares under the Series A Preferred Shares and share options granted by the Company and shares issuable under the MMIM Acquisition, the Board proposes to increase the authorized share capital of the Company from HK\$75,000,000 divided into 1,500,000,000 Shares of HK\$0.05 each to HK\$100,000,000 divided into 2,000,000,000 Shares of HK\$0.05 each by creation of additional 500,000,000 Shares.

### **EGM**

An EGM will be held to consider and, if thought fit, passing the resolutions to approve (i) the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Notes and the issue and allotment of the Conversion Shares; (ii) the grant of the Specific Mandate; and (iii) the Authorised Share Capital Increased.

A circular containing, among other matters, further details of (i) the Subscription Agreement, (ii) the detailed terms and conditions of the Convertible Notes; (iii) the Authorised Share Capital Increased; and (iv) a notice of the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 4 October, 2010 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 6 October, 2010.

### **THE SUBSCRIPTION AGREEMENT**

**Date:** 3 October 2010

**Issuer:** The Company

**Subscriber:** EJF Capital LLC or an investment vehicle under its management

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquires, the Subscriber and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

### **Conditions Precedent**

The obligation of the Subscriber to subscribe for the Convertible Notes is subject to the satisfaction, or waiver by the Subscriber (other than with respect to (a), (b), (c) and (d) below), of the following conditions:

- (a) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to such conditions as to the Company and the Subscriber have no reasonable objection) listing of and permission to deal in the Conversion Shares;
- (b) the approval of the board of directors of the Company authorising (i) the execution and completion of the Subscription Agreement in accordance with its terms, (ii) the issue of the Convertible Notes and (iii) the issue of the Conversion Shares if the Subscriber decides to exercise the Conversion Rights;
- (c) the Shareholders having approved (i) the Authorised Share Capital Increased, (ii) the transactions contemplated under the Subscription Agreement, and (iii) the issue of the Convertible Notes and the issue and allotment of the Conversion Shares at the EGM;

- (d) the Series A Preferred Shareholders having consented to the issue of the Convertible Notes and the issue of the Conversion Shares and waived any pre-emption rights in connection therewith;
- (e) the warranties by the Company in the Subscription Agreement are true, correct, accurate and not misleading in all material respects on the date of Subscription Agreement and as of the Completion Date as though such warranties were made at such date (except that any warranties that are made as of a specified date shall be true and correct in all material respects as of such specified date); and
- (f) the Company shall have performed all of its obligations therein expressed to be performed on or before the Completion Date;
- (g) the delivery prior to Completion of the completion documents; and
- (h) no action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any governmental or regulatory authority that would, as of the Completion Date, as the case may be, prevent the issuance or sale of Convertible Notes, or the issuance of the Conversion Shares; and no injunction or order of any court shall have been issued that would, as of the Completion Date, prevent the issuance or sale of Convertible Notes or the issuance of the Conversion Shares.

The obligations of the Company to issue the Convertible Notes is subject to the satisfaction, or waiver by the Company (other than (c) and (d)), of the following conditions:

- (a) the representations and warranties by the Subscriber in the Subscription Agreement are true, correct, accurate and not misleading in all material respects on the date of the Subscription Agreement and as of the Completion Date as though such representations and warranties were made at such date (except that any representations and warranties that are made as of a specified date shall be true and correct in all material respects as of such specified date);
- (b) the Subscriber shall have performed all of its obligations hereunder expressed to be performed on or before the Completion Date;
- (c) the number of the Conversion Shares issuable at the initial conversion price upon full exercise of the Conversion Rights on the Completion Date shall not be equal to 30 per cent. or more of the issued and outstanding share capital of the Company on the Completion Date (“**30% Limitation**”); and

- (d) no action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any governmental or regulatory authority that would, as of the Completion Date, as the case may be, prevent the issuance or sale of the Convertible Notes, or the issuance of the Conversion Shares; and no injunction or order of any court shall have been issued that would, as of the Completion Date, prevent the issuance or sale of Convertible Notes or the issuance of the Conversion Shares.

### **Completion**

Subject to the fulfillment of the Conditions Precedent above, Completion of the Subscription Agreement shall take place on a date which is the fifth Business Day after the last of the Conditions Precedent of (a) to (d) above for the Subscriber to purchase the Convertible Notes remaining to be satisfied, is satisfied (or waived by the Subscriber) (or such other date as may be agreed between the Company and the Subscriber). Further announcement will be made by the Company upon completion of the Subscription.

### **Undertaking by the Company to the Subscriber**

#### *Protective Provisions*

So long as the Subscriber owns at least 50% of the aggregate principal amount of the Convertible Notes, the Company shall not, without prior written consent of the Subscriber, take the following actions:

- (a) amend and/or repeal any provision of its memorandum of association or the articles of association, which would adversely affect the rights of the Subscriber;
- (b) issue or authorise the issue of any securities of any class having any right, preference or priority superior to or on a parity with the Convertible Notes;
- (c) commence liquidation, dissolution or the winding up of the affairs or the Company or any of its subsidiaries;
- (d) enter into any merger, consolidation or sale, to the extent that any such transaction involves all or substantially all of the assets of the Company which results in the control of the Company at its general meetings being transferred to a third party;
- (e) authorise or pay any dividend on any shares (i) in preference to, or *pari passu*, with the dividends payable on the Conversion Shares (other than payments of dividends due under the terms of the Series A Preferred Shares) or (ii) of any subsidiary of the Company unless, in the case of dividends payable by subsidiaries, the entire amount of such dividends are solely payable to the Company;
- (f) make any redemption or repurchase any capital stock of the Company, except for bona fide open market purchases from time to time conducted by the Company as approved by the Board;

- (g) make any loan or advancement to or issue any guarantee or indemnity for any other company (other than a wholly owned subsidiary of the Company) or persons (including connected persons) outside the ordinary course of business of the Company; or
- (h) issue any other guarantees outside the ordinary course of business of the Company.

*Issue at a discount*

So long as the Subscriber owns at least 25% of the aggregate principal amount of the Convertible Notes, the Company shall not, and shall procure that no member of the Group shall (without prior written consent of the Subscriber):

- (a) issue or offer new Shares for subscription or purchase at a price per Share which is less than 70% of the closing price per Share on the latest trading day preceding the date of the announcement of the terms of such issue or offer;
- (b) issue or grant any options, warrants or other rights to subscribe for or purchase or otherwise acquire Shares, or any securities which by their terms of issue carry (directly or indirectly) right of conversion into, or exchange or subscription for, any new Shares issuable by the Company in each case at a price per Share which is less than 70% of the closing price per Share on the latest trading day preceding the date of the announcement of the terms of such issue or grant;
- (c) issue any securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, new Shares (or grant any such rights in respect of existing securities so issued) or securities which by their terms might be re-designated as Shares and the consideration per Share receivable upon conversion, exchange, subscription or re-designation is less than 70% of the closing price per Share on the latest trading day preceding the date of the announcement of the terms of such issue;
- (d) modify the rights of conversion, exchange, subscription, purchase, or acquisition attaching to any such securities as mentioned above at paragraph 2.3(c) above, so that following such modification the consideration per Share receivable has been reduced and is less than 70% of the closing price per Share on the latest trading day preceding the date of the first announcement of the terms of issue of such securities; and/or
- (e) offer to Shareholders new Shares for subscription by way of rights, and/or grant any options, warrants, or other rights to subscribe for, purchase or convert into any Shares which would result in the number of Shares issuable under such rights issue or grant exceeding 50 per cent. or more of the number of issued and outstanding Shares in the share capital of the Company on the date of announcement of the terms of such issue or grant.

## PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

The principal terms of the Convertible Notes are summarised as follows:

Issuer:	The Company
Principal amount:	RMB200 million
Maturity Date:	The third anniversary of the date of issue of the Convertible Notes
Interest:	4.25% per annum, payable semi-annually in arrears in equal installments on 15 January and 15 July in each year, commencing on 15 January 2011.
Conversion:	<p>The Noteholder shall have the right to convert on any Business Day on or prior to the close of business on the Maturity Date, the whole of the principal amount of their Convertible Notes in denominations of RMB10,000,000 or integral multiples thereof into Shares at any time and from time-to-time at the Conversion Price</p> <p>No fraction of a Share shall be issued on conversion of the Convertible Notes and no cash payment will be made to the Noteholders in respect of the fraction.</p>
Conversion Price:	shall initially be the lower of (i) HK\$2.00 or (ii) 1.2 times the volume weighted average of the closing price per Share for the five trading days prior to issuance of the Notes
Adjustment:	the Conversion Price is subject to adjustment for, amongst other things, upon the occurrence of consolidation, subdivision or reclassification, capitalization of profits or reserves, capital distributions
Conversion Rate:	initially be a number of Shares (rounded to the nearest fifth decimal place), to be calculated by dividing RMB10,000,000 (translated into Hong Kong dollars at the median exchange rate between Hong Kong dollars and RMB published by the People's Bank of China on the Completion Date) by the initial Conversion Price, subject to the Adjustment;
Ranking of the Conversion Shares:	The Conversion Shares will rank pari passu in all respects with the existing Shares in issue.

Redemption:	The Company has no right to require early cancellation or redemption of any of the Convertible Notes prior to the Maturity Date
	Noteholders may terminate and request immediate redemption of the Convertible Notes at their principal amount then outstanding together with accrued interest upon occurrence of certain events of defaults
Transferability:	The Convertible Notes are freely transferable and shall be in denominations of RMB10,000,000 or integral multiples
Voting rights:	A Noteholder shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of his being a Noteholder
Listing:	No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock or securities exchange.
Governing Law:	Hong Kong

### **CONVERSION PRICE**

The Conversion Price shall initially be the lower of (i) HK\$2.00 or (ii) 1.2 times the volume weighted average of the closing price per Share for the five trading days prior to issuance of the Notes. For illustrative purpose only, assuming the initial Conversion Price is HK\$2.00, being the maximum Conversion Price, it represents:

- (1) a discount of 2.9% to the closing price of the Shares of HK\$2.06 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a discount of 9.5% to the average of the closing prices of the Shares of HK\$2.21 per Share for the last five consecutive trading days up to and including the Last Trading Day; and
- (3) a discount of 9.5% to the average of the closing prices of the Shares of HK\$2.21 per Share for the last ten consecutive trading days up to and including the Last Trading Day.

The Conversion Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares. The Directors consider that the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.



Assuming full conversion of the Convertible Notes, the Convertible Notes will be convertible into a maximum of 464,006,391 Conversion Shares (under the 30% Limitation) and a minimum of 115,809,100 Conversion Shares, representing approximately 42.84% and 10.69% of the issued share capital of the Company, respectively as at the date of this announcement and approximately 29.99% and 9.66% of the issued share capital of the Company, respectively as enlarged by the issue of the Conversion Shares upon exercising the conversion right attaching to the Convertible Notes in full.

## **REASONS FOR AND USE OF PROCEEDS FOR THE ISSUE OF THE CONVERTIBLE NOTES**

The Group is principally engaged in the provision of consulting-powered solutions, professional information technology outsourcing (ITO) and business process outsourcing (BPO), and human resources supply chain oriented training services, including information technology consulting, software development, application integration, software testing, software localization, construction and maintenance of business application platforms, IT outsourcing and operational process outsourcing.

The Board considers that the entering into of the Subscription Agreement and the issue of Convertible Notes represent an opportunity to obtain immediate funding towards financing the cash consideration due under the MMIM Acquisition, details of which are set out in the announcement of the Company dated 24 September, 2010.

The gross proceeds from issue of the Convertible Notes will be RMB200 million (equivalent to approximately HK\$231.62 million). The estimated net proceeds from the issue of the Convertible Notes will be approximately HK\$230 million will be applied (i) towards financing the cash consideration due under the MMIM Acquisition and (ii) with any remaining amount being used for general working capital.

The Board believes that although the issue of the Conversion Shares upon conversion of the Convertible Notes will lead to a potential dilution effect on the shareholding of the Company, the Subscription Agreement represents an opportunity to strengthen the capital base of the Company.

## **SPECIFIC MANDATE FOR THE ISSUE OF THE CONVERSION SHARES**

The Conversion Shares will be issued under the Specific Mandate to be sought from the Shareholders at the EGM.

The Convertible Notes will be issued under the Specific Mandate. Under the Specific Mandate, the Company is authorized to issue up to 464,006,391 Shares.

## **APPLICATION FOR LISTING**

No application will be made for the listing of, or permission to deal in, the Convertible Notes on the Stock Exchange or any other stock exchange.

The Company will apply to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon exercise of the Conversion Rights attaching to the Convertible Notes.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The Conversion Price shall initially be the lower of (i) HK\$2.00 or (ii) 1.2 times the volume weighted average of the closing price per Share for the five trading days prior to issuance of the Notes, hence assuming full conversion of the Convertible Notes, the Convertible Notes will be convertible into a maximum of 464,006,391 Conversion Shares (under the 30% Limitation) and a minimum of 115,809,100 Conversion Shares.

For illustrative purpose only, the table below summarises the shareholding structure of the Company (i) as at the date of this announcement; (ii) assuming full conversion of the Convertible Notes at the initial Conversion Price of HK\$2.00 and (iii) assuming full conversion of the Convertible Notes under the 30% Limitation:

Shareholder	As at the date of this announcement			Assuming full conversion of the Convertible Notes at Conversion Price of HK\$2.00 (Note)			Assuming full conversion of the Convertible Notes under the 30% Limitation		
	No. of	Approximate	Approximate	No. of	Approximate	Approximate	No. of	Approximate	Approximate
	Ordinary/ Series A Preferred Shares	% of Ordinary Shares	Voting %	Ordinary/ Series A Preferred Shares	% of Ordinary Shares	Voting %	Ordinary/ Series A Preferred Shares	% of Ordinary Shares	Voting %
<b>Ordinary Shares</b>									
China National Computer Software & Technology Service Corporation (Hong Kong) Limited	245,315,173	22.65%	19.66%	245,315,173	20.46%	17.99%	245,315,173	15.86%	14.33%
Far East Holdings International Limited	138,989,822	12.83%	11.14%	138,989,822	11.59%	10.19%	138,989,822	8.98%	8.12%
Greater Pacific Capital Partners, LP	119,268,639	11.01%	9.56%	119,268,639	9.95%	8.75%	119,268,639	7.71%	6.97%
<b>Directors</b>									
Dr. Chen Yuhong	44,420,136	4.10%	3.56%	44,420,136	3.70%	3.26%	44,420,136	2.87%	2.60%
Dr. Cui Hui	20,000,000	1.85%	1.60%	20,000,000	1.67%	1.47%	20,000,000	1.29%	1.17%
Dr. Tang Zhenming	11,747,765	1.08%	0.94%	11,747,765	0.98%	0.86%	11,747,765	0.76%	0.69%
Mr. Wang Hui	9,237,838	0.85%	0.74%	9,237,838	0.77%	0.68%	9,237,838	0.60%	0.54%
Mr. Zeng Zhijie	300,000	0.03%	0.02%	300,000	0.03%	0.02%	300,000	0.02%	0.02%
The Subscriber	-	-	-	115,809,100	9.66%	8.49%	464,006,391	29.99%	27.11%
Public	493,917,941	45.60%	39.59%	493,917,941	41.19%	36.22%	493,917,941	31.92%	28.86%
Total Ordinary Shares	1,083,197,314	100%	86.82%	1,199,006,414	100%	87.94%	1,547,203,705	100%	90.39%
<b>Series A Preferred Shares</b>									
Microsoft	97,250,000	-	7.79%	97,250,000	-	7.13%	97,250,000	-	5.68%
Dr. Chen Yuhong	38,300,000	-	3.07%	38,300,000	-	2.81%	38,300,000	-	2.24%
Others	28,950,000	-	2.32%	28,950,000	-	2.12%	28,950,000	-	1.69%
Total Series A Preferred Shares	164,500,000	-	13.18%	164,500,000	-	12.06%	164,500,000	-	9.61%
TOTAL	<u>1,247,697,314</u>	-	100%	<u>1,363,506,414</u>	-	100%	<u>1,711,703,705</u>	-	100%

*Note:* For the purpose of illustration only, conversion of RMB into Hong Kong dollars is based on the exchange rate of RMB0.86349 to HK\$1.00.

## **FUND-RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any fund raising activities in the past twelve months immediately preceding the date of this announcement.

## **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

As at the date of this announcement, the authorized share capital of the Company is HK\$75,000,000 divided into 1,500,000,000 Shares, of which 1,083,197,314 Shares have been allotted and issued and fully paid. In order to accommodate the issue of Conversion Shares pursuant to the Convertible Notes under the Subscription Agreement and possible further issue of Shares under the Series A Preferred Shares and share options granted by the Company and shares issuable under the MMIM Acquisition, the Board proposes to increase the authorized share capital of the Company from HK\$75,000,000 divided into 1,500,000,000 Shares of HK\$0.05 each to HK\$100,000,000 divided into 2,000,000,000 Shares of HK\$0.05 each by creation of additional 500,000,000 Shares.

The Authorised Share Capital Increased is subject to and conditional upon the passing of an appropriate ordinary resolution by the Shareholders at the EGM.

## **GENERAL**

An EGM will be held to consider and, if thought fit, passing the resolutions to approve (i) the Subscription Agreement and the transaction contemplated thereunder, including the issue of the Convertible Notes and the issue and allotment of the Conversion Shares; (ii) the grant of the Specific Mandate; and (iii) Authorised Share Capital Increased.

A circular containing, among other matters, further details of the Subscription Agreement, the detailed terms and conditions of the Convertible Notes (iii) the Authorised Share Capital Increased; and (iv) a notice of the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 4 October, 2010 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 6 October, 2010.

## DEFINITIONS

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

“Authorised Share Capital Increased”	the proposed increase in the authorised share capital of the Company from HK\$75,000,000 divided into 1,500,000,000 Shares of HK\$0.05 each to HK\$100,000,000 divided into 2,000,000,000 Shares of HK\$0.05 each by creation of additional 500,000,000 Shares”
“Board”	the board of Directors
“Business Day”	a day (except Saturday) on which banks in Hong Kong and New York are open for business for more than four hours
“Company”	Chinasoft International Limited, a company incorporated in the Cayman Islands with limited liability and the Ordinary Shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription in accordance with the terms of the Subscription Agreement
“Completion Date”	the date which is the fifth Business Day after the last of the Conditions Precedent of (a) to (d) for the Subscriber to purchase remaining to be satisfied, is satisfied (or waived by the Subscriber the Convertible Notes) (or such other date as may be agreed between the Company and the Subscriber)
“Conditions Precedent”	the conditions to which Completion is subject as set out in the paragraph headed “Conditions Precedent” in this announcement
“Convertible Notes”	the 4.25% convertible notes due 2013 in an aggregate principal amount of RMB200 million to be issued by the Company pursuant to the Subscription Agreement
“Conversion Price”	initially be the lower of (i) HK\$2.00 or (ii) 1.2 times the value weighted average of the closing price per Share for the five trading days prior to issuance of the Notes (subject to adjustment in accordance to the terms and conditions of the Convertible Notes under the Subscription Agreement)

“Conversion Rights”	the rights attached to the Convertible Notes to convert the principal amount (or any part(s) thereof)
“Conversion Share(s)”	new Share(s) to be allotted and issued by the Company to the Subscriber upon exercising the conversion right attaching to the Convertible Notes, the number of which shall be subject to adjustment as a result of adjustment of the Conversion Price
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of, among others, considering and, if thought fit, approving the Subscription Agreement, the grant of the Specific Mandate and the Authorised Share Capital Increased
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	30 September 2010, being the last full trading day for the Shares on the Stock Exchange prior to the issue of this announcement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the third anniversary of the date of issue of the Convertible Notes
“Noteholder(s)”	holder(s) of the Convertible Notes
“Ordinary Share(s)”	ordinary share(s) of HK\$0.05 each in the issued share capital of the Company
“Parties”	the parties to the Term Sheet, being the Company and the Purchaser
“PRC”	the People’s Republic of China which for the purpose of this announcement, shall not include Hong Kong, The Macau Special Administrative Region of the PRC and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“Series A Preferred Share(s)”	the senior redeemable convertible preferred share(s) of HK\$0.05 each in the issued share capital of the Company
“Subscriber”	EJF Capital LLC, an investment advisor registered under the Securities and Exchange Commission of the United States of America
“Share(s)”	the ordinary share(s), HK\$0.05 par value per share, of the Company, quoted for trading on the Stock Exchange;
“Shareholders”	holder(s) of the Ordinary Shares
“Specific Mandate”	the specific mandate to be granted to the Directors by the Shareholders at the EGM to issue new Shares at any time during the period specified in the relevant ordinary resolution
“Subscription”	the subscription of the Convertible Notes subject to and upon the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into between the Company and the Subscriber dated 3 October 2010 in respect of the Subscription
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“%”	per cent

*For the purpose of illustration only, conversion of RMB into Hong Kong dollars in this announcement is based on the exchange rate of RMB0.86349 to HK\$1.00. Such conversion should not be construed as a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate.*

By order of the Board  
**Chinasoft International Limited**  
**Dr. CHEN Yuhong**  
*Managing Director*

Hong Kong, 5 October 2010

*As at the date of this announcement, the Directors of the Company are as follows:*

*Executive Directors:*

Dr. CHEN Yuhong (Managing Director), Dr. TANG Zhenming, Mr. WANG Hui

*Non-executive Directors:*

Dr. CUI Hui (Chairman), Mr. Duncan CHIU, Mr. FANG Jun, Mr. LIU Zheng,  
Dr. ZHANG Yaqin

*Independent Non-executive Directors:*

Mr. XU Zeshan, Mr. ZENG Zhijie, Dr. LEUNG Wing Yin

\* *For identification purposes only*