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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)

**(1) STRATEGIC COOPERATION;
AND
(2) SUBSCRIPTION OF 50 MILLION NEW ORDINARY SHARES
AT A SUBSCRIPTION PRICE OF HK\$3.68 PER SHARE**

Financial Adviser



INTRODUCTION

The Board is pleased to announce that on 3 May 2015, the Company and BOCOM International entered into the Strategic Cooperation Agreement and the Subscription Agreement.

THE STRATEGIC COOPERATION AGREEMENT

On 3 May 2015, the Company entered into a Strategic Cooperation Agreement with BOCOM International. The principal terms set out in the Strategic Cooperation Agreement are (i) BOCOM International undertakes to hold Shares as a long term strategic investor of the Company; (ii) to strengthen the alliance with BOCOM through BOCOM International's strategic investment and do their best to help Chinasoft to build Strategic partnership with BOCOM in Internet finance and big data application area; (iii) through the BOCOM International partnership, introduce financing options onto Chinasoft's Jointforce platform, develop "IT service supply chain financing" products and realize Internet finance services revenue; and (iv) to leverage on BOCOM International and break into the Internet securities business to increase Internet operation's revenue.

THE SUBSCRIPTION AGREEMENT

On 3 May 2015, the Company entered into the Subscription Agreement with BOCOM International pursuant to which BOCOM International conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, the Subscription Shares at the Subscription Price of HK\$3.68 per Subscription Share.

The Subscription Shares represent approximately (i) 2.58% of the total number of issued Shares as at the date of this announcement; and (ii) 2.52% of the total number of issued Shares as enlarged by the issue of the Subscription Shares.

USE OF PROCEEDS

The gross proceeds from the issue of Subscription Shares will be HK\$184 million. After taking into account the estimated expenses in relation to the Subscription, the net proceeds from the Subscription is approximately HK\$181.5 million. The Company intends to apply the net proceeds in the following areas:

- approximately HK\$100 million for the collaboration with BOCOM to develop businesses related to supply chain financing;
- approximately HK\$34 million for the development of internet financing and related businesses;
- approximately HK\$25 million for the operation and promotion of the Company's strategic product – JointForce platform; and
- the remaining portion of the proceeds would be utilized for general working capital purposes.

LISTING RULES IMPLICATION

The Subscription Shares will be issued under the General Mandate which was granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the AGM.

WARNING

Holders of the securities of the Company and potential investors should note that completion of the Subscription Agreement is subject to the fulfillment of the conditions precedent under the Subscription Agreement. As the Subscription may or may not proceed, holders of the securities of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company.

SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 1:00 p.m. on 27 April 2015 pending the release of, amongst others, this announcement. Trading of the Shares on the Stock Exchange will remain suspended pending the release of a further announcement in connection with further issue of new Shares by way of placing.

The Board is pleased to announce that on 3 May 2015, the Company and BOCOM International entered into the Strategic Cooperation Agreement and the Subscription Agreement. Principal terms of the Strategic Cooperation Agreement and the Subscription Agreement are set out below:–

THE STRATEGIC COOPERATION AGREEMENT

Date

3 May 2015

Parties

- (i) The Company; and
- (ii) BOCOM International

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, BOCOM International is neither a connected person nor an associate of a connected person of the Company or acting in concert with any of the connected persons of the Company or any of their respective associates.

Purpose of the Strategic Cooperation Agreement

Purpose of cooperation

BOCOM International values the strategic partnership with Chinasoft and agrees to hold onto the newly subscribed shares for the long term and will strive to expand related businesses with the Company. Chinasoft will leverage BOCOM International's experience and influence in the finance sector to expand its financial service businesses and explore potential customers. At the same time, BOCOM International can provide full capital market related services for Chinasoft. This partnership will create a positive synergy and allow Chinasoft's business development and market valuation to increase rapidly.

Content of the Strategic Cooperation Agreement between the Parties

1. *BOCOM International Promises to Enter the Company as a Strategic Investor and Become a Long-Term Shareholder of the Company*

BOCOM International, through this subscription, will become a long-term strategic shareholder of the Company and strengthen the partnership between the two parties.

2. *Through BOCOM International's Investment to strengthen the Partnership Between the Company and BOCOM*

Through BOCOM International's investment, the Company will not only strengthen its partnership with BOCOM and get help from BOCOM international to build Strategic partnership with BOCOM in Internet finance and big data application area, but also improve its position as an IT software developer and provider. The Company can also leverage on BOCOM and BOCOM International's influence in the finance industry to expand its ITS in financial services and explore potential customers.

3. *Through the BOCOM International Partnership, Introduce Financing Options onto the Company's Jointforce Platform, Develop "IT service supply chain financing" Products and Realize Internet Finance Services Revenue*

BOCOM International will help the Company design Internet finance products that will help the suppliers and buyers achieve their financing needs on the Jointforce platform. Through this, the Company can either charge service fees to realize Internet finance revenue under the Jointforce ecosystem. Through the Jointforce financing plans and designs, the Company will have a more finance element in its business, allow it to expand in different directions in the Internet finance industry.

4. *Leverage on BOCOM International and Break Into the Internet Securities Business*

The Company will also leverage on BOCOM International's existing online securities platform to provide advanced technological support to help BOCOM International create a closed loop system of opening accounts, putting money in accounts, giving information, consulting, paying, and using big data to help accurately identify target clients' needs and improve customer relations.

THE SUBSCRIPTION AGREEMENT

Date

3 May 2015

Parties

Issuer : The Company

Subscriber : BOCOM International

Subscription Shares

Pursuant to the Subscription Agreement, BOCOM International conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, the Subscription Shares at the Subscription Price of HK\$3.68 per Subscription Share.

The Subscription Shares represent approximately (i) 2.58% of the total number of issued Shares as at the date of this announcement; and (ii) 2.52% of the total number of issued Shares as enlarged by the issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$2,500,000. As at the date of this announcement, the number of issued Shares was 1,937,987,757 Shares; and after completion of the Subscription, the number of issued Shares will be 1,987,987,757 Shares.

The Subscription Shares, when allotted and issued on the Completion Date, shall be free from all encumbrances and together with all rights and benefits attaching to the Subscription Shares as at the Completion Date including the right to receive all dividends and other distributions thereafter declared, made or paid on the Subscription Shares save for any right or entitlement the record date for which precedes the date on which such Subscription Shares are allotted and issued, subject to the memorandum and articles of association for the time being of the Company.

Ranking of Subscription Shares

The Subscription Shares will rank *pari passu* in all respects with all other Shares in issue as at the Completion Date.

Subscription Price

The Subscription Price of HK\$3.68 represents:

- (i) a discount of approximately 12.17% to the closing price of HK\$4.19 per Share as quoted on the Stock Exchange on Last Trading Day;
- (ii) a discount of approximately 11.11% over the average closing price of HK\$4.14 per Share in the last five consecutive Trading Days up to and including the Last Trading Day; and

- (iii) a discount of approximately 14.02% over the average closing price of HK\$4.28 per Share in the last ten consecutive Trading Days up to and including the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and BOCOM International on the date of the Subscription Agreement with reference to the prevailing market prices of the Shares. The Directors (including the independent non-executive Directors) consider that the Subscription Price is fair and reasonable.

Conditions precedent to the Subscription Agreement

Completion of the Subscription is conditional upon fulfilment of the following conditions:-

- (i) no breach of warranties and undertakings by the Company in all material respects;
- (ii) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares and such approval has not been revoked prior to Completion.

The Company must use all reasonable endeavours to obtain the satisfaction of the above conditions precedent as soon as practicable.

If the conditions precedent referred above have not been fulfilled on or before 8 May 2015 (or such later date as may be agreed between the Parties), all the rights, obligations and liabilities of the Parties shall cease and terminate and none of the Parties thereto shall have any claim against any other in respect of the Subscription, save for any antecedent breaches of the Subscription Agreement.

Completion

Completion shall take place on the Business Day after the date on which the conditions precedent having been fulfilled, or such later date as may be agreed by the Company and BOCOM International.

General Mandate

The Subscription Shares will be issued under the General Mandate.

As at the date of the AGM, the total number of Shares in issue was 1,870,300,283. The maximum number of Shares that can be issued under the General Mandate is 374,060,056 Shares, representing approximately 20% of the number of issued Shares as at the date of the AGM.

As at the date of this announcement, the General Mandate has not been utilised since it was granted and the number of new Shares that could be issued by the Company under the General Mandate is 374,060,056 Shares.

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 Subscription Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the possible effects of the Subscription on the shareholding structure of the Company, assuming that no Shares will be issued or repurchased during the period between the date of this announcement and the Completion Date:–

	As at the date of this announcement		issue of the Subscription Shares in full	
	Shares	%	Shares	%
Shareholders				
<i>Directors</i>				
Dr. Chen Yuhong (<i>Note</i>)	254,392,861	13.13%	254,392,861	12.80%
Dr. Tang Zhenming	11,827,765	0.61%	11,827,765	0.60%
Mr. Wang Hui	8,281,838	0.43%	8,281,838	0.42%
Mr. Zeng Zhijie	250,000	0.01%	250,000	0.01%
<i>Public Shareholders</i>				
BOCOM International	–	–	50,000,000	2.51%
Other Public Shareholders	1,663,235,293	85.82%	1,663,235,293	83.66%
Total	<u>1,937,987,757</u>	<u>100.00%</u>	<u>1,987,987,757</u>	<u>100.00%</u>

Note: The interest of Dr. CHEN Yuhong is held either directly by himself, through Prime Partners Development Limited, a corporation wholly owned by him and through a discretionary trust.

INFORMATION OF JOINTFORCE

Jointforce is an IT service crowd sourcing platform that integrates social resources through a trusted network of peoples. It is an IT service ecosystem consisting of IT engineers, enterprises and clients. It is a high efficiency platform that utilizes cloud capabilities to achieve online delivery, organization of resources between IT service companies and engineers, and a trusted payment system.

INFORMATION ON BOCOM INTERNATIONAL

BOCOM International is a wholly-owned subsidiary of BOCOM. BOCOM shares are listed both in Hong Kong Stock Exchange and Shanghai Stock Exchange.

REASONS FOR AND THE BENEFITS OF ENTERING INTO THE SUBSCRIPTION AGREEMENT

The Group is an established corporation that provides global software and information technology (IT) services in China. It is a comprehensive provider of end-to-end software and information services, ranging from consulting to solution, outsourcing and talent training. Its businesses cover various industries such as government, manufacturing, finance, telecommunication, high technologies, public utilities and energy etc. Its services are distributed across the world, with more than 25,000 employees.

BOCOM International desired to establish a strategic cooperation with the Company and in consideration of fostering a closer strategic relationship with BOCOM International and allowing it become one of the strategic investors of the Company, the Company, after arm's length negotiations with BOCOM International, agreed to issue the Subscription Shares to BOCOM International pursuant to the Subscription Agreement.

The Board considers the entering into the Strategic Cooperation Agreement, shall create positive synergies between the Company and BOCOM International, accelerate the Company's business transformation and developments as well as enhancing the Company's capital market valuation.

The Subscription by BOCOM International pursuant to the Subscription Agreement and their intention to hold the Subscription Shares on a long term basis pursuant to the Strategic Cooperation Agreement demonstrates their confidence in the prospects of the Group.

Based on the above, the Directors considered that the entering into of the Strategic Cooperation Agreement and the Subscription Agreement are in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds from the issue of the Subscription Shares will be HK\$184 million. After taking into account the estimated expenses in relation to the Subscription, the net proceeds from the Subscription is approximately HK\$181.5 million. The Company intends to apply the net proceeds in the following areas:

- approximately HK\$100 million for the collaboration with BOMCOM to develop businesses related to supply chain financing;
- approximately HK\$34 million for the development of internet financing and related businesses;
- approximately HK\$25 million for the operation and promotion of the Company's strategic product – JointForce platform; and
- the remaining portion of the proceeds would be utilized for general working capital purposes.

The net price per Subscription Share is expected to be approximately HK\$3.6307.

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.

WARNING

Holders of the securities of the Company and potential investors should note that completion of the Subscription Agreement is subject to the fulfillment of the conditions precedent under the Subscription Agreement. As the Subscription may or may not proceed, holders of the securities of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company.

LISTING RULES IMPLICATION

The Subscription Shares will be issued under the General Mandate which was granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the AGM. The issue of the Subscription Shares pursuant to the General Mandate is not subject to separate approval of the Shareholders.

SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 1:00 p.m. on 27 April 2015 pending the release of, amongst others, this announcement. Trading of the Shares on the Stock Exchange will remain suspended pending the release of a further announcement in connection with further issue of new Shares by way of placing.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 19 May 2014, at which (among others) resolution for the grant of the General Mandate to the Directors was passed by the Shareholders
“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“BOCOM”	Bank of Communications Co., Ltd. a joint stock limited company incorporated in the PRC

“BOCOM International”	BOCOM International Holdings Company Limited, a company incorporated in Hong Kong with limited liability
“Business Day”	a day (that is not a Saturday, a Sunday and or a day on which a tropical cyclone warning number 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or a day on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which banks in Hong Kong are generally open for business
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Company”	Chinasoft International Limited, a company incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Completion Date”	the date on which the Completion shall take place
“Director(s)”	the director(s) of the Company
“General Mandate”	a general mandate granted to the Directors at the AGM to exercise the powers of the Company to allot and issue Shares up to 20% of the issued ordinary share capital of the Company as at the date of the AGM
“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”	24 April 2015, 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
“Parties”	the parties to the Strategic Cooperation Agreement and the Subscription Agreement, being the Company as one of the parties, and BOCOM International being the other party
“PRC”	the People’s Republic of China which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC
“Share(s)”	ordinary share(s) of HK\$0.05 each in the issued share capital of the Company
“Shareholders”	holder(s) of the Ordinary Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Cooperation Agreement”	the agreement dated 3 May 2015 entered into between the Company and BOCOM International in relation to the strategic cooperation between the Parties
“Subscription”	the subscription of the Subscription Shares by BOCOM International pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the agreement dated 3 May 2015 entered into between the Company and BOCOM International in relation to the Subscription
“Subscription Price”	HK\$3.68 per Subscription Share pursuant to the terms and conditions of the Subscription Agreement
“Subscription Shares”	50,000,000 new Ordinary Shares to be allotted and issued by the Company to BOCOM International pursuant to the terms and conditions of the Subscription Agreement
“Trading Day(s)”	any day(s) on which the Stock Exchange is open for its regular trading sessions

“%”

per cent.

By order of the Board
Chinasoft International Limited
Dr. CHEN Yuhong
Chairman and Chief Executive Officer

Hong Kong, 4 May 2015

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

Executive Directors:

Dr. CHEN Yuhong (*Chairman and Chief Executive Officer*), Dr. TANG Zhenming,
Mr. WANG Hui

Non-executive Directors:

Dr. ZHANG Yaqin

Independent Non-executive Directors:

Mr. ZENG Zhijie, Dr. LEUNG Wing Yin, Dr. SONG Jun

* *For identification purposes only*