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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)

**COMPLETION OF PLACING OF NEW SHARES
UNDER GENERAL MANDATE
CLARIFICATION ANNOUNCEMENT IN RELATION
TO THE USE OF PROCEEDS**

Sole Placing Agent



Reference is made to the announcement of Chinasoft International Limited (the "Company") dated 5 October 2021 in respect of the placing of new shares under the general mandate (the "Announcement"). Unless defined otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

COMPLETION OF PLACING

The Board is pleased to announce that the completion of the Placing took place on 12 October 2021.

A total of 162,000,000 new Shares, representing approximately 5.28% of the total issued share capital of the Company as at the date of this announcement (as enlarged by the allotment and issue of the Placing Shares immediately upon completion of the Placing), have been successfully placed by the Placing Agent to not less than six Placees at Placing Price of HK\$12.26 per Placing Share pursuant to the terms and conditions of the Placing Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placees and their respective ultimate beneficial owners (if applicable) are professional, institutional, or other investors who are third parties independent of the Company and its connected persons. None of the Placees has become a substantial shareholder of the Company upon completion of the Placing.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the shareholding structure of the Company immediately before and upon completion of the Placing is as follow:

	Immediately before completion of the Placing		Immediately after completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Chen Yuhong (<i>Notes 1 & 2</i>)	284,392,861	9.79	284,392,861	9.27
Dan Capital Tangkula Limited Partnership (<i>Note 2</i>)	25,830,000	0.89	25,830,000	0.84
Dan Capital Kunlun Limited Partnership (<i>Note 2</i>)	68,870,000	2.37	68,870,000	2.24
UBS Group AG (<i>Note 3</i>)	303,160,720	10.43	303,160,720	9.88
Bank of Communications Trustee Limited (<i>Note 4</i>)	153,607,000	5.29	153,607,000	5.01
Placees	–	–	162,000,000	5.28
Other independent shareholders	<u>2,070,246,777</u>	<u>71.24</u>	<u>2,070,246,777</u>	<u>67.48</u>
Total	<u><u>2,906,107,358</u></u>	<u><u>100.00</u></u>	<u><u>3,068,107,358</u></u>	<u><u>100.00</u></u>

Note:

1. *Dr. Chen Yuhong is an executive Director. The 16,600,000 shares are the awarded shares granted to Dr. Chen Yuhong on 1 June 2020 and held by the trustee to the Share Award Scheme – Bank of Communications Trustee Limited, of which 5,600,000 awarded shares were and the remaining awarded shares will be vested by period based on future performance.*
2. *Pursuant to the subscription of convertible notes with a total principal amount of HK\$900,000,000 (the “**Dan Capital CB**”) issued by the Company on 3 July 2017 to Dan Capital Tangkula Limited Partnership (the “**Tangkula**”) and Dan Capital Kunlun Limited Partnership (the “**Kunlun**”) (collectively known as the “**Dan Capital CB holders**”), 50,800,000 and 129,200,000 ordinary shares were allotted and issued to Tangkula and Kunlun respectively on 14 December 2020 upon conversion of the Dan Capital CB. As at the date of this announcement, 25,830,000 and 68,870,000 ordinary shares of the Company were held by Tangkula and Kunlun respectively. A concert party undertaking was entered by Dr. Chen Yuhong and the Dan Capital CB holders to regulate their dealings in the shares of the Company on 24 May 2017, as such, Dan Capital CB holders were deemed to be interested in 284,392,861 underlying shares of the Company held by Dr. Chen Yuhong for the purposes of section 317 of the SFO.*
3. *UBS AG, UBS Asset Management Shanghai Ltd, UBS Asset Management (Americas) Inc., UBS Asset Management (Australia) Ltd, UBS Asset Management (Deutschland) GmbH, UBS Asset Management (Hong Kong) Ltd, UBS Asset Management (Singapore) Ltd, UBS Asset Management (UK) Limited, UBS Asset Management Switzerland AG, UBS Asset Management Trust Company, UBS Europe SE, UBS Fund Management (Luxembourg) S.A., UBS Fund Management (Switzerland) AG, UBS Switzerland AG and UBS Trustees (Jersey) Limited are the wholly-owned subsidiaries of UBS Group AG. Accordingly, as of 8 October 2021, UBS Group AG was deemed to be interested in the long positions of 303,160,720 shares in the Company held by these companies as disclosed above. As of 8 October 2021, UBS Group AG together with these wholly-owned subsidiaries did not control the exercise of 10% or more of the voting power at the general meeting of the Company.*
4. *On 10 December 2018, the Company entered into a trust deed to appoint Bank of Communications Trustee Limited as trustee of the trust and to manage the trust fund and administer the share award scheme of the Company. Details of the share award scheme are set out in the section headed “Other Information” of the interim report of the Company for the six months ended 30 June 2021.*

USE OF PROCEEDS FROM THE PLACING

The Company would like to clarify that the term “HarmonyOS” under the section headed “Reasons for the Placing and Use of Proceeds” in the Announcement should be supplemented and revised to “HarmonyOS and OpenHarmony” as set out below (with the change underlined for ease of reference).

The net proceeds from the Placing is approximately HK\$1,970 million (after deduction of commission and other expenses of the Placing) and will be used in the following manner:

- (a) approximately HK\$788 million, representing approximately 40% of the net proceeds from the Placing, will be used for the research and development of full-stack cloud smart products and solutions, as well as investments and mergers and acquisitions related to the Company’s main business so as to further enhance the Company’s technological capabilities and perfect the overall business layout;
- (b) approximately HK\$788 million, representing approximately 40% of the net proceeds from the Placing, will be used for developing hardware and software products and solutions for HarmonyOS and OpenHarmony, the research and development of full-stack technologies required for atomic services, making investments and mergers and acquisitions around the HarmonyOS and OpenHarmony industrial ecology, and becoming a leader in the HarmonyOS and OpenHarmony ecology; and
- (c) approximately HK\$394 million, representing approximately 20% of the net proceeds from the Placing, will be used for general working capital of the Company.

The Company confirms that, apart from the term “HarmonyOS” be supplemented and revised to “HarmonyOS and OpenHarmony”, there is no change in the proposed Use of Proceeds from the Placing in the Announcement.

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

Hong Kong, 12 October 2021

As at the date of this announcement, the Board comprises three executive Directors, namely Dr. Chen Yuhong (Chairman and Chief Executive Officer), Dr. He Ning (Vice Chairman) and Dr. Tang Zhenming, three non-executive Directors, namely Dr. Zhang Yaqin, Mr. Gao Liangyu and Mrs. Gavriella Schuster, and three independent non-executive Directors, namely Mr. Zeng Zhijie, Dr. Lai Guanrong and Professor Mo Lai Lan.

* For identification purposes only