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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: 8216)

**SUBSCRIPTION OF NEW SHARES
AND
RESUMPTION OF TRADING**

The Board announces that the Company and the Subscriber entered into the Subscription Agreement on 19 April 2007.

Under the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for a total of 32,300,000 New Shares at the price of HK\$1.70 per New Share. The New Shares represent approximately 4.26% of the total existing issued Ordinary Shares and approximately 4.08% of the total issued Ordinary Shares as enlarged by the issue of the New Shares.

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

Trading of the Ordinary Shares on GEM was suspended at 9:30 a.m. on 19 April 2007 pending the release of this announcement. An application has been made to the Stock Exchange for resumption of trading of the Ordinary Shares with effect from 9:30 a.m. on 20 April 2007.

SUBSCRIPTION AGREEMENT

Date

19 April 2007

Parties

(a) The Company

(b) The Subscriber

The Subscriber is an existing shareholder of the Company. As at the date of the Subscription Agreement, the Subscriber holds 48,080,000 Ordinary Shares, representing approximately 6.34% of the existing total issued Ordinary Shares. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscriber and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

New Shares

A total of 32,300,000 New Shares to be subscribed by the Subscriber, representing approximately 4.26% of the existing total issued Ordinary Shares and approximately 4.08% of the total issued Ordinary Shares as enlarged by the issue of the New Shares.

The proposed issue and allotment of the New Shares will not trigger any pre-emptive rights on the part of the holders of the Series A Preferred Shares to purchase on a pro-rata basis the New Shares.

Subscription Price

HK\$1.70 per New Share. Taking into account the relevant expenses (including a structuring fee of HK\$823,650 payable to the Subscriber in consideration for its involvement in the transactions contemplated in the Subscription Agreement), the net price to the Company of each New Share is approximately HK\$1.6745 per New Share and the net proceeds to the Company is expected to be approximately HK\$54.1 million.

The subscription price per New Share was agreed after arm's length negotiations. It represents a discount of approximately 5.56% to the closing price of HK\$1.80 per Ordinary Share as quoted on GEM on 18 April 2007, being the last trading day prior to the suspension of trading in the Ordinary Shares pending the release of this announcement; and a discount of approximately 8% to the average closing price of approximately HK\$1.846 per Ordinary Share for the five trading days up to and including 18 April 2007, being the last trading day prior to the suspension of trading in the Ordinary Shares pending the release of this announcement.

General mandate to issue New Shares

The New Shares will be issued pursuant to the general mandate granted by the shareholders of the Company to the Board on 18 May 2006. As at the date of this announcement, there have been no new Ordinary Shares issued pursuant to the Company's general mandate.

There has been no fund raising exercise by the Company in the past 12 months prior to the date of the Subscription Agreement.

An application will be made to the Listing Committee of GEM for the listing of, and permission to deal in, the New Shares to be issued pursuant to the Subscription.

Ranking

The New Shares, when issued and fully paid, will rank pari passu in all respects with Ordinary Shares in issue at the date of allotment and in particular will rank in full for all dividends and other distributions declared made or paid at any time after the date of completion of the Subscription, and shall be issued free from all liens, charges, security interests, encumbrances and adverse claims.

Condition of the Subscription

Completion of the Subscription is conditional upon the Listing Committee of GEM granting listing of, and permission to deal in, all of the New Shares.

If the above condition precedent to the Subscription is not fulfilled on or before that date which is 14 days from the date of the Subscription Agreement, or such later date as may be agreed between the parties, then the Subscription Agreement and all rights and obligations thereunder will cease and terminate.

Completion of the Subscription

Completion of the Subscription will take place within two business days following the receipt by the Subscriber of written confirmation and evidence it may reasonably require that the above condition precedent has been satisfied.

EFFECT ON SHAREHOLDING

As at the date of this announcement, the number of issued Ordinary Shares is 758,817,476. On completion of the Subscription Agreement and assuming there is no other issue of Ordinary Shares prior to such completion, the number of issued Ordinary Shares will be increased to 791,117,476.

The Subscriber is an existing shareholder of the Company. The impact of the Subscription Agreement on its and other shareholders' holdings of Ordinary Shares is set out below:

	As at the date of this announcement		Immediately after completion of the Subscription Agreement	
	No. of Ordinary Shares	Approximate % of the total issued Ordinary Shares	No. of Ordinary Shares	Approximate % of the total issued Ordinary Shares
China National Computer Software & Information Technology Service Corporation (Hong Kong) Limited	199,010,755	26.22	199,010,755	25.15
Far East Holdings International Limited	130,129,822	17.15	130,129,822	16.45
Certain Directors	60,193,075	7.93	60,193,075	7.61
The Subscriber ^{Note}	48,080,000	6.34	48,080,000	6.08
Other public shareholders	321,403,824	42.36	353,703,824	44.71
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Total	758,817,476	100%	791,117,476	100%
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Note: The Subscriber has agreed to sell to a third party a portion of its existing shareholding of the Company (representing approximately 4.26% of the total existing issued Ordinary Shares) prior to completion of the Subscription such that it will not become a substantial shareholder (as defined in the GEM Listing Rules) of the Company upon completion of the Subscription. To the best of the Directors' and the Subscriber's knowledge, information and belief having made reasonable enquiries, the aforesaid acquirer of Ordinary Shares from the Subscriber and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

REASONS FOR THE SUBSCRIPTION AGREEMENT AND USE OF PROCEEDS

In view of favourable current market conditions, the Board considers that the Subscription represents a good opportunity to raise further funds for the Company, while at the same time broadening its capital base. The net proceeds to be received by the Company from the Subscription will amount to approximately HK\$54.1 million. The Company intends to apply most of the net proceeds for payment of the consideration for the acquisition of Hinge Global Resource Inc, particulars of which are disclosed in the announcement of the Company dated 5 January 2007. The Board (including the independent non-executive Directors) considers the terms of the Subscription Agreement to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL

Trading in the Ordinary Shares on GEM was suspended with effect from 9:30 a.m. on 19 April 2007 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Ordinary Shares from 9:30 a.m. on 20 April 2007.

Application will be made to the Listing Committee of GEM for the listing of, and permission to deal in, the New Shares.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Company”	Chinasoft International Limited, a company incorporated in the Cayman Islands, the Ordinary Shares of which are listed on GEM
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“New Shares”	32,300,000 new Ordinary Shares to be subscribed by the Subscriber under the Subscription Agreement
“Ordinary Shares”	ordinary shares of HK\$0.05 each in the share capital of the Company
“Series A Preferred Shares”	the senior redeemable convertible preferred shares of HK\$0.05 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	ABN AMRO Bank N.V., London Branch, an international bank offering a wide range of banking products and financial services on a global basis
“Subscription”	the conditional subscription by the Subscriber of the New Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 19 April 2007 between the Company and the Subscriber in relation to the Subscription

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

Hong Kong, 19 April 2007

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:

Madam Tang Min (*Chairman*)

Dr. CUI Hui

Mr. Timothy CHEN Yung Cheng

Mr. Duncan CHIU

Mr. LIU Zheng

Independent Non-executive Directors:

Mr. HE Ning

Mr. ZENG Zhijie

Dr. LEUNG Wing Yin

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* *For identification purposes only*