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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)

**PROPOSED ISSUE OF CONVERTIBLE NOTES
AND
RESUMPTION OF TRADING**

Financial Advisor to the Company



The Board is pleased to announce that on 14 September 2010, (after the morning trading session) the Company and the Purchaser have entered into the Term Sheet. Under the Term Sheet, the Parties agreed in principle that the Company will issue and the Purchaser will subscribe the Convertible Notes for a principal amount of minimum of RMB136 million and up to a maximum of RMB200 million.

The Term Sheet constitutes legally binding commitments upon the Parties to enter into the Definitive Agreement which shall set out the detailed terms and conditions of the Convertible Notes and shall be entered into on or before 30 September 2010.

WARNING

The terms and conditions set out in the Term Sheet are not final and may be subject to further amendments and additional terms and conditions upon entering into the Definitive Agreement. If the Definitive Agreement is entered into, it and the transactions contemplated thereunder shall be subject to Listing Rules and approval of the Shareholders. Further announcements will be made by the Company as and when necessary.

The final terms and conditions of the Definitive Agreement are subject to agreement by the Parties and the transactions contemplated under the Term Sheet may or may not proceed. If such transactions proceed, they will be in accordance with the terms of the Definitive Agreement which may or may not be the same as stated in the Term Sheet. Shareholders and the investing public are advised to exercise caution when dealing in the securities of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 2:30 p.m. on 14 September 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 17 September 2010.

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THE TERM SHEET

The Parties agreed that the terms and conditions of the Convertible Notes shall incorporate the following:

Parties

Issuer: the Company

Purchaser: EFJ Capital LLC

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

PRINCIPAL TERMS OF THE TERM SHEET

Principal amount: Minimum of RMB136 million and up to a maximum of RMB 200 million

Maturity Date: The third anniversary of the date of issue of the Convertible Notes

Conversion Price: Lesser of HK\$2.00 or 20% premium to the 5-day average volume weighted average price, based on the 5 trading days prior to closing

Interest: 4.25% per annum and payable semi-annually

Conversion Right: The Convertible Notes are convertible in whole or in part by the Purchaser into Ordinary Shares at the Conversion Price at any time prior to the Maturity Date

Ranking: The Convertible Notes will rank pari-passu with the Series A Preferred Shares

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The Company is now discussing a possible acquisition and if materialized the Directors intend to utilize the proceeds from the Convertible Notes to finance such acquisition.

DEFINITIVE AGREEMENT

The detailed terms and conditions of the Convertible Notes shall be set forth in the Definitive Agreement to be entered into by the Parties. The Definitive Agreement shall embody the terms of the Convertible Notes and such other terms as the Parties may reasonably agree and shall be entered into on or before 30 September 2010.

The Definitive Agreement shall be subject to fulfillment of all relevant conditions precedent, including (but not limited to) the following:

- (1) the passing of ordinary resolutions by the Shareholders at an extraordinary general meeting to be convened approving, inter alia, the issue of the Convertible Notes and, upon the exercise of the conversion rights attaching to the Convertible Notes, the allotment and issue of Shares in accordance with the terms of the Convertible Notes;
- (2) the Listing Committee of the Stock Exchange having granted or having agreed to grant the listing of, and permission to deal in, the Shares falling to be issued up an exercise of the conversion rights attaching to the Convertible Notes; and
- (3) the Company having obtained from the Stock Exchange and all other requisite approval or consent to the consummation of the transactions contemplated by the Definitive Agreement.

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DEFINITIONS

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

“Board”	the board of Directors
“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
“Convertible Notes”	convertible notes of up to RMB200 million principal amount
“Director(s)”	the director of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ordinary Share(s)” or “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
“Purchaser”	EJF Capital LLC, an investment advisor registered under the Securities and Exchange Commission of the United States of America

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Ordinary Shares and the Series A Preferred Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“Term Sheet”	the term sheet entered into between the Company and the Purchaser on 14 September 2010 (Hong Kong time)
“%”	per cent

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

Hong Kong, 16 September 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*