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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 ISSUE OF CONVERTIBLE NOTES
UNDER GENERAL MANDATE
AND
SUPPLEMENTAL AGREEMENT TO THE SUBSCRIPTION AGREEMENT
FOR THE SUBSCRIPTION**

The Board is pleased to announce that all the conditions to the Subscription Agreement (as amended by the Supplemental Agreement) have been fulfilled and the completion of the Subscription took place on 3 July 2017. Pursuant to the terms and conditions of the Subscription Agreement and the Supplemental Agreement, the Convertible Notes with a total principal amount of HK\$900,000,000 have been issued by the Company to the Ultimate Subscribers.

The Supplemental Agreement has been entered into by the Company and the Subscriber on 18 May 2017 to amend certain terms and conditions in the Subscription Agreement.

Reference is made to the announcement of Chinasoft International Limited (the “**Company**”) dated 18 April 2017 in relation to, among other matters, the proposed issue of Convertible Notes under the General Mandate (the “**Announcement**”). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

* *For identification purposes only*

COMPLETION OF THE SUBSCRIPTION

The Board is pleased to announce that all the conditions to the Subscription Agreement and the Supplemental Agreement have been fulfilled and that the Convertible Notes in the total principal amount of HK\$900,000,000 have been issued by the Company to the Ultimate Subscribers (as defined below) on 3 July 2017. Based on the initial Conversion Price of HK\$5.00 per Conversion Share, a maximum number of 180,000,000 Shares will be allotted and issued upon exercise of the Conversion Rights attached to the Convertible Notes in full.

SUPPLEMENTAL AGREEMENT TO THE SUBSCRIPTION AGREEMENT

On 18 May 2017 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into an amendment agreement to the Subscription Agreement (the “**Supplemental Agreement**”) in relation to the revision of certain terms and conditions in the Subscription Agreement, details of which are set forth below.

Ultimate Subscribers

As disclosed in the Announcement, there was an undertaking made by the Subscriber under the Subscription Agreement in relation to establishing Dan Capital Kunlun Limited Partnership and Dan Capital Tangkula Limited Partnership (collectively known as the “**Ultimate Subscribers**”) each a limited partnership to be established in the British Virgin Islands, and transfer its rights and obligations under the Subscription Agreement to the Ultimate Subscribers immediately upon their establishment. Pursuant to the Supplemental Agreement, such undertaking was amended to establish the Ultimate Subscribers in the Cayman Islands instead of the British Virgin Islands.

Pursuant to the above-mentioned undertaking made by the Subscriber under the Subscription Agreement (as amended by the Supplemental Agreement), the Company, the Subscriber and the Ultimate Subscribers have executed a deed of novation (the “**Deed of Novation**”) on 29 June 2017. Pursuant to the Deed of Novation, the Subscriber has transferred its rights and obligations under the Subscription Agreement to the Ultimate Subscribers with effect from 29 June 2017.

As disclosed in the Announcement, Mr. Chen Yidan (陳一丹), through subscription of the limited partnership interests in any of the two Ultimate Subscribers, shall hold indirectly, the beneficial ownership of an aggregate principal amount of HK\$540,000,000 of the Convertible Notes upon the Completion. Pursuant to the Supplemental Agreement, Mr. Chen Yidan’s indirect holding of the beneficial ownership of the Convertible Notes has been revised to HK\$571,000,000.

The Company's Undertaking

As disclosed in the Announcement, there was an undertaking made by the Company to the Subscriber under the Subscription Agreement, pursuant to which from the issue date of the Convertible Notes and so long as any Convertible Note is outstanding and unconverted, if the Ultimate Subscribers of the Convertible Notes collectively hold any Convertible Notes and/or any Conversion Shares that together account for an aggregate principal amount of HK\$360,000,000 or more of the original Convertible Notes, unless with the prior approval of the Ultimate Subscribers, Dr. Chen Yuhong (陳宇紅), the Chairman and Chief Executive Officer of the Company, shall not sell in aggregate 120,000,000 or more Shares of the Company held by him as of 30 April 2017 (with any necessary adjustment to reflect any subsequent sub-division, consolidation, re-classification of any such Shares or such other change to such Shares as the parties may consider appropriate (acting reasonably) to reflect the number of Shares fairly).

Pursuant to the Supplemental Agreement, the above undertaking made by the Company has been removed. Instead, Dr. Chen Yuhong has executed the Deed of Undertaking (as defined below) in favour of the Ultimate Subscribers as further detailed in the section headed "Undertaking by Dr. Chen Yuhong" below.

Restrictions on Further Issue of Shares

As disclosed in the Announcement, there was an undertaking made by the Company under the Subscription Agreement in relation to the restrictions on further issue of Shares, details of which were set forth in the section headed "Principal Terms of the Convertible Note – Company's Undertaking" in the Announcement. Pursuant to the Supplemental Agreement, such undertaking was amended, allowing the Company, on each applicable occasion, to disregard such terms on restrictions on further issue of Shares, if and to the extent that the Directors (acting reasonably) decide that complying with such terms (a) is not in the best interests of the Company and its Shareholders, or (b) would constitute a breach or violation under the articles of association of the Company, the Listing Rules or any other applicable laws.

Form and Denomination of the Convertible Notes

As disclosed in the Announcement, the Convertible Notes are issued in registered form in the denomination of HK\$5,000,000 each. Pursuant to the Supplemental Agreement, the denomination of the Convertible Notes has been revised from HK\$5,000,000 to HK\$1,000,000 each.

UNDERTAKING BY DR. CHEN YUHONG

In connection with the Supplemental Agreement, Dr. Chen Yuhong has executed a deed of undertaking on 24 May 2017 (the “**Deed of Undertaking**”). Pursuant to the Deed of Undertaking, Dr. Chen Yuhong undertakes to the Ultimate Subscribers that from the issue date of the Convertible Notes and so long as any Convertible Note is outstanding and unconverted, if the Ultimate Subscribers collectively hold any Convertible Notes and/or any Conversion Shares that together account for an aggregate principal amount of HK\$360,000,000 or more of the Conversion Notes originally issued under the Subscription Agreement, unless with the prior approval of the Ultimate Subscribers, he will not sell in aggregate 120,000,000 or more Shares of the Company held by himself as of 30 April 2017 (with any necessary adjustment to reflect any subsequent sub-division, consolidation, re-classification of any such Shares or such other change to such Shares as the parties may consider appropriate (acting reasonably) to reflect the number of Shares fairly).

INFORMATION ON THE ULTIMATE SUBSCRIBERS

Each of the Ultimate Subscribers is an exempted limited partnership incorporated in the Cayman Islands. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Ultimate Subscribers and its ultimate beneficial owners is an independent third party.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

In order to allow further flexibility to the Company and reflect the change in the place of incorporation of the Ultimate Subscribers, after arm’s length negotiation, the Company entered into the Supplemental Agreement with the Subscriber to amend certain terms and conditions of the Subscription Agreement as described above. As such, the Directors consider that the amendments to the Subscription Agreement pursuant to the Supplemental Agreement are in the best interests of the Company and the Shareholders as a whole.

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

Hong Kong, 3 July 2017

As at the date of this announcement, the Board comprises two executive Directors, namely Dr. Chen Yuhong (Chairman and Chief Executive Officer) and Dr. Tang Zhenming, two non-executive Directors, namely Dr. Zhang Yaqin and Mr. Samuel Thomas Goodner, and three independent non-executive Directors, namely Mr. Zeng Zhijie, Dr. Leung Wing Yin and Dr. Lai Guanrong.