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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) PLACING OF NEW SHARES UNDER GENERAL MANDATE
AND
(2) RESUMPTION OF TRADING**

Placing Agent and Bookrunner



Financial Adviser



PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Board announced that on 4 May 2015, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company appointed the Placing Agent as its agent to procure Placees who are Independent Third Parties to subscribe or failing which, to subscribe itself for, the Placing Shares at a price of HK\$3.68 per Placing Share on the terms and conditions of the Placing Agreement.

The Placing Shares represent (i) approximately 2.58% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 2.51% of the issued share capital of the Company as enlarged by the issue of the Placing Shares and (iii) approximately 2.45% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares and the 50,000,000 Shares to be issued under the Strategic Share Issue.

The gross proceeds from the issue of Placing Shares will be HK\$184 million. After taking into account the estimated expenses in relation to the Placing, the net proceeds from the Placing is approximately HK\$179 million.

The Company intends to apply the net proceeds in the following areas:

- HK\$80 million will be used to acquire oversea companies with large data volume processing capabilities in the finance industry; and
- HK\$50 million will be used to expand enterprise cloud services channels and develop a enterprise cloud platform
- the remaining proceeds will be used to supplement working capital

The Placing is conditional upon the Listing Committee granting the listing of, and permission to deal in, the Placing Shares.

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. Holders of the securities of the Company and potential investors should note that completion of the Placing Agreement is subject to the fulfillment of the condition precedent under the Placing Agreement. As the Placing 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.

RESUMPTION 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 other, this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 5 May 2015.

THE PLACING AGREEMENT

Date: 4 May 2015

Parties: (1) Issuer: The Company

(2) Placing Agent: BOCOM Securities

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent is an Independent Third Party.

Principle terms of the Placing Agreement

Placing Shares: The Placing Shares represent (i) approximately 2.58% of the existing issued share capital of the Company, (ii) approximately 2.51% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares and (iii) approximately 2.45% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares and the 50,000,000 shares to be issued under the Strategic Share Issue. The aggregate nominal value of the Placing Shares is HK\$2,500,000. The Placing Agent has conditionally agreed to procure Placees who are Independent Third Parties to subscribe or failing which, to subscribe itself for, the Placing Shares on the terms and conditions of the Placing Agreement.

Placing Price: The price of HK\$3.68 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent on the date of the Placing Agreement with reference to the prevailing market price of the Shares on the Stock Exchange. The Placing Price represents:

- (a) a discount of approximately 12.17% to the closing price of HK\$4.19 per Share as quoted on the Stock Exchange on 24 April 2015, being the Last Trading Day; and
- (b) a discount of approximately 11.11% to the average closing price of approximately HK\$4.14 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to the Last Trading Day.

The Company will bear the costs and expenses in connection with the Placing and the net proceeds from the Placing is estimated to be approximately HK\$179 million. As a result, the net price per Placing Share will be approximately HK\$3.58.

Placing Commission: The Placing Agent will receive a placing commission of 1.5% of the aggregate Placing Price multiplied by the number of the Placing Shares. The Placing commission was determined after arm's length negotiations between the Company and the Placing Agent.

Placees: Placing Shares are placed by the Placing Agent to the following Placees:

25,000,000 Placing Shares to China Life Franklin Asset Management Co., Ltd

25,000,000 Placing Shares to The Peoples Insurance Company (Group) of China Limited

Both of whom are Independent Third Parties. It is expected that none of the Placees will become a substantial Shareholder (as defined under the Listing Rules) as a result of the Placing.

Ranking of the Placing Shares: The Placing Shares, when issued, will be fully paid up and will rank pari passu in all respects with other Shares in issue at the date of Completion and the Placing Shares, when issued, will be free from any mortgage, charge, pledge, lien, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same as at the date of Completion.

Condition: The Placing is conditional upon the Listing Committee granting the listing of, and permission to deal in, the Placing Shares.

In the event of the condition above not having been fulfilled within 10 days following the date of the Placing Agreement (or such later date as may be agreed by the Company and the Placing Agent), all rights, obligations and liabilities of the parties in relation to the Placing shall cease and determine and none of the parties under the Placing Agreement shall have any claim against any other in respect of the Placing, save for any antecedent breaches of the Placing Agreement.

Completion: Completion shall take place on the 2nd Business Day next following the fulfillment of the condition of the Placing, or such other time or date as the Company and the Placing Agent may agree.

Termination:

The Placing Agent shall have the right to terminate the Placing Agreement at any time prior to Completion if any of the following occurs:

- (a) there shall have come to the notice of the Placing Agent any material breach of, or any event rendering untrue or incorrect in any material respect, any of the Company's undertakings, warranties and representations set out in the Placing Agreement; or any material adverse change in the business or in the financial or trading position of the Group taken as a whole which is material in the context of the Placing;
- (b) there develops, occurs or comes into effect:
 - (i) any event, development or change (whether or not local, national or international), including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions in the PRC (including Hong Kong), other countries or territories and which in the reasonable opinion of the Placing Agent would materially prejudice the success of the Placing or trading of the Shares in the market;
 - (ii) any new law, rule or regulation or any change in existing laws, rules or regulations or other occurrence of any nature whatsoever which, in the reasonable opinion of the Placing Agent is or may be materially adverse to the business or financial position or prospects of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;
 - (iii) any event or circumstance or material change or deterioration in local, national, international, political, military, financial, economic, market or trading conditions or any other conditions in any part of the world in which the Company or any other member of the Group carries on business

which, in the reasonable opinion of the Placing Agent is or may be materially adverse to the business or financial position or prospects of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;

- (iv) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or the PRC or elsewhere which will materially and adversely affect the business or the financial or trading position of the Group taken as a whole or which would, in the reasonable opinion of the Placing Agent, materially prejudice the success of the Placing; or
- (v) the instigation of any litigation or claim of material importance by any third party against any member of the Group, which has or may have a material adverse effect on the business or financial prospects of the Group taken as a whole and which in the reasonable opinion of the Placing Agent would materially prejudice the success of the Placing.

Application for listing: Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Placing Shares.

General Mandate

Upon Completion, the Placing Shares will be allotted and issued under the General Mandate. The General Mandate entitles the Directors to allot, issue and deal with up to 374,060,056 Shares, representing approximately 20.00% of the issued share capital of the Company as at the annual general meeting of the Company held on 19 May 2014 approving the General Mandate.

As at the date of this announcement, 50,000,000 Shares under the General Mandate have been utilised by the Company for the issue of 50,000,000 new Shares under the Strategic Share Issue. As the Placing Shares will be issued under the General Mandate, no separate Shareholders' approval will be required.

REASONS FOR THE PLACING AND THE USE OF PROCEEDS

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.

The Directors consider the Placing offers a good opportunity to raise further capital and broaden the shareholders base of the Company thereby increasing the liquidity of the Shares as well as to strengthen the financial position of the Group. The Directors consider that the terms of Placing Agreement are fair and reasonable and the Placing is in the interests of the Company and its Shareholders as a whole.

The gross proceeds from the issue of Placing Shares will be HK\$184 million. After taking into account the estimated expenses in relation to the placing, the net proceeds from the placing is approximately HK\$179 million.

The Company intends to apply the net proceeds in the following areas:

- HK\$80 million will be used to acquire oversea companies with large data volume processing capabilities in the finance industry
- HK\$50 million will be used to expand enterprise cloud services channels and develop a enterprise cloud platform
- the remaining proceeds will be used to supplement working capital

FUND RAISING DURING THE PAST TWELVE MONTHS

Save for the Strategic Share Issue which is still pending for completion, the Company has not conducted any equity fund raising activity during the past twelve (12) months immediately preceding the date of this announcement.

For further details of the Strategic Share Issue, please refer to a separate announcement of the Company dated 4 May 2015.

EFFECT ON SHAREHOLDING OF THE PLACING

The shareholding structure of the Company after Completion and completion of the Strategic Share Issue is as follows:

Shareholders	As at the date of this announcement		Immediately after Completion of Placing		Immediately after Completion of Placing and Strategic Share Issue	
	Shares	%	Shares	%	Shares	%
<i>Directors</i>						
Dr. Chen Yuhong (<i>Note</i>)	254,392,861	13.13%	254,392,861	12.80%	254,392,861	12.48%
Dr. Tang Zhenming	11,827,765	0.61%	11,827,765	0.60%	11,827,765	0.58%
Mr. Wang Hui	8,281,838	0.43%	8,281,838	0.42%	8,281,838	0.41%
Mr. Zeng Zhijie	250,000	0.01%	250,000	0.01%	250,000	0.01%
<i>Public Shareholders</i>						
BOCOM International	–	–	–	–	50,000,000	2.45%
Placees	–	–	50,000,000	2.51%	50,000,000	2.45%
Other Public Shareholders	1,663,235,293	85.82%	1,663,235,293	83.66%	1,663,235,293	81.62%
Total	<u>1,937,987,757</u>	<u>100.00%</u>	<u>1,987,987,757</u>	<u>100.00%</u>	<u>2,037,987,757</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.

GENERAL

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RESUMPTION OF TRADING

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DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors
“Business Day”	any day on which banks in Hong Kong are generally open for business (other than Saturday, Sunday and any day on which a tropical cyclone warning No.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 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
“BOCOM International”	BOCOM International Holdings Company Limited, a company incorporated in Hong Kong with limited liability
“BOCOM Securities” or “Placing Agent” or “Bookrunner”	BOCOM International Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 5 (advising on futures contracts) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Company”	Chinasoft International Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Placing
“Connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors to allot and issue up to 374,060,056 Shares, representing approximately 20.00% of the issued share capital of the Company as at the annual general meeting of the Company held on 19 May 2014

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) 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
“Last Trading Day”	24 April 2015, being the last full trading day on which the Shares were traded on the Stock Exchange prior to the issue of this announcement
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any person or entity whom the Placing Agent has procured to subscribe for the Placing Shares
“Placing”	the placing of the Placing Shares to the Placee(s) pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement dated 4 May 2015 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	HK\$3.68 per Placing Share
“Placing Shares”	50,000,000 new Shares, to be allotted and issued pursuant to the terms and conditions of the Placing Agreement
“PRC”	the People’s Republic of China
“Share(s)”	share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares(s)

“Strategic Share Issue”	issue of 50,000,000 new Shares at an issue price of HK\$3.68 per Share to the BOCOM International under the subscription agreement entered into between the Company and the BOCOM International dated 3 May 2015, further details of which are set out in an announcement issued by the Company on 4 May 2015
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	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 purpose only*