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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)

EXTENSION OF MATURITY DATE OF CONVERTIBLE NOTES

On 23 October 2013, after trading hours, the Company and the Noteholders entered into the Amendment Letter pursuant to which the Company and the Noteholders agreed to extend the maturity date of the Convertible Notes of an aggregate principal amount of RMB200 million for a further term of three years to 29 November 2016, subject to the terms and conditions of the Amendment Letter.

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of the convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. Given the Extension does not take effect automatically under the existing terms and conditions of the Convertible Notes, the Company has applied for, and the Stock Exchange has granted, the approval for the Extension.

BACKGROUND INFORMATION

Reference is made to the announcement of the Company dated 30 November 2010 and the circular of the Company dated 1 November 2010 (the “**Circular**”) in relation to, among others, the issue of the Convertible Notes in an aggregate principal amount of RMB200 million. Capitalised terms used in this announcement shall have the same meanings as those defined in the Circular unless otherwise stated.

On 29 November 2010, the Company issued the Convertible Notes in an aggregate principal amount of RMB200 million. The Convertible Notes bear an interest rate of 4.25% per annum and may be convertible into Shares at the Conversion Rate, subject to adjustments. Under the existing terms and conditions of the Convertible Notes, the Convertible Notes would mature on 30 November 2013 (the “**Maturity Date**”) and the Noteholders shall have the right to convert the Convertible Notes into Shares at the Conversion Rate on any Business Day on or prior to the close of business on the Maturity Date. The Company has no right to require early cancellation or redemption of any of the Convertible Notes prior to the Maturity Date, whereas the Noteholders may terminate and request immediate redemption of the Convertible Notes at their principal amount then outstanding together with accrued interest upon occurrence of certain events of defaults.

Assuming full conversion of the Convertible Notes in an aggregate principal amount of RMB200 million by the Noteholders at the Conversion Rate, a maximum of 116,404,949 Conversion Shares will be issued, representing approximately 6.29% of the issued share capital of the Company as at the date of this announcement and approximately 5.92% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares. Such Conversion Shares will be allotted and issued by the Company pursuant to the general mandate granted at the annual general meeting of the Company held on 20 May 2013.

As at the date of this announcement, none of the conversion rights attached to the Convertible Notes has been exercised by the Noteholders or any portion of the principal amount of the Convertible Notes has been redeemed by the Noteholders. As such, the aggregate outstanding principal amount of the Convertible Notes remained at RMB200 million.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the Noteholders and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

THE AMENDMENT LETTER

On 23 October 2013, after trading hours, the Company and the Noteholders entered into a letter agreement (the “**Amendment Letter**”) pursuant to which the Company and the Noteholders agreed to extend the maturity date of the Convertible Notes for a further term of three years (the “**Extension**”) to 29 November 2016, subject to the terms and conditions of the Amendment Letter. And the conversion period of the Convertible Notes will accordingly be extended for three years to 29 November 2016.

The Amendment Letter is conditional upon, among others, (i) the Company having obtained the approval for the Extension from the Stock Exchange in accordance with Rule 28.05 of the Listing Rules; (ii) both the Company and all the Noteholders having granted the consent to the Extension; and (iii) the Listing Committee of the Stock Exchange having granted listing of, and permission to deal, in the Conversion Shares to be issued upon the exercise of conversion rights under the Convertible Notes.

As at the date of this announcement, conditions (i) & (ii) above have been fulfilled. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Save for the Extension, all other existing terms and conditions of the Convertible Notes shall remain unchanged and in full force and effect.

REASONS FOR THE EXTENSION

The Convertible Notes would mature on 30 November 2013 unless further extended. Unless previously redeemed or converted, the Company shall repay the outstanding principal amount of the Convertible Notes (together with all unpaid interest accrued thereon up to and including the date of actual payment) to the Noteholders on the Maturity Date.

The Extension effectively allows the Group to refinance the debts under the Convertible Notes under the same terms until the further extended maturity on 29 November 2016. The Extension can defer the cash outflow for the Company regarding the repayment of the outstanding principal amount of the Convertible Notes together with the accrued interests when the Convertible Notes reach the Maturity Date, giving the Company a greater flexibility in operating its business by retaining its existing financial resources for general working capital purposes and to finance any potential investments opportunities as and when opportunities arise. In addition, the interest rate payable by the Company under the Convertible Notes of 4.25% per annum is less than the average cost of bank borrowings of approximately 6.71% and 6.46% per annum for each of the two years ended 31 December 2011 and 2012 as disclosed in the annual report of the Company for the year ended 31 December 2012.

Based on the above, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Amendment Letter are fair and reasonable and the Extension is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of the convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. Given the Extension does not take effect automatically under the existing terms and conditions of the Convertible Notes, the Company has applied for, and the Stock Exchange has granted, the approval for the Extension.

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

23 October 2013, Hong Kong

As at the date of this announcement, the Board comprises:

Executive Directors:

Dr. CHEN Yuhong (*Chairman and Chief Executive Officer*)
Dr. TANG Zhenming
Mr. WANG Hui

Non-executive Directors:

Mr. ZHAO John Huan
Dr. ZHANG Yaqin
Mr. LIN Sheng

Independent Non-executive Directors:

Mr. ZENG Zhijie
Dr. LEUNG Wing Yin
Dr. SONG Jun

* *for identification purpose only*