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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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF ALL EQUITY INTERESTS IN CATAPULT SYSTEMS, LLC

Financial Adviser to Chinasoft International Limited

STIFEL

The Board wishes to announce that on 13 November 2013 (Hong Kong time), CSI (an indirectly wholly-owned subsidiary of the Company) as purchaser, the Vendor as vendor, Chinasoft HK, the Target Company and the Interest Holders, entered into the Agreement pursuant to which CSI has agreed to acquire and the Vendor has agreed to sell the entire membership interests (i.e. issued share capital) of the Target Company in two phases at an aggregated consideration of US$41,000,000. Under the Agreement, the Acquisition shall take place in two phases:- (i) completion of sale and purchase of 92.5% of the entire issued share capital of the Target Company shall be taken place on the later of 18 November 2013 or such date which is two Business Days after the satisfaction or waiver of the conditions set forth in the Agreement at a consideration of US$37,925,000 (the "**Initial Purchase**") and (ii) completion of the sale and purchase of the remaining 7.5% shall be taken place within 120 days from 31 December 2016 at a consideration of US$3,075,000 subject to the conditions pursuant to the terms of the Agreement (the "**Second Purchase**").

The Target Company is headquartered in Austin Texas, USA, and is principally engaged in providing Microsoft product and technology consultancy services (including Cloud and Mobile), with strong capabilities and Microsoft credentials and reputation. Upon completion of the Agreement, the Target Company will become a wholly-owned subsidiary of the Company. The Target Company implements innovative technology solutions that enable clients to achieve business objectives while deriving the maximum value from their Microsoft technology investments. The Target Company has launched four new capabilities over the past several years in Managed Services, Creative Services, Mobile Applications, and Cloud Services. Specifically, The Target Company's new Cloud Services offering has already positioned itself as one of Microsoft's leading cloud migration partners in the US. The combined organization would offer numerous benefits to both companies. The Company would be able to leverage the Target Company's extensive Microsoft credentials to broaden its service offerings globally, expand its existing work within Microsoft and secure its position as a strategic partner by influencing Microsoft licensing revenue globally. The Target Company would be able to leverage the Company's scale, offerings, financial resources, and global footprint to help fuel its growth in the U.S. and abroad. The Target Company's service capabilities and strong Microsoft credentials will help the Company broaden its service offerings and market opportunity, strengthen its value proposition to new and existing customers in China and globally. The Target Company's new capabilities in high growth areas such as managed services, creative, mobile and cloud services is also aligned with the Purchaser's strategic focus on innovative and emerging technologies.

As the relevant percentage ratios of the transaction contemplated under the Agreement exceeds 5% but does not exceed 25% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

THE ACQUISITION

The Board wishes to announce that on 13 November 2013 (Hong Kong time), CSI (a wholly-owned subsidiary of the Company) as purchaser, the Vendor as vendor and the Interest Holders, entered into the Agreement pursuant to which CSI has agreed to acquire and the Vendor has agreed to sell the entire membership interests (i.e. issued share capital) of the Target Company in two phases at an aggregated consideration of US$41,000,000 subject to the Net Working Capital Adjustment. Under the Agreement, the Acquisition shall take place in two phases, namely the Initial Purchase and the Second Purchase, particulars of which please refer to the paragraph headed "Agreement" below.

THE AGREEMENT

Summarised below are the principal terms of the Agreement:

Date

13 November 2013

Parties

Purchaser:	CSI
Vendor:	the Vendor, an Independent Third Party
Parent company of the Purchaser:	Chinasoft HK
Shareholders of the Vendor:	Interest Holders

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor and the Interest Holders, who are the ultimate beneficial owner of the Vendor, are Independent Third Parties.

Assets to be acquired

Pursuant to the Agreement, CSI has agreed to acquire and the Vendor has agreed to sell the entire membership interests (i.e. issued share capital) of the Target Company in two phases, namely Initial Purchase and Second Purchase at an aggregated consideration of US$41,000,000.

Upon completion of the Agreement, the Target Company will become a wholly-owned subsidiary of the Company.

For further information on the Target Company, please refer to the paragraph headed "Information on the Target Company" below.

Consideration

The consideration of US$41,000,000 for the Acquisition was arrived at after arm's length negotiations between the Company and the other parties to the Agreement and was determined with reference to the unaudited consolidated net asset value of the Target Company as at 31 December 2012 of US$8,632,000. The consideration will be paid by the Purchaser in the following manner:

(a) US$6,000,000 will be paid to the Vendor by CSI on the date of the Agreement by wire transfer of immediately available funds at the date of the Agreement;

(b) US$5,688,750 will be paid to the Escrow Agent by the Purchaser on the date of completion of the Initial Purchase in accordance with the terms and conditions of the Escrow Agreement;

(c) US$26,236,250 will be paid to the Vendor by CSI on the date of completion of the Initial Purchase by wire transfer of immediately available funds; and

(d) US$3,075,000 will be paid to the Vendor by CSI on the date of completion of the Second Purchase by wire transfer of immediately available funds.

The payments of the consideration by CSI will be funded by a bank loan recently obtained by the Group.

Net Working Capital Adjustment to consideration at Initial Purchase

Pursuant to the Agreement, at least three Business Days prior to the date of completion of the Initial Purchase, the Vendor shall cause the Target Company to prepare and deliver to CSI a statement setting forth in reasonable detail and good faith estimation:- (i) the estimated net working capital of the Target Company as of the date of completion of the Initial Purchase ("**A**"), (ii) any cash on the Target Company's balance sheet as of the date of completion of the Initial Purchase remaining in the Target Company ("**B**") and (iii) any outstanding long-term indebtedness of the Target Company as of the date of completion of the Initial Purchase that is not included in the calculation of A ("**C**") in accordance with GAAP. The consideration of the Initial Purchase shall be adjusted by an amount according to the following formula:

The difference between A and the actual net working capital of the Target Company as of the date of completion of the Initial Purchase + B – C (the "**Pre-Closing Adjustment Amount**")

Net Working Capital Adjustment to consideration after the completion of the Initial Purchase

On or before 120 days after the date of the completion of the Initial Purchase, CSI shall deliver to the representative of the Interest Holders a statement setting forth in reasonable detail and in accordance with GAAP of the USA (i) the latest net working capital of the Target Company ("**D**"); (ii) any cash on the Target Company's balance sheet as of the date of the completion of the Initial Purchase ("**E**"); and (iii) any outstanding long-term indebtedness of the Target Company as at the date of the completion of the Initial Purchase that is not included in the calculation of D ("**F**"). The closing adjustment amount shall equal to the difference between D and an amount equal to the Target Company's revenue as at the year ended 31 October 2013 multiplied by 12.5%, adding E but deducting F (the "**Closing Adjustment Amount**"). The Closing Adjustment Amount is subject to the review by representatives of the Interest Holders before finalisation.

In the event that the Closing Adjustment Amount is greater than the Pre-Closing Adjustment Amount, CSI is obligated to pay or cause to pay the Vendor the difference within five Business Days after final determination of the Closing Adjustment Amount, and vice versa.

Conditions for the completion of the Initial Purchase

The completion of the Initial Purchase under the Agreement is conditional upon:

(a) any and all filings, clearances, consents, approvals, orders and other authorizations of the relevant governmental authorities that are necessary to consummate the transactions contemplated by the Agreement under applicable laws shall have been made, obtained or received;

(b) no law shall have been enacted, enforced or deemed applicable to the transactions contemplated by the Agreement that has the effect of making the transactions contemplated by the Agreement illegal;

(c) no temporary restraining order, preliminary or permanent injunction or other governmental order shall have been issued, granted, promulgated, entered or enforced by a court of competent jurisdiction or other governmental authority and remain in effect which has the effect of restraining, preventing or otherwise prohibiting the consummation of the transactions contemplated by the Agreement;

(d) the representations and warranties set out in the Agreement of the Target Company, CSI, the Vendor and Interest Holders remaining true and correct in all material respects as at the date of completion and as if repeated at all time between the date of the Agreement and the date of completion of the Initial Purchase;

(e) the Target Company, the Vendor and the Interest Holders shall have performed in all material respects, or complied in all material respects with, all covenants and agreements contained in the Agreement to be performed or complied with by the Target Company, the Vendor and the Interest Holders on or before the completion of the Initial Purchase;

(f) there is no material adverse change in the Target Company between the date of the Agreement and the date of completion of the Initial Purchase;

(g) CSI having obtained from the Vendor a duly executed membership interest assignment agreement or all necessary instruments and documents, in a form satisfactory to CSI, pursuant to which the Vendor shall assign 92.5% of the entire membership interests (i.e. issued share capital) of the Target Company to CSI at the completion of the Initial Purchase;

(h) CSI having obtained from the Vendor a duly executed Escrow Agreement;

(i) CSI having obtained from the Vendor a duly executed Amended and Restated Company Agreement;

(j) CSI having obtained from the Vendor a duly executed Phantom Releases from each of the holders of Phantom Stock Rights;

(k) the Vendor and the Target Company have delivered, or made provision to deliver satisfactory to CSI, to CSI possession and control of all stock records, minute books, and all other corporate and financial records of the Target Company;

(l) CSI having obtained a consent with respect to each contract (listed in the schedule to the Agreement), in a form reasonably acceptable to CSI and shall preserve all rights of, and benefits to, the Target Company under such contracts and shall allow such contracts to remain in full force and effect following the completion of Initial Purchase, without limitation, modification or alteration;

(m) certificates, in a form reasonably satisfactory to CSI, dated the date of completion of the Initial Purchase, executed by the Target Company, Vendor and each Interest Holder, certifying that the conditions (d) and (e) have been satisfied and performed as the case may be as of the date of completion of the Initial Purchase;

(n) certificates, in a form reasonably satisfactory to CSI, dated the date of completion of the Initial Purchase, executed by the company secretary (or manager or other authorized officer of the Target Company) of the Target Company, certifying (i) that the resolutions, as attached to such certificate, were duly adopted by the Target Company in accordance with the limited liability company agreement of Vendor, authorizing and approving the execution of the Agreement and the consummation of the transactions contemplated hereby and that such resolutions remain in full force and effect, and (ii) as to the certificate of formation and Seller Company Agreement attached to such certificate;

(o) certificates, in a form satisfactory to CSI, dated as of the Initial Closing Date, executed by the Secretary (or other authorized officer of Vendor) of Vendor, certifying (i) that the resolutions, as attached to such certificate, were duly adopted by the Company in accordance with Vendor's limited liability company agreement, authorizing and approving the execution of this Agreement and the consummation of the transactions contemplated hereby and that such resolutions remain in full force and effect, and (ii) as to the certificate of formation and limited liability company agreement of Vendor attached to such certificate;

(p) certificates of good standing of the Target Company and the Vendor and CSI issued by the jurisdiction of organization of the Target Company and the Vendor and CSI respectively, and each foreign jurisdiction in which the Target Company is qualified to do business, each dated within five days prior to the date of the Completion of the Initial Purchase;

(q) CSI having obtained a duly executed and completed IRS Form W-9 from the Vendor;

(r) all corporate and other proceedings required to carry out the transactions contemplated by the Agreement, and all instruments and other documents relating to such transactions, shall be reasonably satisfactory in form and substance to CSI; and

(s) Vendor has delivered to CSI the retention letters in relation to continuing the employment through 30 May 2014 with at least 90% of the employees listed in the schedule to the Agreement.

CSI may waive in writing any of the conditions specified above at any time prior to or after the date of the completion of the Initial Purchase. If all the conditions specified above have not been satisfied or waived by 15 February 2014 (or such later date to be agreed between the parties in writing), then the Agreement shall lapse and have no further effect and the parties shall be released from all their respective obligations under the Agreement save and except any antecedent breach.

Completion of the Initial Purchase

Pursuant to the Agreement, the completion of the Initial Purchase shall take place on the later of 18 November 2013 or such date which is two Business Days after the satisfaction or waiver of the conditions set forth in the Agreement and the Vendor having completed the transfer of the assets and/or documents as contemplated under the Agreement to CSI at the request of CSI.

Conditions for the completion of the Second Purchase

The completion of the Second Purchase is conditional upon:

(a) any and all filings, clearances, consents, approvals, orders and other authorizations of the relevant governmental authorities that are necessary to consummate the transactions contemplated by the Agreement under applicable laws shall have been made, obtained or received;

(b) no law shall have been enacted, enforced or deemed applicable to the transactions contemplated by the Agreement that has the effect of making the transactions contemplated by the Agreement illegal;

(c) no temporary restraining order, preliminary or permanent injunction or other governmental order shall have been issued, granted, promulgated, entered or enforced by a court of competent jurisdiction or other governmental authority and remain in effect which has the effect of restraining, preventing or otherwise prohibiting the consummation of the transactions contemplated by the Agreement;

(d) the representations and warranties set out in the Agreement of the Target Company, CSI, the Vendor and Interest Holders remaining true and correct in all material respects as at the date of completion and as if repeated at all time between the date of the Agreement and the date of completion of the Second Purchase;

(e) the Target Company, the Vendor and the Interest Holders shall have performed in all material respects, or complied in all material respects with, all covenants and agreements contained in the Agreement to be performed or complied with by the Target Company, the Vendor and the Interest Holders on or before the completion of the Second Purchase;

(f) CSI having obtained from the Vendor a duly executed Membership Interest Assignment Agreement or all necessary instruments and documents in a form satisfactory to CSI, pursuant to which the Vendor shall assign 7.5% of the entire membership interests (i.e. issued share capital) of the Target Company to CSI at the completion of the Second Purchase; and

(g) certificates in a form reasonably satisfactory to CSI, dated the date of the completion of the Second Purchase and executed by the Target Company, the Vendor and each Interest Holder, certifying that the conditions (d) and (e) have been satisfied and performed as the case may be as of the date of completion of the Second Purchase.

CSI may waive in writing any of the conditions specified above at any time prior or after the date of the completion of the Second Purchase.

Completion of the Second Purchase

Pursuant to the Agreement, the completion of the Second Purchase shall take place within one hundred twenty days from 31 December 2016, unless otherwise agreed by the CSI and the Target Company.

Termination of the Agreement

The Agreement may be terminated at any time prior to the date of the completion of the Initial Purchase by mutual written consent of CSI and the Vendor. In the event that the Initial Purchase has not been completed on or before 15 February 2014, either CSI or the Vendor may elect to terminate the Agreement, unless it is the party who failed to perform or comply with any covenant or other obligation under the Agreement, which such non-performance and incompliance was the principal cause of the failure of completing the Initial Purchase or otherwise constitutes a breach of the Agreement. In the event that the Agreement is terminated under such circumstance, the Vendor shall return US$6,000,000 advance payment to CSI.

Further, CSI and the Vendor may terminate the agreement in the event that they have issue a written notice regarding the breach to the Agreement committed by the counterpart party and such breach has not be cured after 30 calendar days of such notice. In the event the Agreement is terminated due to the breach of CSI, the Vendor shall be entitled to retain US$4,000,000 out of the amount of US$6,000,000 paid by CSI at the date of the Agreement. For the remaining US$2,000,000, the Vendor may return the same in two trenches, the first sum in US$1,000,000 on or before the 6 months and the second sum by the 12 months after the date of the termination of the Agreement.

OTHER MAJOR TERMS OF THE AGREEMENT

Pursuant to the Agreement, if the earnings before interest and taxes income derived from the Target Company's business (including revenue from existing markets, new markets and synergy revenue resulting from the transactions contemplated by the Agreement) for the twelve-month period ending 31 December 2016 ("**X**") is greater than or equal to two times the estimated 2013 operating income, i.e. US$5,458,000 and if the gross margin of the Target Company, as determined by dividing gross profit by total revenues, as such terms are defined and determined in accordance with GAAP for twelve-month period ending 31 December 2016 is greater than 30%, the Target Company shall pay to the Vendor an earn-out payment up to a maximum of US$5,227,500 in an amount equal to:

US$3,075,000 x Y – US$3,075,000

Note: Y means a number equal to X divided by the estimated earnings before interest and taxes income derived from the Target Company's business (including revenue from existing markets, new markets and synergy revenue resulting from the transactions contemplated by the Agreement) for the twelve-month period ending 31 December 2013

INFORMATION ON THE TARGET COMPANY

The Target Company is headquartered in Austin Texas, USA, and is principally engaged in providing Microsoft product and technology consultancy services (including Cloud and Mobile), with strong capabilities and Microsoft credentials and reputation. It operates out of 8 offices in the United States and as of September 30, 2013 employs 423 professionals. It generated revenues of US$62.3 million (unaudited) for the twelve-month period ending September 30, 2013, an increase of 24% from the preceding 12 month period, with an gross margin of 37.2% (unaudited) and an adjusted EBITDA margin of 9.5% (unaudited).

The Target Company implements innovative technology solutions that enable clients to achieve business objectives while deriving the maximum value from their Microsoft technology investments. The Target Company has launched four new capabilities over the past several years in Managed Services, Creative Services, Mobile Applications, and Cloud Services. Specifically, The Target Company's new Cloud Services offering has already positioned itself as one of Microsoft's leading cloud migration partners in the US. The combined organization would offer numerous benefits to both companies. The Company would be able to leverage The Target Company's extensive Microsoft credentials to broaden its service offerings globally, expand its existing work within Microsoft and secure its position as a strategic partner by influencing Microsoft licensing revenue globally. The Target Company would be able to leverage Purchaser's scale, offerings, financial resources, and global footprint to help fuel its growth in the U.S. and abroad. The Target Company's service capabilities and strong Microsoft credentials will help the Company broaden its service offerings and market opportunity, strengthen its value proposition to new and existing customers in China and globally. The Target Company's new capabilities in high growth areas such as managed services, creative, mobile and cloud services is also aligned with the Company's strategic focus on innovative and emerging technologies.

Further information on the Target Company as at the date of this announcement:

(a) Corporate information

Name	:	Catapult Systems, LLC
Date of incorporation	:	23 December 2003 as Catapult System, INC. and converted to Catapult Systems, LLC on 28 December 2012
Place of incorporation	:	Texas, USA
Scope of business	:	Information Technology Services
Authorized share capital	:	US$21,000 divided into 210,000 shares, US$0.10 per share
Issued share capital	:	US$21,000

Shareholder	Percentage held
the Vendor	100%

(b) Financial information

		For the year ended 31 Dec	
		2012	2011
Unaudited consolidated net asset value	:	US$8,632,000	US$6,856,000
Unaudited consolidated net profit before tax	:	US$3,614,000	US$3,122,000
Unaudited consolidated net profits after tax	:	US$3,614,000	US$3,122,000

**Note:* the Target Company is a tax flow-through entity in the US, and therefore is not subject to corporate income tax.

REASONS FOR THE ACQUISITION

As the premier provider of Microsoft integration services, the Target Company is positioned at the forefront of the current "digitization" movement worldwide. The Target Company implements innovative technology solutions that enable clients to achieve business objectives while deriving the maximum value from their Microsoft technology investments. The Target Company has launched four new capabilities over the past several years in Managed Services, Creative Services, Mobile Applications, and Cloud Services, all to take early market leadership positions in emerging technologies and market demand. Specifically, the Target Company's new Cloud Services offering has already positioned itself as one of Microsoft's leading cloud migration partners in the US.

The combined organization would offer numerous benefits to both companies. On one hand, the Company would be able to leverage the Target Company's extensive Microsoft credentials to broaden its service offerings globally, expand its existing work within Microsoft and secure its position as a strategic partner by influencing Microsoft licensing revenue in multiple world areas. On the other hand, The Target Company would be able to leverage the Company's scale, offerings, financial resources, and global footprint to help fuel its growth in the U.S. and abroad.

How Target Company Can Benefit The Company

Increased Microsoft Credentials

After the acquisition, the Company would become the most accredited and certified Microsoft partner in the world with the addition of the Target Company's Gold and Silver competencies, immediately raising The Company's visibility and credibility as a Microsoft systems integrator (SI) around the world.

Added Capabilities

The Target Company could help the Company broaden its service offerings in China and globally to include the entire Microsoft stack

Additional Service Offerings

The Target Company would be able to start selling outsourcing and offshore services to its clients following a merger with The Company.

Increased Cost Efficiencies

The Target Company would be able to start leveraging the Company's competitive cost offshore resources on some of its existing engagements (application development, SharePoint, report writing, testing, QA, etc.). This would help increase its profit margins on those engagements. The Target Company would also be able to replicate, expand, and complement its U.S. based Managed Services and Cloud Services delivery teams using the Company's competitive-cost model in China and India

More Focus on Largest Accounts Globally

Following a merger with The Company and with its combined increased size and capabilities, the Target Company would be able to start selling upstream into the largest accounts globally, and would be able to bid on larger, long-term engagements. Today, it is difficult for the Target Company to compete on engagements that have an offshore component. The Target Company would also most likely go from a National Systems Integrator (NSI) to a Global Systems Integrator (GSI), which further increases its visibility and leverage with Microsoft. The combined company would also significantly increase its influence licensing revenue to Microsoft, which is a key measure of partnership value to Microsoft.

The business combination synergies:

1. The Company will be able to leverage the Target Company's full set of capabilities in Social, Mobile, Analytical and Cloud (SMAC). The Target Company's User Experience-led approach to development of mobile and cloud solutions based on Microsoft's Windows Azure and Office 365 platforms (SharePoint Online, System Center, and Yammer) makes it the Microsoft system integrator of choice for enterprises seeking the convergence of both devices and services through the use of modern applications. Through The Target Company's digital marketing platform the Company is gaining valuable experience in next generation customer acquisition business models, as well as international prospect engagement specifically in the public- and private-cloud domain. Through its various internal social networking portals (Idea Inbox, Judo), The Target Company uses social intranet tools to raise asset utilization rate, improve and retain employee ideation, as well as human resources management.

2. The acquisition of the Target Company will also enable the Company's existing business with Microsoft to move to a higher level of service offerings, aligning The Company with its strategic customer as Microsoft transforms itself in offering next generation technologies. The business combination will allow The Company to expand its relationships with its customer base across Microsoft, including high-end consultancy services. The combined company with high-end capabilities will become a new technology premium service provider, offering end-to-end services to create reliable, extensible and high-quality custom applications. The Target Company's focus on "Solution Accelerators" (emphasized by Microsoft with best practices and innovative process and user experience) will serve to drive the Microsoft "Devices & Service" business agility to the market.

3. Given that the Target Company currently has no off-shore delivery components, with the addition of The Company's delivery capabilities it will immediately experience a large increase in capacity for larger projects, in addition to having the added option for delivery to present to their existing client base as well as new clients. The Target Company's clients and management have already become accustomed to the concept of remote delivery (near-shore) through their Remote Delivery Center (RDC). Adding off-shore capabilities in China now and later in India would be a natural extension. This is a synergistic opportunity for The Company to leverage The Target Company's RDC high-end consultants to expand into multiple delivery centers to provide near-shore and off-shore capabilities globally.

4. The acquisition of the Target Company will also enable the Company's existing business with Microsoft to move to a higher level of service offerings, aligning The Company with its strategic customer as Microsoft transforms itself in offering next generation technologies. The business combination will allow The Company to expand its relationships with its customer base across Microsoft, including high-

end consultancy services. The combined company with high-end capabilities will become a new technology premium service provider, offering end-to-end services to create reliable, extensible and high-quality custom applications.

5. The combined company launches a global IT services provider with the capabilities and reach to serve the growing international demand for end-to-end IT services and more broadly address the technical skills and solutions needed by vendor partners. Additionally, the Company will utilize the Target Company's strong market brand and business model to open additional offices around the world, which will enable a significant contribution to influenced revenue as its combined organization grows.

With the business combination, the Company embraces the capabilities in Social, Mobile, Analytical and Cloud (SMAC). This enables the Company to provide premium customers with a next-generation of service offerings, expand its service portfolio to include high-end consultancy services globally, and strengthen its strategic alignment with its strategic customers as they transition into the next generation of technologies. The combined company with high-end capabilities will become a new technology premium service provider, offering end-to-end services to create reliable, extensible and high-quality custom applications offering.

GENERAL

The principal activities of the Group comprise the provision of integrated software and information services, including end-to-end information technology services, consulting services, technical services, outsourcing services and training services.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor and the Interest Holders who are the ultimate beneficial owner of the Vendor are Independent Third Parties.

As the relevant percentage ratios of the transaction contemplated under the Agreement exceeds 5% but does not exceed 25% of one or more of the applicable percentage ratios (as defined in the Listing Rules), the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

DEFINITIONS

"Acquisition"	the proposed acquisition of the entire membership interests (i.e. issued share capital) of the Target Company in two phases
"Net Working Capital Adjustment"	adjustment may be made to the consideration of the Acquisition pursuant to the terms of the Agreement, details of the same are disclosed in the paragraphs headed "Adjustment to consideration at Initial Purchases and "Adjustment to consideration after the completion of the Initial Purchase" of this announcement

"Agreement"	agreement dated 13 November 2013 entered into between, among others, CSI as purchaser, the Vendor as vendor in relation to the sale and purchase of the entire issued share capital of the Target Company in two phases
"Amended and Restated Company Agreement"	the amended and restated company agreement to be executed by the Vendor
"Board"	the board of Directors
"Business Day(s)"	any day that is not a Saturday, a Sunday or other day on which banks are required or authorised by the applicable laws to be closed in Texas, USA
"Chinasoft HK"	Chinasoft International (Hong Kong) Limited, a company incorporated under the laws of Hong Kong, a wholly-owned subsidiary of the Company which holds the entire share capital of CSI
"Company"	Chinasoft International Limited, a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Stock Exchange
"CSI"	CSI Innovations Inc, a limited company incorporated under the laws of Delaware, the USA, an indirect wholly-owned subsidiary of the Company
"Directors"	directors of the Company
"Escrow Agent"	Wilmington Trust, National Association
"Escrow Agreement"	An escrow agreement dated 13 November 2013 entered into between the Purchaser, the Vendor and the representatives of the Interest Holders
"GAAP"	generally accepted accounting principles
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	(a) party(ies) who is/are not connected person(s) (as defined in the Listing Rules) of the Company and who together with its/their ultimate beneficial owner(s) are independent of the Company and of connected persons (as defined in the Listing Rules) of the Company

"Interest Holders"	Sam Goodner, David Jacobson, Terri Burmeister, David Fuess and Mike O'Connell, who are all USA citizens and collectively hold the entire issued share capital of the Vendor
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Phantom Releases"	the release of phantom stocks pursuant to a phantom stock payout and release agreement dated 13 November 2013
"Phantom Stock Rights"	an employees compensation plan of the Target Company which will be terminate upon the completion of the Initial Purchase
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Catapult System, LLC, a limited company incorporated under the laws of Texas, USA
"USA"	the United States of America, including its territories and possessions
"Vendor"	Skyway Executive, LLC, a limited company incorporated under the laws of Texas, USA
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"US$"	United States dollars, the lawful currency of the USA

The exchange rate adopted for the purpose of the Agreement is US$1.00 = HK$7.8, which was the closing middle point spot rate for HK$ against US$ quoted by The Hongkong and Shanghai Banking Corporation Limited on 13 November 2013.

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

Hong Kong, 13 November 2013

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*