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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: 8216)

CLOSING OF THE ACQUISITION OF HINGE GLOBAL RESOURCE INC.

The Board is pleased to announce that the acquisition of certain HGR Shares was completed on 15 August 2007, following which the Company holds 7,524,154 HGR Shares as at the date hereof, representing approximately 97.35 per cent. of the total number of the HGR Shares in issue. HGR is therefore a subsidiary of the Company.

The Share Purchase was determined to be approximately US\$45.06 million (equivalent to approximately HK\$350.57 million) (based on all issued HGR Shares), which will be settled as to 30 per cent. by way of cash (approximately US\$13.52 million) and 70 per cent. by allotment and issue of 170,868,617 Consideration Shares at a price of HK\$1.44 for each Consideration Shares.

The acquisition of approximately 97.35 per cent of the total number of the HGR Shares has been settled as to approximately US\$12.32 million by way of cash and 70 per cent. by the allotment and issue of 170,868,617 Consideration Shares.

Further announcement(s) will be made by the Company disclosing, among other things, the amount of the Earn-out Payment (if any), the shareholding structure of the Company immediately after the issuance of the Consideration Shares as part of the Share Purchase Price and the Earn-out Payment, as and whenever appropriate.

Unless the context requires otherwise, the capitalised terms used in this announcement shall have the same meanings as defined in the circular of the Company dated 13 June 2007.

Closing

The Board is pleased to announce that the acquisition of certain HGR Shares was completed on 15 August 2007, following which the Company holds 7,524,154 HGR Shares as at the date hereof, representing approximately 97.35 per cent. of the total number of the HGR Shares in issue. HGR is therefore a subsidiary of the Company. The Company confirms that all the Closing conditions are satisfied except for the appointment of the Directors and the appointment of directors to the board of directors of HGR and its subsidiaries. Both the Company and the Selling Shareholders agree that such arrangements can be completed within one month from the Closing Date.

HGR Shares being acquired

Immediate after the Closing, the Company holds 7,524,154 HGR Shares as at the date hereof, representing approximately 97.35 per cent. of the total number of the HGR Shares in issue.

Shareholding structure of HGR immediately before the Closing

The following table shows the shareholding structure of HGR immediately before the Closing:

Name of the HGR Shareholders	Number of HGR Shares held	Percentage to the total issued HGR Shares
<i>Selling Shareholders</i>		
GPC	3,143,223	40.668
Scube Systems Limited	1,166,180	15.088
XFY Limited	846,256	10.949
Pine Flower River Inc	784,828	10.154
Genius Investments Company Limited	265,205	3.431
China Tiger Investment Limited	75,729	0.980
Easy Win Technology Limited	171,970	2.225
George WU	182,568	2.362
Daniel RUAN	28,533	0.369
Biliang HU	88,918	1.150
IDG Technology Venture Investments, LLC	149,868	1.939
Leonidas M.DERTOUZOS	19,984	0.259
Alexandra D. ROWE	19,983	0.259
Hao WEI	9,563	0.124
China GIWIN Investments Limited	571,346	7.392
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	7,524,154	97.35
<i>HGR Shareholders other than the Selling Shareholders</i>		
Peak Capital Partners I,L.P.	6,055	0.078
Asia Cyber Republic Limited	136,378	1.764
Global Strategic Investment Inc.	57,943	0.750
Vertex Technology Fund (II) Ltd.	3,502	0.045
China City Natural Gas	1,041	0.013
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	204,919	2.65
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Total	<u>7,729,073</u>	<u>100.000%</u>

All the HGR Shareholders have sold their shareholdings in HGR to the Company, except Peak Capital Partners I, L.P., Asia Cyber Republic Limited, Global Strategic Investment Inc., Vertex Technology Fund (II) Ltd. and China City Natural Gas which in aggregate held 204,919 HGR Shares representing approximately 2.65 per cent. of the total number of the HGR Shares in issue immediately before the Closing.

Share Purchase Price

The Share Purchase was determined to be approximately US\$45.06 million (equivalent to approximately HK\$350.57 million) (based on all issued HGR Shares), which will be settled as to 30 per cent. by way of cash (approximately US\$13.52 million) and 70 per cent. by allotment and issue of 170,868,617 Consideration Shares at a price of HK\$1.44 for each Consideration Shares. The acquisition of approximately 97.35 per cent of the total number of the HGR Shares has been settled as to approximately US\$12.32 million by way of cash and 70 per cent. by the allotment and issue of 170,868,617 Consideration Shares.

Shareholding structure of the Company before and after the Closing

The following table shows the shareholding structure of the Company (i) immediately prior to the Closing; and (ii) immediately after the issuance of the Consideration Shares as part of the Share Purchase Price but before making the Earn-out Payment:—

Name of Shareholders	Immediately prior to the Closing		Immediately after the issuance of the Consideration Shares as part of the Share Purchase Price at the issue price of HK\$1.44 per Consideration Share but before making the Earn-out Payment	
	Number of Ordinary Shares/Series A Preferred Shares	%	Number of Ordinary Shares/Series A Preferred Shares	%
<i>Ordinary Shares</i>				
CS&S (HK)	199,010,755	19.80	199,010,755	16.92
Far East	130,219,822	12.96	130,219,822	11.07
ABN AMRO Holding N.V.	48,360,000	4.81	48,360,000	4.11
JPMorgan Chase & Co.	39,830,000	3.96	39,830,000	3.39
Dr. Chen Yuhong	34,167,472	3.40	34,167,472	2.91
Dr. Cui Hui	20,000,000	1.99	20,000,000	1.70
Mr. Wang Hui	9,517,838	0.95	9,517,838	0.81
Dr. Tang Zhenming	11,747,765	1.17	11,747,765	1.00
<i>Selling Shareholders elected for Consideration Shares as part of all of their respective Total Consideration</i>				
GPC			99,268,639	8.44
Scube Systems Limited			18,207,849	1.55
China Tiger Investment Limited			1,182,374	0.10
Easy Win Technology Limited			4,338,158	0.37
Pine Flower River Inc.			8,053,981	0.68
XFY Limited			13,212,799	1.12
George WU			5,765,826	0.49
Daniel RUAN			901,123	0.08
Biliang HU			1,388,299	0.12
IDG Technology Venture Investments LLC			4,733,098	0.40
China GIWIN Investments Limited			12,630,894	1.07
Leonidas M. DERTOUZOS			441,791	0.04
Alexandra D. ROWE			441,769	0.04
Hao WEI			302,017	0.03
			<u>170,868,617</u>	<u>14.53</u>
Other Public	<u>317,647,324</u>	<u>31.61</u>	<u>317,647,324</u>	<u>27.01</u>
Total Ordinary Shares	<u>810,500,976</u>	<u>80.65</u>	<u>981,369,593</u>	<u>83.46</u>
<i>Series A Preferred Shares</i>				
Microsoft Corporation	97,250,000	9.68	97,250,000	8.27
International Finance Corporation	97,250,000	9.68	97,250,000	8.27
Total Series A Preferred Shares	194,500,000	19.35	194,500,000	16.54
TOTAL	<u><u>1,005,000,976</u></u>	<u><u>100.00</u></u>	<u><u>1,175,869,593</u></u>	<u><u>100.00</u></u>

Further announcement(s) will be made by the Company disclosing, among other things, the amount of the Earn-out Payment (if any), the shareholding structure of the Company immediately after the issuance of the Consideration Shares as part of the Share Purchase Price and the Earn-out Payment, as and whenever appropriate.

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

Hong Kong, 17 August 2007

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

Executive Directors:–

Dr. CHEN Yuhong (*Managing Director*)

Dr. TANG Zhenming

Mr. WANG Hui

Non-executive Directors:–

Mr. SU Zhenming (*Chairman*)

Dr. CUI Hui

Mr. CHEN Yung Cheng Timothy

Mr. Duncan CHIU

Mr. LIU Zheng

Independent non-executive Directors:–

Mr. HE Ning

Mr. ZENG Zhijie

Dr. LEUNG Wing Yin

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting.

** for identification purpose only*