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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)

Conversion of Series A Preferred Shares

The Company is pleased to announce that all Series A Preferred Shareholders who include Microsoft Corporation (“**Microsoft**”), Mr. CHAN Kin Sun (“**Mr. Chan**”) and Yardley Securities Limited (“**Yardley**”) have agreed to convert all of their Series A Preferred Shares to Ordinary Shares on 30 December, 2011 with the company paying them Preference Share dividend till 5 Jan, 2012 which thus starting from Year 2012 the Company no longer requires to do fair valuation on the issued Series A Preferred Shares and provides any loss arising from changes in fair value of Series A Preferred Shares. Hence the consolidated statement of comprehensive income in the future can truly reflect our operating profit.

The Board of Directors welcome Microsoft Corporation, and the other Series A Preferred Shareholders mentioned above to become our Ordinary shareholders and believe the conversion will further help and enhance our future cooperation.

On 22 December, 2011, the Company has received formal requests from Mr. CHAN Kin Sun and Yardley Securities Limited, our Preferred Shareholder holding 10 million and 50 million Series A Preferred Shares of the Company respectively, to convert all of their Series A Preferred Shares into the Company’s Ordinary Shares.

On 23 December, 2011, the Company has received a formal request from Microsoft Corporation, our Preferred Shareholder holding 97.25 million Series A Preferred Shares of the Company, to convert all of its Series A Preferred Shares into the Company’s Ordinary Shares.

The Board of the Company has approved the conversion. Hence, 97.25 million, 50 million and 10 million Ordinary Shares of the Company will be issued to Microsoft, Yardley and Mr. Chan respectively and the Series A Preferred Shares of the Company held by Microsoft, Yardley and Mr. Chan will be reduced to zero.

Reference is made to the announcement of Chinasoft International Limited (the “**Company**”) dated 21 October, 2005 and the circular (the “**Circular**”) date 2 December 2005 in relation to the issue of Series A Preferred Shares to the Investors which was completed on 6 January, 2006. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular.

The Company announces that on 22 December, 2011, the Company has received a formal request from Mr. CHAN Kin Sun whose address is 20/F., V-Heun Building, 138 Queen’s Road Central, Hong Kong, our Preferred Shareholder holding 10 million Series A Preferred Shares of the Company, to convert all of its Series A Preferred Shares into the Company’s Ordinary Shares and the Board of the Company has approved the conversion. Hence, 10 million Ordinary Shares of the Company will be issued to Mr. Chan and the Series A Preferred Shares of the Company held by Mr. Chan will be reduced to zero.

The Company announces that on 22 December, 2011, the Company has received a formal request from Yardley Securities Limited whose address is 20/F., V-Heun Building, 138 Queen’s Road Central, Hong Kong, our Preferred Shareholder holding 50 million Series A Preferred Shares of the Company of which 38.3 million Series A Preferred Shares of the Company is beneficially owned by Dr. Chen Yuhong, the Chairman and the Chief Executive Officer of the Company, to convert all of its Series A Preferred Shares into the Company’s Ordinary Shares and the Board of the Company has approved the conversion. Hence, 10 million Ordinary Shares of the Company will be issued to Yardley and the Series A Preferred Shares of the Company held by Yardley will be reduced to zero.

The Company announces that on 23 December, 2011, the Company has received a formal request from Microsoft Corporation whose address is One Microsoft Way, Redmond, Washington 98052, The United States, our Preferred Shareholder holding 97.25 million Series A Preferred Shares of the Company, to convert all of its Series A Preferred Shares into the Company’s Ordinary Shares and the Board of the Company has approved the conversion. Hence, 97.25 million Ordinary Shares of the Company will be issued to Microsoft and the Series A Preferred Shares of the Company held by Microsoft will be reduced to zero.

As at the date of this announcement, there were in total an aggregate number of 1,464,978,659 Ordinary Shares and 157,250,000 Series A Preferred Shares in issue. After the conversion carried out by Mr. CHAN, Yardley and Microsoft, there would be in total an aggregate number of 1,622,228,659 Ordinary Shares and no Series A Preferred Shares in issue.

The Board of the Company is pleased to announce that the profitability of the Company will not be affected by the fair value changes of the Series A Preferred Shares after the conversion.

The Board of the Company is glad to welcome Mr. CHAN Kin Sun, Yardley Securities Limited and Microsoft Corporation to be the Ordinary Shareholders of the Company.

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

30 December 2011, Hong Kong

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, Mr. JIANG Xiaohai

Non-executive Directors:

Mr. ZHAO John Huan, Dr. ZHANG Yaqin, Dr. SONG Jun, Mr. LIN Sheng, Ms. SHEN Lipu

Independent Non-executive Directors:

Mr. ZENG Zhijie, Dr. LEUNG Wing Yin, Mr. XU Zeshan

* *For identification purposes only*