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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)**

## **CONTINUING CONNECTED TRANSACTIONS**

Further to the issue of the 2006 Announcement in relation to (among others) leasing arrangements with CNSS, certain subsidiaries of the Company entered into the Lease Agreements with CNSS for the leasing of office premises from CNSS. CNSS is a substantial shareholder and a connected person of the Company. The Lease Agreements thus constituted continuing connected transactions of the Company.

The applicable percentage ratios for the transactions under the Lease Agreements and other lease agreements entered into with CNSS in aggregate on an annual basis for the year ended 31 December, 2006 and each of the years ending 31 December, 2007 and 31 December, 2008 exceed 0.1% but do not exceed 2.5%. The transactions under the Lease Agreements and other lease agreements with CNSS are subject to the reporting and announcement requirements under Rules 20.45 to 20.47 of the GEM Listing Rules but are exempt from the independent Shareholders' approval requirements under Rule 20.48 of the GEM Listing Rules.

Further to the issue of the 2006 Announcement in relation to (among others) leasing arrangements with CNSS, the Board announces that Cyber Resources, Chinasoft Resources Beijing, Chinasoft Training Centre and Beijing Chinasoft, being subsidiaries of the Company, entered into the Lease Agreements for the leasing of office premises from CNSS as further described below. CNSS is a substantial shareholder of the Company and a connected person of the Company. The Lease Agreements thus constituted continuing connected transactions of the Company.

## THE LEASE AGREEMENTS

The Lease Agreements comprise the following:-

1. Lease of Rooms 110-113 on 1st Floor, Rooms 202-203, 206-207 and 212-213 on 2nd Floor and Rooms 314-315 and 319 on 3rd Floor in Tower A2 at 18 Changsheng Road, Changping District, Beijing, PRC (entered into by Chinasoft Training Centre)

Date : 28 June, 2006

Floor area of : 2,780 square meters in aggregate  
leased premises

Term : 1 April, 2006 to 31 December, 2007

Monthly rental : Rent free period from 1 April, 2006 to 31 December, 2006

RMB35,818.34 (equivalent to about HK\$34,743.79) from 1 January, 2007 to 31 July, 2007

RMB71,636.67 (equivalent to about HK\$69,487.57) from 1 August, 2007 to 31 December, 2007

User : as premises for training

2. Lease of 3rd Floor of Block C and 3rd Floor of Block B of 55 Xue Yuan Nan Road, Haidian District, Beijing, PRC (entered into by Cyber Resources)

Date : 26 October, 2006

Floor area of : 1,114.47 square meters in aggregate  
leased premises

Term : 1 September, 2006 to 31 December, 2007

Monthly rental : Rent free period from 1 September, 2006 to 30 September, 2006

RMB73,555.02 (equivalent to about HK\$71,348.37) from 1 October, 2006 to 31 December 2007

User : as office premises

3. Lease of 8th, 9th and 10th Floors of Block A and 7th Floor of Block C of 55 Xue Yuan Nan Road, Haidian District, Beijing, PRC (entered into by Chinasoft Resources Beijing)

Date : 5th February, 2007

Floor area of leased premises : 2,641.3292 square meters in aggregate

Term : 1 January, 2007 to 31 December, 2007

Monthly rental : RMB174,327.72 (equivalent to about HK\$169,097.89)

User : as office premises

4. Lease of 5th Floor of Block B of 55 Xue Yuan Nan Road, Haidian District, Beijing, PRC (entered into by Chinasoft Training Centre)

Date : 5 February, 2007

Floor area of Leased premises : 991.4491 square meters in aggregate

Term : 1 January, 2007 to 31 December, 2007

Monthly rental : RMB62,135.64 (equivalent to about HK\$60,271.57)

User : as office premises

5. Lease of Rooms 105-108 on 1st Floor in Tower A2 at 18 Changsheng Road, Changping District, Beijing, PRC (entered into by Beijing Chinasoft)

Date of lease : 27 June, 2007

Floor area of : 1,328.87 square meters in aggregate  
leased premises

Term : 1 July, 2007 to 30 June, 2008

Monthly rental : RMB59,798.50 (equivalent to about HK\$58,004.55)

User : as office premises and storeroom

6. Lease of Rooms 201 and 214-219 on 2nd Floor and a cellar in Tower A2 at 18 Changsheng Road, Changping District, Beijing, PRC (entered into by Beijing Chinasoft)

Date : 1 July, 2007

Floor area of : 1,323.31 square meters in aggregate  
leased premises

Term : 1 September, 2007 to 31 August, 2008

Monthly rental : RMB60,148.95 (equivalent to about HK\$58,344.48)

(comprising RMB59,548.95 (equivalent to about HK\$57,762.48) for Rooms 201 and 214-219 and RMB600 (equivalent to about HK\$582) for the use of a cellar)

User : as office premises and storeroom

7. Memorandum between Chinasoft Training Centre and CNSS for inclusion of additional premises on 5th Floor of Block B of 55 Xue Yuan Nan Road, Haidian District, Beijing, PRC to the lease under item 4 above

Date : 1 July 2007

Floor area of leased premises : 84.5509 square metres

Term : 10 July, 2007 to 31 December, 2007

Monthly rental : RMB3,720.24 (equivalent to about HK\$3,608.63) from 10 July, 2007 to 31 July, 2007

RMB5,580.36 (equivalent to about HK\$5,412.95) from 1 August, 2007 to 31 December, 2007

User : as office premises

The total amount of rent paid by subsidiaries of the Group to CNSS for the lease of office premises for the year ended 31 December, 2006 under the Lease Agreements plus that under the other subsisting lease agreements amounted to RMB4,364,000 (equivalent to approximately HK\$4,233,080) in aggregate.

The total amount of rent payable by subsidiaries of the Group to CNSS for the lease of office premises under the Lease Agreements plus that under another subsisting lease agreement as disclosed in the 2006 Announcement amount to RMB5,176,610.42 (equivalent to approximately HK\$5,021,312.11) for the year ending 31 December, 2007, and the total amount of rent payable by subsidiaries of the Group to CNSS under the Lease Agreements will amount to RMB839,982.60 (equivalent to approximately HK\$814,783.12) for the year ending 31 December, 2008, which are the annual caps for the aggregate rental payments by the Group to CNSS for each of the two corresponding financial years respectively.

The levels of rent for the office premises under the Lease Agreements were determined by way of negotiations between Cyber Resources, Chinasoft Resources Beijing, Chinasoft Training Centre and Beijing Chinasoft (as the case may be) and CNSS, and the Directors consider such rental more favourable to Cyber Resources, Chinasoft Resources Beijing, Chinasoft Training Centre and Beijing Chinasoft (as the case may be) than any of them would otherwise have been offered by Independent Third Parties, after making reference to the prevailing market rent of similar properties in the same building.

## **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

Cyber Resources, Chinasoft Resources Beijing, Chinasoft Training Centre and Beijing Chinasoft rented the office premises under the Lease Agreements from CNSS respectively in view of the satisfactory location of such premises, and the favourable rental to Cyber Resources, Chinasoft Resources Beijing, Chinasoft Training Centre and Beijing Chinasoft than each of them would otherwise have been offered had it rented office premises from Independent Third Parties.

The Directors (including the independent Non-Executive Directors) confirm that the Lease Agreements were entered into upon normal commercial terms or terms no less favourable than those available to Independent Third Parties, and believe that the terms of the Lease Agreements are fair and reasonable and are in the interests of the Shareholders as a whole.

## **GEM LISTING RULES REQUIREMENTS**

CNSS is a substantial shareholder of the Company and is regarded as a connected person of the Company. The Lease Agreements thus constituted continuing connected transactions of the Company.

The Company disclosed in the 2006 Announcement, among other things, arrangements for leasing of office premises from CNSS which constituted continuing connected transactions of the Company. The Lease Agreements disclosed in this announcement are a continuation of the leasing arrangements disclosed in the 2006 Announcement, which contemplated further leasing of office premises by the Group from CNSS for the year ended 31 December, 2006 and the year ending 31 December, 2007 by setting out the estimated cap amounts of rental payment of these two financial years.

The applicable percentage ratios for the transactions under the Lease Agreements and other lease agreements entered with CNSS in aggregate on an annual basis for the year ended 31 December 2006 and for each of the years ending 31 December, 2007 and 31 December, 2008 exceed 0.1% but do not exceed 2.5%. The transactions under the Lease Agreements and other lease agreements with CNSS are subject to the reporting and announcement requirements under Rules 20.45 to 20.47 of the GEM Listing Rules but are exempt from the independent Shareholders' approval requirements under Rule 20.48 of the GEM Listing Rules.

## GENERAL

The Group is principally engaged in the provision of e-government solutions and customized software products, IT consulting and training services, IT outsourcing services and standalone software products for government authorities and IT service providers.

CNSS, the A shares of which are listed on the Shanghai Stock Exchange, is principally engaged in software and IT product development and systems integration in the sectors of railway, communication, aviation, taxation and military.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“2006 Announcement”	the announcement by the Company on continuing connected transactions and connected transactions dated 28 April, 2006
“Beijing Chinasoft”	北京中軟國際信息技術有限公司 (Chinasoft International Information Technology Limited), a wholly foreign owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Chinasoft Resources Beijing”	北京中軟資源信息科技服務有限公司 (Chinasoft Resources Information Technology Services Limited), a wholly foreign owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
“Chinasoft Training Centre”	中軟總公司計算機培訓中心 (CS&S Computer Tech. Training Centre), a PRC institution established in the PRC and an indirectly wholly-owned subsidiary of the Company
“CNSS”	中國軟件與技術服務股份有限公司 Chinasoft National Software and Service Company Limited (formally known as China National Computer Software & Technology Service Corporation), the A-shares of which are listed on the Shanghai Stock Exchange and the parent company of the Company

“Company”	Chinasoft International Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Cyber Resources”	中軟賽博資源軟件技術(天津)有限公司 (CS&S Cyber Resources Software Technology (Tianjin) Co. Ltd.), a sino-foreign equity joint venture enterprise established in the PRC and an indirect subsidiary of the Company as to 76% of its shareholding
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	parties independent of and not connected with the Group and any of its directors, chief executive, substantial shareholder or management shareholder or any of their respective associates
“Lease Agreements”	the leases of the Premises by CNSS to Beijing Chinasoft, Cyber Resources, Chinasoft Resources Beijing and Chinasoft Training Centre respectively as further described in the section headed “THE LEASE AGREEMENTS” in this announcement
“PRC”	the People’s Republic of China
“Premises”	certain units of the buildings at 55 Xue Yuan Nan Road, Haidian District, and at 18 Changsheng Road, Changping District, Beijing, PRC leased under the Lease Agreements
“Share(s)”	ordinary share(s) of HK\$0.05 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)



“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

Unless otherwise specified, the Renminbi amounts shown in this announcement have been translated into Hong Kong dollars at an exchange rate of HK\$1.00=RMB0.97. Such translation should not be construed as a representation that the RMB amounts have been, could have been or could be converted into HK\$, as the case may be, at this or any other rates or at all.

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

Hong Kong, 17 December, 2007

As at the date of this announcement, the Directors are as follows:

*Executive Directors:*

Dr. CHEN Yuhong (*Managing Director*)

Dr. TANG Zhenming

Mr. WANG Hui

*Non-executive Directors:*

Mr. SU Zhenming (*Chairman*)

Dr. CUI Hui

Mr. Duncan CHIU

Mr. CHEN Yung Cheng Timothy

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.*

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\* For identification purposes only