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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)**

## **CONTINUING CONNECTED TRANSACTIONS LEASE AGREEMENTS**

Certain subsidiaries of the Company entered into the Lease Agreements with CNSS for the leasing of premises from CNSS. As CNSS is a substantial shareholder of the Company, it is regarded as a connected person of the Company under the Listing Rules. The entering into of the Lease Agreements thus constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Lease Agreements are a continuation of some of the leasing arrangements as set out in the 2010 Announcement.

Since the relevant applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual consideration to be paid by the Group for the transactions under the Lease Agreements entered into with CNSS in aggregate for the financial year ending 31 December 2011 exceed 0.1% but do not exceed 5%, being the threshold of the percentage ratios in accordance with Rule 14A.34 of the Listing Rules, the transactions under the Lease Agreements are only subject to the reporting and announcement requirements and the annual review requirements but are exempted from the independent shareholders' approval requirement under the Listing Rules.

The Board announces that Chinasoft Education Beijing, Chinasoft Resources Beijing and Chinasoft Training Centre, being subsidiaries of the Company, entered into the Lease Agreements for the leasing of premises from CNSS as further described below. As CNSS is a substantial shareholder of the Company, it is regarded as a connected person of the Company under the Listing Rules. The entering into of the Lease Agreements thus constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

## THE LEASE AGREEMENTS

The Lease Agreements comprise the following:

**1. Lease of 8th, 9th and 10th Floors of Block A, 3rd and 7th Floor of Block C of 55 Xue Yuan Nan Road, Haidian District, Beijing, PRC**

|                               |   |  |
|-------------------------------|---|--|
| Date                          | : | 20 December 2010   |
| Parties                       | : | Chinasoft Resources Beijing<br>CNSS  |
| Floor area of leased premises | : | 3,764.8792 square meters in aggregate  |
| Term                          | : | 1 January 2011 to 31 December 2011   |
| Nature of the transaction     | : | CNSS agreed to let to Chinasoft Resources Beijing the captioned premises   |
| Monthly rental                | : | RMB276,718.63 (equivalent to about HK\$327,826.83)   |
| Payment term                  | : | before the fifteenth day of each calendar month by way of cheque payment   |
| User                          | : | as office premises   |
| Other major terms             | : | Chinasoft Resources Beijing may continue to rent the captioned premises by signing a new leasing agreement with CNSS on the condition that Chinasoft Resources Beijing gives two months prior written notice to CNSS before the expiry of the term and that consent from CNSS has been obtained. |

After the expiry of the term, in the event that CNSS would lease the captioned premises, under the same terms and conditions, Chinasoft Resources Beijing is entitled to the first right of refusal.

*Note: This is a continuation of the lease agreement between Chinasoft Resources Beijing and CNSS dated 1 January 2010 as disclosed in the 2010 Announcement after the expiry of the original terms on 31 December 2010, without any changes to the premises leased and the amount of monthly rental.*

**2. Lease of 5th Floor of Block B of 55 Xue Yuan Nan Road, Haidian District, Beijing, PRC**

|                               |   |  |
|-------------------------------|---|--|
| Date                          | : | 21 January 2011  |
| Parties                       | : | Chinasoft Training Centre<br>CNSS  |
| Floor area of leased premises | : | 641.0412 square meters in aggregate  |
| Term                          | : | 1 January 2011 to 31 December 2011   |
| Nature of the transaction     | : | CNSS agreed to let to Chinasoft Training Centre the captioned premises   |
| Monthly rental                | : | RMB47,116.53 (equivalent to about HK\$55,818.66)   |
| Payment term                  | : | before the fifteenth day of each calendar month by way of cheque payment   |
| User                          | : | as office premises   |
| Other major terms             | : | Chinasoft Training Centre may continue to rent the captioned premises by signing a new leasing agreement with CNSS on the condition that Chinasoft Training Centre gives two months prior written notice to CNSS before the expiry of the term and that consent from CNSS has been obtained. |

After the expiry of the term, in the event that CNSS would lease the captioned premises, under the same terms and conditions, Chinasoft Training Centre is entitled to the first right of refusal.

*Note: This is a continuation of the lease agreement between Chinasoft Training Centre and CNSS dated 10 January 2010 (“Previous Chinasoft Training Centre Lease”) as disclosed in the 2010 Announcement after the expiry of the original terms on 31 December 2010, with changes to the amount of monthly rental and the floor area of leased premises. The monthly rental and the floor area of leased premises under the Previous Chinasoft Training Centre Lease are RMB51,669.86 and 702.9913 square meters respectively.*

**3. Lease of Rooms 206-211 and Conference Room on 2nd Floor, Rooms 306-310 on 3rd Floor of Tower A2 at 18 Changsheng Road, Changping District, Beijing, PRC**

Date : 24 February 2011

Parties : Chinasoft Education Beijing  
CNSS

Floor area of leased premises : 2,444.7751 square meters in aggregate

Term : 1 January 2011 to 31 December 2011

Nature of the transaction : CNSS agreed to let to Chinasoft Education Beijing the captioned premises

Monthly rental : RMB161,355.16 (equivalent to about HK\$191,156.45)

Payment term : before the fifteenth day of each calendar month by way of cheque payment

User : as office premises

Other major terms : Chinasoft Education Beijing may continue to rent the captioned premises by signing a new leasing agreement with CNSS on the condition that Chinasoft Education Beijing gives two months prior written notice to CNSS before the expiry of the term and that consent from CNSS has been obtained.

After the expiry of the term, in the event that CNSS would lease the captioned premises, under the same terms and conditions, Chinasoft Education Beijing is entitled to the first right of refusal.

*Note: This is a continuation of the lease agreement between Chinasoft Education Beijing and CNSS dated 31 December 2009 (“Previous Chinasoft Education Beijing Lease”) as disclosed in the 2010 Announcement after the expiry of the original terms on 31 December 2010, with changes to the premises leased and the amount of monthly rental. The monthly rental under the Previous Chinasoft Education Beijing Lease is RMB121,040.04.*

## **THE CAP AMOUNT AND BASIS FOR DETERMINING THE CAP AMOUNT**

It is expected that the total amount of rent payable by the Group to CNSS for the lease of premises under the Lease Agreements for the year ending 31 December 2011 will amount to approximately RMB5,822,284 (equivalent to approximately HK\$6,897,623) (the “**Cap Amount**”). The Cap Amount is arrived at based on the annual rent for the premises under the Lease Agreements as determined by way of negotiations by Chinasoft Resources Beijing, Chinasoft Training Centre and Chinasoft Education Beijing respectively and CNSS. The Directors consider such rental to be more favourable to the Group than rental that would have otherwise 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**

Chinasoft Resources Beijing, Chinasoft Training Centre and Chinasoft Education Beijing respectively rented the premises under the Lease Agreements from CNSS in view of the satisfactory location of such premises, and the favourable rental to Chinasoft Resources Beijing, Chinasoft Training Centre and Chinasoft Education Beijing 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) consider that the Lease Agreements were entered into on normal commercial terms or on terms no less favourable than those available to Independent Third Parties, and believe that both the terms of the Lease Agreements and the consideration as set out above are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Further, none of the Directors (including the independent non-executive Directors) has any material interest in the transactions under the Lease Agreements and so none of them was required to abstain from voting on the resolution of the Board approving the transactions under the Lease Agreements.

## **LISTING RULES REQUIREMENTS**

As CNSS is a substantial shareholder of the Company, it is regarded as a connected person of the Company under the Listing Rules. The entering into of the Lease Agreements thus constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Company disclosed in the 2010 Announcement arrangements for leasing of office premises by subsidiaries of the Group from CNSS which constituted continuing connected transactions of the Company. The Lease Agreements disclosed in this announcement are a continuation of some of the leasing arrangements disclosed in the 2010 Announcement.

Since the relevant applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual consideration to be paid by the Group for the transactions under the Lease Agreements entered into with CNSS in aggregate for the financial year ending 31 December 2011 exceed 0.1% but do not exceed 5%, being the threshold of the percentage ratios in accordance with Rule 14A.34 of the Listing Rules, the transactions under the Lease Agreements are only subject to the reporting and announcement requirements and the annual review requirements but are exempted from the independent shareholders' approval requirement under the Listing Rules.

## **PRINCIPAL ACTIVITIES OF THE GROUP AND CNSS**

The Group is principally engaged in the provision of consulting-powered solutions, professional information technology outsourcing (ITO) and business process outsourcing (BPO), and human resources supply chain oriented training services, including information technology consulting, software development, application integration, software testing, software localization, construction and maintenance of business application platforms, IT outsourcing and operational process outsourcing.

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:

|                               |  |
|-------------------------------|--|
| “2010 Announcement”           | the announcement by the Company dated 18 June 2010 on continuing connected transactions of leases of office premises by subsidiaries of the Company from CNSS  |
| “Board”                       | the board of Directors   |
| “Chinasoft Education Beijing” | 北京中軟國際教育科技有限公司 (Beijing Chinasoft International Education Technology Co. Ltd.*), a wholly foreign owned enterprise established in the PRC and an indirect non-wholly owned subsidiary of the Company |
| “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 & Service Company Limited), the A-shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600536SH) 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 the Main Board of the Stock Exchange                                       |
| “Director(s)”               | the director(s) of the Company   |
| “Group”                     | the Company and its subsidiaries   |
| “Hong Kong”                 | the Hong Kong Special Administrative Region of the PRC   |
| “HK\$”                      | Hong Kong dollars, the lawful currency of Hong Kong  |
| “Independent Third Parties” | parties independent of and not connected with the Group and any of its directors, chief executive, substantial shareholder or any of their respective associates   |
| “Lease Agreements”          | three leases by CNSS to Chinasoft Resources Beijing, Chinasoft Training Centre and Chinasoft Education Beijing respectively as further described in the section headed “THE LEASE AGREEMENTS” in this announcement |
| “Listing Rules”             | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “PRC”                       | the People’s Republic of China   |
| “RMB”                       | Renminbi, the lawful currency of the PRC   |

|                  |   |
|------------------|---|
| “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                                       |
| “%”              | per cent  |

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

Hong Kong, 25 February 2011

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:***

Dr. CUI Hui (*Chairman*), Mr. LIU Zheng, Dr. ZHANG Yaqin, Mr. FANG Jun

***Independent Non-executive Directors:***

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

Unless otherwise specified, the RMB amounts shown in this announcement have been translated into Hong Kong dollars at an exchange rate of HK\$1.00 = RMB0.8441. 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.

\* *For identification purposes only*