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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 office 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 constitutes 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 2008 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 year ending 31 December, 2009 exceed 0.1% but do not exceed 2.5%, in accordance with Rule 14A.34 of the Listing Rules, the transactions under the Lease Agreements and other lease agreements with CNSS are only subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirements under the Listing Rules.

The Board announces that Cyber Resources, Chinasoft Resources Beijing and Chinasoft Training Centre, being subsidiaries of the Company, entered into the Lease Agreements for the leasing of office 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, which is a continuation of the arrangement for leasing of office premises from CNSS as set out in the 2008 Announcement, 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 Rooms 110-113 on 1st Floor, Rooms 203-206, 207, 212-213, 216 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)

Floor area of leased premises	:	3,115 square meters in aggregate
Term	:	on a monthly basis from 1 January, 2009, for the year ended on 31 December, 2009
Monthly rental	:	RMB199,672 (equivalent to about HK\$226,642.45)
Payment term	:	by way of cheque payment upon demand by CNSS
User	:	as premises for training
Note	:	this is a continuation of the lease agreement between Chinasoft Training Centre and CNSS dated 30 January, 2008 as disclosed in the 2008 Agreement after the expiry of the original terms on 31 December, 2008 with changes to the premises leased and the amount of monthly rental

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	:	31 December, 2008
Floor area of leased premises	:	1,114.47 square meters in aggregate
Term	:	1 January, 2009 to 31 December, 2009
Monthly rental	:	RMB81,913.55 (equivalent to about HK\$92,977.92)
Payment term	:	before the fifteenth day of each calendar month by way of cheque payment
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	:	31 December, 2008
Floor area of leased premises	:	2,650.4092 square meters in aggregate
Term	:	1 January, 2009 to 31 December, 2009
Monthly rental	:	RMB194,805.08 (equivalent to about HK\$221,118.14)
Payment term	:	before the fifteenth day of each calendar month by way of cheque payment
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 May, 2009
Floor area of leased premises	:	1026 square meters in aggregate from 1 January, 2009 to 28 February, 2009 703 square metres in aggregate from 1 March, 2009 to 31 December, 2009
Term	:	1 January, 2009 to 31 December, 2009
Monthly rental	:	RMB 75,411 (equivalent to about HK\$85,597.05) from 1 January, 2009 to 28 February, 2009 RMB 51,670 (equivalent to about HK\$58,649.26) from 1 March, 2009 to 31 December, 2009
Payment term	:	before the fifteenth day of each calendar month by way of cheque payment
User	:	as office premises

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 office premises under the Lease Agreements for the year ending 31 December, 2009 will amount to RMB6,384,209.56 (equivalent to approximately HK\$7,246,548.88) ("Cap Amount"). Such Cap Amount is arrived at after taking into account the following:–

The levels of rent for the office premises under the Lease Agreements were determined by way of negotiations by Cyber Resources, Chinasoft Resources Beijing and Chinasoft Training Centre respectively and CNSS, and the Directors consider such rental to be more favourable to the Group than if they were otherwise 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 and Chinasoft Training Centre 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 and Chinasoft Training Centre 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.

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 constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Company disclosed in the 2008 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 2008 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 year ending 31 December, 2009 exceed 0.1% but do not exceed 2.5%, in accordance with Rule 14A.34 of the Listing Rules, the transactions under the Lease Agreements and other lease agreements with CNSS are only subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirements under the Listing Rules.

PRINCIPAL ACTIVITIES OF THE GROUP AND CNSS

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:

“2008 Announcement”	the announcement by the Company on continuing connected transactions of leases of office premises by subsidiaries of the Company from CNSS dated 30 January, 2008
“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 & 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
“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

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“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 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

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

Hong Kong, 4 June, 2009

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

Executive Directors:

Dr. Chen Yuhong (*Managing Director*)

Mr. Wang Hui

Dr. Tang Zhenming

Non-executive Directors:

Dr. Cui Hui (*Chairman*)

Mr. Duncan Chiu

Mr. Fang Jun

Mr. Liu Zheng

Dr. Zhang Yaqin

Independent non-executive Directors:

Mr. Xu Zeshan

Mr. Zeng Zhijie

Dr. Leung Wing Yin Patrick

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=RMB0.881. 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