

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for Shares.*

*The Stock Exchange of Hong Kong Limited takes no responsibility for the content of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**DISCLOSEABLE AND CONNECTED TRANSACTION**

**ACQUISITION OF 51% OF THE REGISTERED CAPITAL OF  
CHINASOFT RESOURCES**

**CLARIFICATION OF A NEWSPAPER ARTICLE  
AND**

**RESUMPTION OF TRADING**

**Financial Adviser to the Company**



**Oriental Patron Asia Limited**

On 28 April 2005, Chinasoft (HK), a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor to conditionally acquire the Equity Interest from the Vendor. The consideration will be satisfied by the allotment and issue of a maximum number of 58,120,755 Consideration Shares by the Company, credited as fully paid, to the Vendor with a Cash Option exercisable by the Vendor.

Prior to the Completion, Chinasoft Resources is wholly-owned by the Vendor. Upon Completion, Chinasoft Resources will be owned as to 51% and 49% by Chinasoft (HK) and the Vendor respectively.

\* For identification purposes only

The Acquisition constitutes a discloseable transaction of the Company under the GEM Listing Rules. As the Vendor is a connected person (as defined under the GEM Listing Rules) of the Company, the Acquisition also constitutes a connected transaction of the Company under the GEM Listing Rules and is subject to the reporting, announcement and independent Shareholders' approval requirements. CS&S(HK), being a Shareholder with a material interest in the Acquisition and holding approximately 8.24% of the issued share capital of the Company, will be required to abstain from voting at the EGM, at which voting will be taken by poll. To the best of the Directors' knowledge, none of the associates of CS&S(HK) holds any Shares. The Independent Board Committee comprising the independent non-executive Directors has been established by the Board to advise the independent Shareholders on the reasonableness and fairness of the Acquisition. An independent financial adviser will be appointed to provide its opinion to the Independent Board Committee and the independent Shareholders in connection with the Acquisition.

A circular containing further details relating to the Acquisition, the advice of the independent financial adviser to the Independent Board Committee and the independent Shareholders, the recommendation of the Independent Board Committee to the independent Shareholders in respect of the Acquisition, the notice convening the EGM and other information of the Company, will be dispatched to the Shareholders within 21 days from the publication of this announcement.

On 3 May 2005, a newspaper article contained comments by a Director, Dr. Chen Yu Hong, in relation to, amongst other things, the Company's parent company. The Directors would like to clarify that the Company does not have a parent company.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 29 April 2005 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 9 May 2005.

## **THE AGREEMENT**

### **Date**

28 April 2005

### **Parties**

Vendor: CS&S(HK)

Purchaser: Chinasoft (HK)

### **Interest to be acquired**

Pursuant to the Agreement, Chinasoft (HK) has conditionally agreed to acquire the Equity Interest from the Vendor.

## **Consideration**

The consideration will be satisfied by the allotment and issue of a maximum number of 58,120,755 Consideration Shares by the Company credited as fully paid, to the Vendor at an issue price of HK\$0.77 per Consideration Share with a Cash Option exercisable by the Vendor. Subject to fulfillment (or waiver if applicable) of the conditions, the maximum number of 58,120,755 Consideration Shares will be issued as follows:

1. 34,872,453 Consideration Shares will be issued to the Vendor upon Completion; and
2. if the audited consolidated net profit of Chinasoft Resources after taxation and minority interests and before extraordinary items for the year ending 31 December 2005 according to the audited consolidated financial statements of Chinasoft Resources prepared in accordance with HKGAAP (“2005 Accounts”) is not less than RMB12 million (“Performance Hurdle”), 23,248,302 Consideration Shares will be issued to the Vendor within 14 days from the date of issue of the 2005 Accounts, which is expected to be on or before 31 March 2006.

Under the Agreement, if the Performance Hurdle is not achieved, the Vendor will not be entitled to the second portion of the 23,248,302 Consideration Shares.

The maximum number of 58,120,755 Consideration Shares, when fully issued, represent approximately 8.33% of the existing issued share capital of the Company and approximately 7.69% of the issued share capital of the Company as enlarged by the issue of the maximum number of the Consideration Shares.

### *Cash Option*

Chinasoft (HK) has granted an option to the Vendor to require Chinasoft (HK) to procure the Company to pay an amount of HK\$17,901,193 to the Vendor instead of the issue and allotment of the second portion of the Consideration Shares. Such amount of cash payment is equivalent to the value of 23,248,302 Consideration Shares at the price of HK\$0.77 per Consideration Share and will be made out of the internal resources of the Group.

Subject to Completion and satisfaction of the condition for the issue of the second portion of the Consideration Shares to the Vendor as referred to above, the Vendor may exercise the above option before the date of issue of the second portion of 23,248,302 Consideration Shares by the Company.

### **Status of Consideration Shares**

The Consideration Shares when issued and credited as fully paid will rank *pari passu* amongst themselves and in all respects with the existing Shares in issue as at the date of allotment of the Consideration Shares. An ordinary resolution will be proposed at the EGM to seek a specific mandate to approve the issue and allotment of the Consideration Shares pursuant to the Agreement.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

## **Non-Disposal Undertaking**

The Vendor has undertaken to and covenanted with Chinasoft (HK) that it shall not, for a period of 12 months commencing from the date of issue and allotment of the relevant portion of the Consideration Shares, sell, transfer, grant any option on or otherwise dispose of (or enter into any agreement to sell, transfer, grant any option on or otherwise dispose of), nor permit the registered holder to sell, transfer, grant any option on or otherwise dispose of (or to enter into any agreement to sell, transfer, grant any option on or otherwise dispose of) any of its direct or indirect interest (as the case may be) in such portion of Consideration Shares.

## **Conditions of the Agreement**

Completion of the Agreement is conditional upon the fulfillment (or waiver by Chinasoft (HK) in respect of the conditions under (c), (d) and (g) below) of the following conditions:

- (a) approval by the Shareholders of the Agreement and the transactions contemplated thereunder and of the issue of a maximum number of 58,120,755 Consideration Shares pursuant to the Agreement (as a specific mandate) at an extraordinary general meeting of the Company to be held;
- (b) the GEM Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Consideration Shares;
- (c) completion to the satisfaction of Chinasoft (HK) of the legal and financial due diligence conducted by Chinasoft (HK) on Chinasoft Resources and its subsidiaries;
- (d) the obtaining by Chinasoft (HK) of a PRC legal opinion in such form and content satisfactory to itself on the legal status of Chinasoft Resources and its subsidiaries;
- (e) approval of the transfer of the Equity Interest from the Vendor to Chinasoft (HK) by the board of directors of Chinasoft Resources;
- (f) the obtaining of all government approvals, consents and licences necessary for the transfer of the Equity Interest pursuant to the Agreement; and
- (g) that there has been no breach of any of the representations, warranties and undertakings given by CS&S(HK) under the Agreement from the date of the Agreement up to the date of Completion.

The conditions under (c), (d) and (g) may be waived at the sole discretion of Chinasoft (HK). In the event of non-fulfillment of any of these three conditions, the members of the Board who have no material interest in the Acquisition will consider the circumstances regarding the non-fulfillment and, judging from whether the non-fulfillment is material as well as other relevant factors, determine whether a waiver of the condition concerned would be in the interest of the Company and its subsidiaries.

If the conditions have not been fulfilled (or waived if applicable) on or before 30 September 2005 or such later date as the Vendor and Chinasoft (HK) may agree, the Agreement shall lapse and be terminated and thereafter all rights, obligations and liabilities of all parties therein shall cease and terminate except for antecedent breach.

The due diligence on Chinasoft Resources and its subsidiaries is conducted by Chinasoft (HK) by reviewing the financial, accounting, legal and corporate documents of Chinasoft Resources and its subsidiaries.

## **Completion**

Subject to the conditions of the Acquisition having been fulfilled (or waived if applicable), Completion will take place within 14 days from the date on which all the conditions of the Acquisition have been fulfilled.

Upon Completion, Chinasoft Resources will be owned as to 51% and 49% by the Group and the Vendor respectively. After Completion, it is expected that more than half of the members of the board of Chinasoft Resources will be nominated by Chinasoft (HK).

## **INFORMATION ON THE VENDOR AND CONNECTION BETWEEN THE PARTIES**

CS&S(HK), an investment holding company which does not carry on any business activities. It is indirectly owned as to approximately 99.3% of its total voting rights by CNSS and as to approximately 0.70% of its total voting rights by an independent third party not being a connected person (as defined under the GEM Listing Rules) of the Company.

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. In addition, CNSS is also engaged in IT outsourcing through its indirect subsidiaries, Chinasoft Resources, Shenzhen Resources, Shanghai Resources and Dalian Chinasoft. The client profiles for each of Chinasoft Resources and its two subsidiaries, and Dalian Chinasoft do not overlap.

Shenzhen Resources is a limited liability company established under the laws of the PRC owned as to 60% by Chinasoft Resources and 40% by two independent third parties which are not connected persons (as defined under the GEM Listing Rules) of the Company.

Shanghai Resources is a limited liability company established under the laws of the PRC owned as to 60% by Chinasoft Resources, as to 5% each by Ms. Tang Min and Mr. Cui Hui, both of whom are Directors, and the remaining 30% by two independent third parties which are not connected persons (as defined under the GEM Listing Rules) of the Company.

Dalian Chinasoft is a limited liability company established under the laws of the PRC owned as to 62% by CNSS and the remaining 38% by six independent third parties which are not connected persons (as defined under the GEM Listing Rules) of the Company.

The IT outsourcing business generally refers to the provision of IT services to high technology and other enterprises which prefer to use their resources in their core competencies and consider outsourcing IT services. Such IT services include customised system and software development, integration, implementation and maintenance according to customer requirement.

One of the key competitive factors among IT outsourcing service provider is in terms of geographical location. Prospective clients tend to set up their own IT centres in different parts of the PRC in accordance with their own needs. IT outsourcing service providers are therefore required to be located in the same geographic location so that they can promptly respond to the need of their clients and deliver their services on a timely fashion.

The Directors consider that there is no direct competition between Dalian Chinasoft and Chinasoft Resources due to the fact that the IT outsourcing businesses carried out by each of Shenzhen Resources, Shanghai Resources and Dalian Chinasoft primarily focus on clients at the geographical locations in which they operate. Dalian Chinasoft primarily targets at its customers located in Dalian while Shanghai Resources and Shenzhen Resources primarily target at their customers located in Shanghai and Shenzhen respectively. There is thus no non-competition undertaking between Dalian Chinasoft and Chinasoft Resources. The Directors consider that potential competition may or may not occur with CNSS after Completion.

CS&S(HK) holds an approximately 8.24% shareholding in the Company and is a management shareholder and a connected person (as defined under the GEM Listing Rules) of the Company. Accordingly the Agreement entered into between Chinasoft (HK) and CS&S(HK) constitutes a connected transaction of the Company under the GEM Listing Rules and is thus subject to the reporting, announcement and independent shareholder's approval requirements under Chapter 20 of the GEM Listing Rules.

## **INFORMATION ON CHINASOFT RESOURCES AND ITS SUBSIDIARIES**

Chinasoft Resources, principally engaged in IT outsourcing, is a wholly-owned subsidiary of the Vendor established in the PRC in April 2004. With its major operation located in Beijing, Chinasoft Resources also carries out its IT outsourcing business through its two 60% owned subsidiaries, Shenzhen Resources and Shanghai Resources.

On 25 April 2005, Chinasoft Resources entered into two sale and purchase agreements with the two minority shareholders of Shenzhen Resources, who are independent third parties and are not connected persons (as defined under the GEM Listing Rules) of the Company, to acquire respectively a further 29.8% and 10% equity interest of Shenzhen Resources from its internal resources. The approval and registration of such transfer by relevant PRC authorities is still in progress. Upon the completion of such transfers of equity interest, Chinasoft Resources will hold 99.8% of the total equity interest in Shenzhen Resources.

Based on the PRC audited consolidated accounts of Chinasoft Resources for the period from 22 April 2004 (date of incorporation) to 31 December 2004 (as adjusted to HK GAAP), the audited consolidated net tangible asset value of Chinasoft Resources was approximately RMB15.39 million (which is equivalent to approximately HK\$14.52 million). For the period from 22 April 2004 (date of incorporation) to 31 December 2004, the PRC audited consolidated net profit before tax and net profit after tax and minority interests but before extraordinary items of Chinasoft Resources (as adjusted to HK GAAP) were approximately RMB9.07 million (which is equivalent to approximately HK\$8.56 million) and RMB9.06 million (which is equivalent to approximately HK\$8.55 million) respectively.

The IT outsourcing businesses carried out by Chinasoft Resources, Shenzhen Resources and Shanghai Resources are mainly targeted at Mainland China and US customers located in Beijing, Shenzhen and Shanghai respectively. The Group currently maintains a Research and Development (“R&D”) team. Such R&D team is for the use in its solution and software product activities. The Directors consider that the critical factor of IT outsourcing business is not its R&D capabilities. Nevertheless, in the event that the IT outsourcing contract requires R&D facilities, depending on the specific requirements of the customer, Chinasoft Resources and its subsidiaries may utilize the R&D facilities of the customer, the Group, CNSS or other independent third parties as appropriate.

## **BASIS OF VALUATION OF CHINASOFT RESOURCES**

The issue price of HK\$0.77 per Consideration Share represents:

- (a) the average closing price of HK\$0.77 per Share as quoted on the Stock Exchange for the last five trading days up to 28 April 2005 (being the last trading day prior to the suspension of the trading of the Shares on the Stock Exchange); and
- (b) the closing price of HK\$0.77 per Share as quoted on the Stock Exchange on 28 April 2005 (being the last trading day prior to the suspension of the trading of the Shares on the Stock Exchange).

With reference to the issue price of HK\$0.77 per Consideration Share and an exchange rate of HK\$1 to RMB1.06, the issue of the 34,872,453 Consideration Shares upon Completion and a further 23,248,302 Consideration Shares upon meeting the Performance Hurdle for the 51% interest in Chinasoft Resources under the Agreement represent:

- (i) a market value of approximately HK\$26.85 million (equivalent to approximately RMB28.46 million) and approximately HK\$17.90 million (equivalent to approximately RMB18.98 million) respectively;
- (ii) historical price/earnings ratio of approximately 6.16 times, being 100% of the valuation of Chinasoft Resources of approximately HK\$52.65 million (equivalent to approximately RMB55.80 million) divided by the audited consolidated net profit after taxation and minority interests but before extraordinary items (as adjusted to HK GAAP) of Chinasoft Resources for the period from 22 April 2004 (date of incorporation) to 31 December 2004 of HK\$8.55 million (equivalent to approximately RMB9.06 million); and
- (iii) forward price/earnings ratio of approximately 7.75 times, being 100% of the valuation of Chinasoft Resources of approximately HK\$87.75 (equivalent to approximately RMB93.02 million divided by Performance Hurdle of HK\$11.32 million (equivalent RMB12.00 million).

The Directors consider that the terms of the Acquisition are fair and reasonable and are on normal commercial terms and in the best interest of the Company and the Shareholders as a whole.

## REASONS FOR THE ACQUISITION

The Directors consider that the Acquisition would widen the Group's market share and increase the Group's competitiveness by covering clients with different geographical locations in the IT outsourcing business in the PRC and, hence, maximise the earning base of the Group in the long run. In addition, expanding the IT outsourcing business through the Acquisition with the Vendor, which is a connected person of the Company (and will become a substantial shareholder of the Company upon Completion) can minimise future potential competition in the IT outsourcing between the Group and CNSS.

Furthermore, the Board also considers that with a moderate dilution effect as shown under the section headed 'Shareholding structure before and after the Acquisition' below, the funding of the Acquisition by way of allotment and issue of the Consideration Shares and granting of the Cash Option represents an appropriate means for the Company without having to deplete the working capital of the Group and is, therefore, in the best interest of the Company and its Shareholders as a whole.

## SHAREHOLDING STRUCTURE BEFORE AND AFTER THE ACQUISITION

The approximately shareholding structure of the Company before and after the Acquisition (assuming the Vendor is entitled to receive the maximum number of 58,120,755 Consideration Shares) is summarized as follows:

	Before the Acquisition		After the Acquisition (assuming the Cash Option is not exercised)		After the Acquisition (assuming the Cash Option is exercised)	
	Shares	%	Shares	%	Shares	%
Far East Technology International Limited	176,889,822	25.36	176,889,822	23.41	176,889,822	24.15
The Vendor <i>(note)</i>	57,500,000	8.24	115,620,755	15.30	92,372,453	12.61
Authorative Industries Limited	57,485,834	8.24	57,485,834	7.61	57,485,834	7.85
ITG Venture Capital Limited	46,942,288	6.73	46,942,288	6.21	46,942,288	6.41
Prosperity International Investment Corporation	39,790,136	5.70	39,790,136	5.27	39,790,136	5.43
Directors						
– Chen Yu Hong <i>(note)</i>	22,967,472	3.29	22,967,472	3.04	22,967,472	3.14
– Cui Hui <i>(note)</i>	22,967,472	3.29	22,967,472	3.04	22,967,472	3.14
– Peng Jiang	7,017,838	1.01	7,017,838	0.93	7,017,838	0.96
Public	<u>265,939,138</u>	<u>38.14</u>	<u>265,939,138</u>	<u>35.19</u>	<u>265,939,138</u>	<u>36.31</u>
Total	<u><u>697,500,000</u></u>	<u><u>100.00</u></u>	<u><u>755,620,755</u></u>	<u><u>100.00</u></u>	<u><u>732,372,453</u></u>	<u><u>100.00</u></u>

*Note:*

Pursuant to Class (2) of the definition of "acting in concert" under the Code on Takeovers and Mergers and Share Repurchases, Dr. Chen Yu Hong and Mr. Cui Hui are presumed to be acting in concert with the Vendor by virtue of both Dr. Chen Yu Hong and Mr. Cui Hui being directors of CNSS, the Vendor's parent company.

## **General**

The Group is principally engaged in the provision of e-government solution, IT consulting and training services and IT outsourcing services.

The Acquisition constitutes a discloseable transaction of the Company under the GEM Listing Rules. As the Vendor is a management shareholder of the Company and thus a connected person of the Company, the Acquisition also constitutes a connected transaction of the Company under the GEM Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements. Voting at the EGM will be taken by poll.

The Independent Board Committee comprising Mr. He Ning, Mr. Zeng Zhijie and Mr. Au Yeung Shiu Kau, Peter has been formed to advise the independent Shareholders on the fairness and reasonableness of the Acquisition. An independent financial adviser will be appointed to provide its opinion to the Independent Board Committee and the independent Shareholders in connection with the Acquisition.

A circular containing further details of the Acquisition, the advice of the independent financial adviser to the Independent Board Committee and the independent Shareholders, the recommendation of the Independent Board Committee to the independent Shareholders on the Acquisition, the notice convening the EGM and other information on the Company will be dispatched to the Shareholders within 21 days from the publication of this announcement. CS&S(HK), being a Shareholder with a material interest in the Acquisition and holding approximately 8.24% of the issued share capital of the Company, will be required to abstain from voting at the EGM. To the best of the Directors' knowledge, none of the associates of CS&S(HK) holds any Shares.

## **Clarification of Newspaper Article**

It is noted that on 3 May 2005, an article in a local Chinese press (the "Article") contained comments by a Director, Dr. Chen Yu Hong, that the Company (1) proposes to enter into transactions in relation to merger and acquisition from its parent company; (2) is inviting strategic investor(s); and (3) uses financial arrangement for fund raising.

The Directors would like to clarify that the Article has misquoted the comments made by Dr. Chen Yu Hong and that:

- i. the Company does not have a parent company;
- ii. the Company from time to time has been approached by or has approached reputable international high technology companies for cooperation opportunities both for business and/or for investment in the Company. Up to the date of this announcement all of the discussions are at preliminary stage and therefore may or may not result in formal agreement; and
- iii. being a listed company it is natural for the Company to explore financing opportunities in the capital market. The Directors confirm that save for the proposed issue of new Shares under the Acquisition, the Company has no definite plans regarding other issue of new Shares.

The Directors confirm that Dr. Chen Yu Hong is not aware of the source of the information contained in the Article.

## Resumption of Trading

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 29 April 2005 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 9 May 2005.

## DEFINITIONS

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

“Acquisition”	the acquisition by Chinasoft (HK) of the Equity Interest held by the Vendor pursuant to the Agreement
“Agreement”	the agreement dated 28 April 2005 entered into between Chinasoft (HK) and the Vendor in relation to the Acquisition
“associate”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Cash Option”	an option granted by Chinasoft (HK) to the Vendor to require the Company to satisfy part of the consideration under the Agreement by cash payment in the amount of HK\$17,901,193 instead of an issue of 23,248,302 Consideration Shares
“Chinasoft Resources”	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 in April 2004
“Chinasoft (HK)”	Chinasoft International (Hong Kong) Limited, a company incorporated in Hong Kong on 3 November 1999, the entire issued share capital of which is beneficially owned by 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 中軟網絡技術股份有限公司 (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 Vendor
“CS&S(HK)” or “Vendor”	China National Computer Software & Technology Service Corporation (Hong Kong) Limited (中國計算機軟件與技術服務(香港)有限公司), a company incorporated in Hong Kong with limited liability in which the total voting rights are held as to approximately 99.3% by the CNSS and as to approximately 0.7% by an independent third party which is not a connected person (as defined under the GEM Listing Rules) of the Company

“Company”	Chinasoft International Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on GEM
“Completion”	completion of the Acquisition pursuant to the Agreement
“Consideration Shares”	a maximum number of 58,120,755 new Shares to be allotted and issued by the Company to the Vendor pursuant to the Agreement
“Dalian Chinasoft”	大連中軟軟件有限公司 (Dalian Chinasoft Software Limited), a limited liability company established under the laws of the PRC owned as to 62% by CNSS and as to the remaining 38% by six independent third parties which are not connected persons (as defined under the GEM Listing Rules) of the Company
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Acquisition, scheduled to be held on or about 20 June 2005
“Equity Interest”	51% of the registered capital of Chinasoft Resources owned by the Vendor
“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
“HK GAAP”	generally accepted accounting principles in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors, namely Mr. He Ning, Mr. Zeng Zhijie and Mr. Au Yeung Shiu Kau, Peter
“PRC”	the People’s Republic of China
“Shanghai Resources”	上海中軟資源技術服務有限公司(Shanghai Chinasoft Resources Information Technology Services Limited) a limited liability company established in the PRC owned as to 60% by Chinasoft Resources, as to 5% each by Ms. Tang Min and Mr. Cui Hui, both of whom are Directors, and as to 30% by two independent third parties which are not connected persons (as defined under the GEM Listing Rules) of the Company
“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)
“Shenzhen Resources”	深圳市中軟資源信息技術服務有限公司 (Shenzhen Chinasoft Resources Information Technology Services Limited) a limited liability company established in the PRC owned as to 60% by Chinasoft Resources and as to 40% by two independent third parties which are not connected persons (as defined under the GEM Listing Rules) of the Company
“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=RMB1.06. 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, 9 May 2005

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

**Executive Directors:**

Ms. Tang Min (*Chairman*)  
Dr. Chen Yuhong  
Mr. Cui Hui  
Mr. Peng Jiang  
Mr. Duncan Chiu

**Non-executive Directors:**

Mr. David Chiu  
Mr. Liu Zheng  
Dr. Chen Qiwei

**Independent Non-executive Directors:**

Mr. He Ning

Mr. Zeng Zhijie

Mr. Peter Au Yeung Shiu Kau

*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 at <http://www.hkgem.com> for at least seven days from its date of publication.*