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If you have sold or transferred all your shares in **Chinasoft International Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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CHINASOFT INTERNATIONAL LIMITED

中 軟 國 際 有 限 公 司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8216)

DISCLOSEABLE TRANSACTION

**ACQUISITION OF EQUITY INTEREST IN
CS&S CYBER RESOURCE SOFTWARE TECHNOLOGY (TIANJIN) CO., LTD.**

This circular will remain on the Growth Enterprise Market (the “GEM”) website at <http://www.hkgem.com> on the “Latest Company Announcements” pages for at least 7 days from the date of its posting.

* *for identification purpose only*

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Interest by the Purchaser from the Vendors pursuant to the terms and conditions of the Transfer Agreement
“business day”	statutory working and business day in the PRC (excluding Saturdays and Sundays)
“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 transfer of the Sale Interest pursuant to the Transfer Agreement
“Conditions”	the conditions precedent to the Completion, as more particularly set out under the section headed “Conditions” of this circular
“Cyber Resource”	中軟賽博資源軟件技術(天津)有限公司 (CS&S Cyber Resource Software Technology (Tianjin) Co., Ltd.), a sino-foreign equity joint venture established under the laws of the PRC
“Directors”	the directors 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	14 July 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“PRC”	the People’s Republic of China which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Purchaser”	Chinasoft International (Hong Kong) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Sale Interest”	50% equity interest in Cyber Resource (owned as to 25% by each of the Vendors) together with all the rights and obligations attaching thereto
“SFO”	the Securities and Futures Ordinance (Cap., 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.05 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TEDA International”	天津泰達國際創業中心, a shareholder of Cyber Resource
“Transfer Agreement”	the conditional agreement dated 30 June 2006 entered into between the Vendors and the Purchaser pursuant to which the Vendors have agreed to sell and the Purchaser has agreed to purchase the Sale Interest
“Vendor A”	Prochoice Technology Limited, a company incorporated in the British Virgin Islands and a shareholder of Cyber Resource
“Vendor B”	Cyberware International Technology Limited, a company incorporated in the British Virgin Islands and a shareholder of Cyber Resource
“Vendors”	Vendor A and Vendor B
“%”	per cent.

Unless otherwise specified, the Renminbi amounts shown in this circular have been translated into Hong Kong dollars at an exchange rate of HK\$1.00=RMB1.04. 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.

LETTER FROM THE BOARD



CHINASOFT INTERNATIONAL LIMITED

中軟國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8216)

Executive Directors:

Dr. Chen Yuhong (*Managing Director*)

Mr. Wang Hui

Dr. Tang Zhenming

Non-executive Directors:

Madam Tang Min (*Chairman*)

Dr. Cui Hui

Mr. Duncan Chiu

Mr. Timothy Chen Yung Cheng

Mr. Liu Zheng

Independent non-executive Directors:

Mr. He Ning

Mr. Zeng Zhijie

Dr. Leung Wing Yin Patrick

Registered Office:

Century Yard, Cricket Square

Hutchins Drive, P.O. Box 2681 GT

George Town, Grand Cayman

Cayman Islands

British West Indies

Principal place of business in Hong Kong:

Units 4607-08, 46th Floor

COSCO Tower

No.183 Queen's Road Central

Hong Kong

21 July 2006

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

**ACQUISITION OF EQUITY INTEREST IN
CS&S CYBER RESOURCE SOFTWARE TECHNOLOGY (TIANJIN) CO., LTD.**

INTRODUCTION

The Directors announced on 30 June 2006 that the Vendors and the Purchaser had entered into the Transfer Agreement pursuant to which the Vendors had agreed to sell the Sale Interest, and the Purchaser had agreed to purchase the Sale Interest at an aggregate consideration of HK\$36,604,338. The percentage equity interest in Cyber Resource held by the Group will increase from 26% to 76% upon completion of the Acquisition.

* *for identification purpose only*

LETTER FROM THE BOARD

As the profits and revenue ratios calculated pursuant to Rule 19.07(4) of the GEM Listing Rules for the Acquisition exceed 5% but are less than 25% whilst the assets and consideration ratios are less than 5%, such transaction constitutes a discloseable transaction of the Company under the GEM Listing Rules. Cyber Resource will become a subsidiary of the Company upon Completion.

The purpose of this circular is to provide you with further information in respect of the Acquisition and other information in compliance with the GEM Listing Rules.

THE TRANSFER AGREEMENT DATED 30 JUNE 2006

1. The parties

Vendors : (1) Cyberware Information Technology Limited, and
(2) Prochoice Technology Limited.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, each of the Vendors and its ultimate beneficial owners are independent of the Company and its connected persons.

Purchaser : Chinasoft International (Hong Kong) Limited, a wholly-owned subsidiary of the Company.

2. Assets to be acquired

Pursuant to the Transfer Agreement, the Purchaser has conditionally agreed to acquire from each of Vendor A and Vendor B a 25% equity interest in Cyber Resource.

The holding structure of Cyber Resource as at the Latest Practicable Date was as follows:–

Shareholder	Percentage equity interest
Purchaser	26%
Vendor A	25%
Vendor B	25%
TEDA International	24%

After Completion, the holding structure of Cyber Resource will be as follows:–

Shareholder	Percentage equity interest
Purchaser	76%
TEDA International	24%

LETTER FROM THE BOARD

Cyber Resource will become a subsidiary of the Company upon Completion. Pursuant to the Transfer Agreement, the Purchaser shall be entitled to 76% of all the distributable profits of Cyber Resource after 31 December 2005.

Information on Cyber Resource

Cyber Resource is a sino-foreign equity joint venture established under the laws of the PRC with a registered capital of RMB5,000,000 (approximately HK\$4,807,692.31). The entire amount of the registered capital of Cyber Resource has been paid up. As at the Latest Practicable Date, Cyber Resource was owned as to 25% by Vendor A, 25% by Vendor B, 26% by the Purchaser and 24% by TEDA International.

Cyber Resource, a domestic special software outsourcing business provider, has long-term stable clients of international repute and consistently provides them with secured software development, testing, call centre and a series of relevant technical services.

Financial information on Cyber Resource

Based on the audited accounts of Cyber Resource for the year ended 31 December 2005 prepared in accordance with generally accepted accounting principles in the PRC, the audited net asset value of Cyber Resource as at 31 December 2005 was approximately RMB7,054,051 (approximately HK\$6,782,741.35). The audited profits before and after taxation and extraordinary items of Cyber Resource for the two years ended 31 December 2005 were as follows:–

	Year ended 31 December	
	2005	2004
	<i>RMB</i>	<i>RMB</i>
Profit before taxation and extraordinary items	8,137,115.22	4,861,734.84
Profit after taxation and extraordinary items	7,049,724.63	4,549,941.36

The unaudited profits before and after taxation and extraordinary items of Cyber Resource for the six months ended 30 June 2005 were RMB2,394,238.61 (approximately HK\$2,302,152.51) and RMB2,168,279.51 (approximately HK\$2,084,884.14) respectively.

The Consideration

The aggregate consideration for the Sale Interest is HK\$36,604,338 and a sum of HK\$18,302,169 (being 50% of the total consideration) shall be payable by the Purchaser to the each of the Vendors in cash as follows:

1. HK\$8,473,232 had been paid to each of the Vendors within 5 business days of the signing of the Transfer Agreement;

LETTER FROM THE BOARD

2. HK\$8,473,232 will be paid to each of the Vendors within 5 business days after the satisfaction of the Conditions and the change of registration at the Administration of Industry and Commerce in respect of the Acquisition under the Transfer Agreement; and
3. if the audited net profit of Cyber Resource for the six months ended 30 June 2006 has increased by 20% or more compared to the six months ended 30 June 2005, a further amount of HK\$1,355,705 will be payable to each of the Vendors within 5 business days from the date of issue of the audited accounts of Cyber Resource for the year ending 31 December 2006.

The Company will arrange for preparation of the audited financial results of Cyber Resource for the year ending 31 December 2006 and for the six months ended 30 June 2006 respectively after 31 December 2006.

The consideration for the Acquisition was arrived at after arm's length negotiations between the Vendors and the Purchaser by reference to (i) a 10 times price/earnings multiple of the audited net profit of Cyber Resource for the year ended 31 December 2005 (prepared in accordance with generally accepted accounting principles in the PRC) of approximately RMB7,049,724 (approximately HK\$6,778,580.77); (ii) the net profit of Cyber Resource for the six months ended 30 June 2006 taking into consideration a potential 20% growth compared with the same period during the previous year, and, subject to such growth being achieved, an additional 0.8 times price/earnings multiple of the audited net profit of Cyber Resource for the year ended 31 December 2005 (prepared in accordance with generally accepted accounting principles in the PRC). The basis for referring to the price/earnings multiples under (i) and (ii) above in respect of the consideration for the Acquisition was arrived at as a result of commercial negotiations between the parties, and is regarded by the parties as a common basis for consideration of acquisitions of companies with sizes and businesses similar to Cyber Resource. Furthermore, the parties to the Transfer Agreement made reference to the net profit instead of the net asset value of Cyber Resource as Cyber Resource, due to the nature of its business, does not have substantial assets and its value is mainly reflected in its profit level.

The Consideration will be financed from internal resources of the Company.

3. Conditions

Completion is subject to the satisfaction of the following conditions:

- (i) completion by the Purchaser of the legal and financial due diligence on Cyber Resource to its satisfaction;
- (ii) that there has been no breach of any of the representations, warranties and undertakings given by each of the Vendors under the Transfer Agreement at the date of Completion;

LETTER FROM THE BOARD

- (iii) the issue of consent letters by the Vendors and TEDA International to the transfer of the Sale Interest;
- (iv) passing of resolutions by the board of directors of Cyber Resource for following matters, including but not limited to
 - (1) approval and consent to the Transfer Agreement;
 - (2) approval and consent to the new articles of association of Cyber Resource; and
 - (3) approval of (i) the Purchaser appointing 3 directors to act as executive directors of Cyber Resource in accordance with the new articles of association of Cyber Resource (i.e. one more director to be appointed by the Purchaser in addition to the two directors currently appointed by the Purchaser to Cyber Resource) and (ii) the directors appointed by the Purchaser acting as the legal representatives of Cyber Resource.
- (v) the obtaining of all approvals, consents and licenses necessary or reasonably required by the Purchaser for the Completion.

If the Conditions cannot be fulfilled (or waived by the Purchaser) within 6 months from the date of the Transfer Agreement (or such reasonable time as determined by the Purchaser), the Purchaser may terminate the Transfer Agreement. In such event, the first part of the consideration paid to each of the Vendors as stated above shall be forthwith returned to the Purchaser by each of the Vendors plus interest, and no party to the Transfer Agreement shall have any claim against or liability or obligation to the other party thereto save and except for antecedent breaches. As at the Latest Practicable Date, the Purchaser did not intend to waive any of the Conditions.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company plans to drastically expand its IT outsourcing services, and a number of Cyber Resource's clients, which include IBM, Motorola, Panasonic, Epson and HP, are strategic targets for the development of the Group. The business of Cyber Resource has grown steadily throughout the years and its profitability has remained high. This is strategically important to the development of the IT outsourcing business of the Group, and will also bring in a steady and long term return to the Group.

The Company already owns 26% of the equity interest in Cyber Resource and upon the Completion will own 76% of the equity interest in Cyber Resource. Pursuant to the Acquisition, the Company will gain greater control of Cyber Resource and will be able to more fully exploit the potential of Cyber Resource and coordinate the Group's plan towards strategic clients for its IT outsourcing business.

The Directors consider that the terms of the Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE ACQUISITION

The Acquisition will result in a decrease in the balance of the Company in exchange for an investment in a subsidiary as an asset in the balance sheet of the Company. Upon Completion, Cyber Resource will become a subsidiary of the Company. The financial results of Cyber Resource will be consolidated into and reflected in the consolidated financial results of the Group. The Group is optimistic on the profit of Cyber Resource for the year ending 31 December 2006 which will contribute greater revenue and profit to the consolidated revenue and profit for the Group.

GENERAL

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

Each of the Vendors is an investment holding company.

As the profits and revenue ratios calculated pursuant to Rule 19.07(4) of the GEM Listing Rules for the Acquisition exceed 5% but are less than 25% whilst the assets and consideration ratios are less than 5%, such transaction constitutes a discloseable transaction of the Company under the GEM Listing Rules.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,
for and on behalf of
Chinasoft International Limited
Dr. Chen Yuhong
Managing Director

RESPONSIBILITY STATEMENT

This circular, 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:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading in any material respect;
- (b) there are no matters the omission of which would make any statement in this circular misleading in any material respect; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interest of the Directors in the Shares and underlying Shares of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in rule 5.46 of the GEM Listing Rules were as follows:–

(a) Shares

Name of Directors	Capacity	Nature of Interest	Number of Shares held	Percentage of total issued Shares
Chen Yuhong	Beneficial Owner	Personal	22,967,472	3.04%
Cui Hui	Beneficial Owner	Personal	20,000,000	2.65%
Wang Hui	Beneficial Owner	Personal	7,017,838	0.93%
Tang Zhen Ming	Beneficial Owner	Personal	10,207,765	1.35%

(b) Share Options

Name of Directors	Exercise Price (HK\$)	No. of share options outstanding as at the Latest Practicable Date	Percentage of total issued ordinary share capital	Note
Chen Yuhong	0.58	1,200,000	0.16%	(1)
	0.65	5,000,000	0.66%	(2)
	0.97	1,200,000	0.16%	(3)
Cui Hui	0.65	500,000	0.07%	(2)
Duncan Chiu	0.65	1,000,000	0.13%	(2)
Wang Hui	0.58	1,000,000	0.13%	(1)
	0.65	3,500,000	0.48%	(2)
	0.97	1,000,000	0.13%	(3)
Tang Zhen Ming	0.58	320,000	0.04%	(1)
	0.65	2,600,000	0.34%	(2)
	0.97	800,000	0.11%	(3)

Notes:

- (1) These share options were offered on 13 August 2003 under the share option scheme of the Company adopted on 2 June 2003 ("Share Option Scheme") and accepted on 27 August 2003. The share options are exercisable for a period of ten years from the date of offer, subject to the following conditions:

Exercise Period Commencing	Ending	Number of share options exercisable
13/08/2004	12/08/2013	25% of the total number of share options granted
13/08/2005	12/08/2013	25% of the total number of share options granted
13/08/2006	12/08/2013	25% of the total number of share options granted
13/08/2007	12/08/2013	25% of the total number of share options granted

- (2) These share options were offered on 13 May 2004 under the Share Option Scheme and accepted on 10 June 2004. The share options are exercisable for a period of ten years from the date of offer, subject to the following conditions:

Exercise Period Commencing	Ending	Number of share options exercisable
13/05/2004	12/05/2014	25% of the total number of share options granted
13/05/2005	12/05/2014	25% of the total number of share options granted
13/05/2006	12/05/2014	25% of the total number of share options granted
13/05/2007	12/05/2014	25% of the total number of share options granted

- (3) These share options were offered on 30 March, 2006 under the Share Option Scheme and accepted on 27 April, 2006. The share options are exercisable for a period of ten years from the date of offer, subject to the following conditions:

Exercise Period Commencing	Ending	Number of share options exercisable
30/03/2006	29/03/2016	25% of the total number of share options granted
30/03/2007	29/03/2016	25% of the total number of share options granted
30/03/2008	29/03/2016	25% of the total number of share options granted
30/03/2009	29/03/2016	25% of the total number of share options granted

SHARE OPTION SCHEME

As at the Latest Practicable Date, share options to subscribe for an aggregate of 78,210,000 Shares of HK\$0.05 each in the capital of the Company were granted to certain Directors and employees of the Group pursuant to the Share Option Scheme with terms on the exercise of the share options granted as set out in Notes (1), (2) and (3) in the section headed “Directors’ Interests” in this appendix.

Save as disclosed above, no option has been granted, exercised and lapsed pursuant to such Share Option Scheme as at the Latest Practicable Date.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, as at the Latest Practicable Date, the following persons, not being a Director or chief executive of the Company, had an interest in the Shares which were notified to the Company and Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in Shares

Name	Type of interest	Approximate number of Shares (million)	Approximate percentage of total issued ordinary share capital of the Company
China National Computer Software & Information Technology Service Corporation (Hong Kong) Limited (“CS&S(HK)”) (Note 1)	Beneficial interest	199.01	26.34%
China National Software and Service Company Limited (“CNSS”) (Note 1)	Interest of controlled corporation	199.01	26.34%
Chinasoft International (Hong Kong) Limited (“Chinasoft (HK)”) (Note 2)	Interest of persons acting in concert	199.01	26.34%
Far East Technology Limited (“Far East Technology”) (Note 3)	Beneficial interest	170.09	22.51%
International Finance Corporation (“IFC”) (Note 4)	Beneficial interest	97.25	12.87%
Microsoft Corporation (“Microsoft”) (Note 4)	Beneficial interest	97.25	12.87%
Authorative Industries Limited	Beneficial interest	57.49	7.61%

Notes:

1. CNSS is taken to be interested in the Shares which CS&S(HK), its subsidiary, in which it holds approximately 99.30% of the total voting rights, is interested in.

2. Chinasoft (HK) and CS&S(HK) are parties to agreements to acquire interest in the Company which includes provisions imposing restrictions with respect to the disposal of interests acquired, and Chinasoft (HK) is taken to be interested in the Shares in which CS&S(HK) is interested pursuant to section 318 of the SFO.
3. Mr. Duncan Chiu, a non-executive Director, is nominated by Far East Technology. Mr. Duncan Chiu is a director of Far East Technology.
4. IFC and Microsoft were interested in 97,250,000 Shares which could be issued to each of them upon the conversion of the 97,250,000 series A preferred shares of HK\$0.05 each in the capital of the Company (“Series A Preferred Shares”) allotted and issued to each of them on 6 January 2006. Each of IFC and Microsoft holds 50% of the total 194,500,000 Series A Preferred Shares in issue.

So far as was known to the Directors, as at the Latest Practicable Date, the following persons (other than members of the Group) were directly interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the following members of the Group (other than the Company) and the amount of each of such person’s interest were as follows:

Name of member of the Group	Name of substantial shareholder	Nature and amount of interest	Approximate percentage of shareholding
上海中軟資源技術服務有限公司 (Shanghai Chinasoft Resources Information Technology Services Limited)	上海東瑞信息諮詢服務有限公司 (Shanghai Dong Rui Information Consultation Services Co., Ltd.)	Equity interest in the amount of RMB600,000	20%
上海中軟資源技術服務有限公司 (Shanghai Chinasoft Resources Information Technology Services Limited)	Yan Juanyu (嚴雋鈺)	Equity interest in the amount of RMB600,000	20%

Save as disclosed above, as at the Latest Practicable Date so far as was known to the Directors, (a) none of the Directors or chief executive of the Company had any interest or short position in any Shares or underlying Shares or interest in the debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules; (b) there was no person known to the Directors who had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions 2 and 3 of Part XV of the SFO or, who was or was expected to be, directly or indirectly, interested in 10% or

more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or had any options in respect of such capital.

LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation, arbitration or claim of material importance known by the Directors to be pending or threatened against any member of the Group.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contract with any member of the Group which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

As at the Latest Practicable Date, Dr. Cui Hui, an executive Director, was interested in approximately 1.34% of the issued share capital of CNSS and also served as a director of CNSS. In addition, Dr. Cui Hui had been appointed as a senior vice president by CNSS since December 2003.

Save as disclosed above, none of the Directors or the substantial shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

MISCELLANEOUS

- (a) The registered office of the Company is at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, Cayman Islands, British West Indies.
- (b) The Company's Hong Kong branch share registrar and transfer office is Computershare Hong Kong Investor Services Limited, which is situated at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The Qualified Accountant and the Secretary of the Company is Mr. Fok Ming Fuk, William, *MBA, FCCA, CPA, CHARTERED ACCOUNTANT, FTIHK, MHKSI*
- (d) The Compliance Officer of the Company is Dr. Chen Yuhong.
- (e) The Company established an audit committee on 2 June 2003 with written terms of reference in compliance with the requirements as set out in Rules 5.28 and 5.30 of the GEM Listing Rules. The primary duties of the audit committee are to review and to supervise the financial reporting process and internal control system of the Group. The

audit committee has three members comprising all three independent non-executive Directors, namely Mr. He Ning, Mr. Zeng Zhijie and Dr. Leung Wing Yin, Patrick with their individual background stated below.

Mr. He Ning was appointed as an independent non-executive Director on 2 July 2002. Mr. He has been the chief executive officer of Beijing CCG Technology Co. Ltd. since September 2000. From January 1997 to August 2000, he was the vice president of the Beijing representative office of Merrill Lynch. Mr. He was the assistant officer of the China Stock Exchange Executive Council from July 1993 to December 1996. He also worked for Morgan Stanley as manager from May 1990 to June 1993. Mr. He obtained a master's degree in business administration from the University of Texas in 1984. Mr. He has over 10 years experience in investment banking, direct investment and venture business management in the PRC and the USA.

Mr. Zeng Zhijie was appointed as an independent non-executive Director on 21 April 2003. Mr. Zeng obtained a master's degree in business administration from Stanford University in June 2001, and is a vice president of Walden International, a global venture capital firm with an investment focus on the communications, electronics, software and IT services, semiconductors and life sciences/healthcare industries, since October 2001.

Dr. Leung Wing Yin, Patrick was appointed as an independent non-executive Director on 22 March 2006. Dr. Leung holds a doctor's degree in accounting from the University of New South Wales, Australia, and a member of Certified Public Accountants of Australia, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Hong Kong Securities Institute. He is an Assistant Professor and a Doctor Student Supervisor at the School of Accounting and Finance of the Hong Kong Polytechnic University. Dr. Leung previously worked as a consultant in a firm of Certified Public Accountants and as a Senior Lecturer at Charles Sturt University, Australia and the City University of Hong Kong. He has over three years' working experience in internal auditing and corporate finance in banks.

- (f) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.