Chinasoft International Limited

Incorporated in the Cayman Islands with Limited Liability
Stock Code: 0354

for identification purpose only

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Results for the first half of 2017

Income statement highlights	For the six months ended 30 June (unaudited) 2017 RMB'000	(unaudited) 2016 RMB'000	% Change
Revenue	**4,145,060**	2,884,951	43.7%
Revenue from service	**4,047,248**	2,832,120	42.9%
Profit for the period	**240,445**	218,619	10.0%
Profit attributable to Owners of the Group	**245,470**	236,237	3.9%
Basic EPS (RMB cents)	**10.26**	11.04	(7.0%)
Profit for the period after excluding share option expense	**311,982**	226,292	37.9%
Profit attributable to Owners of the Group after excluding share option expense	**317,007**	243,910	30.0%
Basic EPS after excluding share option expense (RMB cents)	**13.25**	11.40	16.2%

Statement of financial position highlights	(unaudited) 30 June 2017 RMB'000	(audited) 31 December 2016 RMB'000	% Change
Total assets	**7,759,527**	7,229,303	7.3%
Total liabilities	**(2,985,259)**	(2,896,664)	3.1%
Total equity	**4,774,268**	4,332,639	10.2%

- The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017.
- No closure for the Register of Members of the Company.

Dear Investors:

In the first half of the year, the Group's business underwent some sales driven structural transformation under the new premises of "*Leveraging the Global Market, Leading the Technological Revolution, Establishing the Industry Ecosystem, and Becoming a Global ITS Enterprise*" and accelerated the servicing blueprint for its cloud driven digital transformation. As a result, the Group maintained its high business growth. Furthermore, the Group became the first cooperative partner with Huawei that "sails the same boat" for the Huawei Public Cloud.

I. Establish Nationwide Online and Offline Jointforce Operation System

During the reporting period, Jointforce changed its domain from "*jointforce.com*" to "*jfh.com*" and fully entered into Jointforce 2.0. With it, the core and the business model of Jointforce received a comprehensive upgrade, expansion, and enhancement. Furthermore, Jointforce and Huawei development cloud launched a mission-level strategic cooperation, further bundling the functions and services of both parties to create a one-stop software development cloud solution service for developers and software companies. It aims to shatter the time and geographical restrictions of the traditional model, and focuses on the multidimensional, customized, and fragmented demand of software development. Jointforce will allow participating IT companies to achieve new levels through its "full project life span" tool support and the guaranteed quality of crowdsourcing development.

In terms of operation, Jointforce will leverage the Group's nationwide advantages in human resources and service capabilities to establish offline operation centers in 18 cities including Nanjing, Qingdao, Beijing, Shanghai, Xi'an, Dalian, Chengdu, Wuhan, Guangzhou, Shenzhen, Hangzhou, Jinan, Xiamen, Changsha, Suzhou, Tianjin, Chongqing, and Hefei. The centers will allow Jointforce to scale its membership services, contractors, ecosystem partnerships, delivery management, and other local promoting and servicing teams to fully cover all of the key software cities and surrounding cities with foundations of the IT industry. Through a strengthened cooperation with local governments, Jointforce will combine regional industry characteristics and use the software parks as basis to interact closely with software developers and different levels of contractors to provide different services. In the third quarter, Jointforce will have finished the initial layout of its online and offline operation system and create a new software development cloud ecosystem.

II. Outsourcing Business Receives an Upgrade and Its Long-Term Accumulation of Excellent Software Engineering Capabilities Will Become Cloud Services

Over the years, the Group has provided Huawei, Baidu, Ali, Tencent, and other global enterprises with outsourcing services, and through this, slowly accumulated a full suite of software engineering capabilities including software development processes, software development models, software R & D quality management, software R & D efficiency, software outsourcing supplier management, software R & D project management, etc. With the new cooperation between the Group and Huawei, the Group will, through public cloud, transform its excellent software engineering capabilities to different industries to cloud services and realize an upgrade of the outsourcing business.

"Cloud Software Park", a cloud solution for software engineering services, is a customized solution dedicated to software companies in software parks. The Cloud Software Park will combine Jointforce and Huawei Dev. Cloud as its "carrier", software engineering capabilities as its "content", and help the parks to create innovative service models. This solution will provide the IT companies in the parks with software services, cloud development tools, software engineering capabilities services, encouragement to move the enterprise onto the cloud, and help the companies scale using cloud to improve quality and increase efficiency.

During the reporting period, the Cloud Software Park was implemented in Qingdao, Xi'an, Nanjing, and Xuzhou. In the future, the Group will link up 300 key software parks in China and the 30,000 IT companies residing in them to truly build a software ecosystem and realize an industry capability upgrade.

III. Traditional Core Solutions Will Become Cloud Solution Services

We will fully execute and act on the strategic cooperative agreement we have with Huawei. For cloud services, cloud solutions, and software development cloud, we will create a comprehensive collaboration in areas including product creation, market expansion, operation promotion, and ecosystem construction, and create long term "1 (Huawei) +1 (Chinasoft) +N (partners in the ecosystem)" partnerships.

The Group will fully take advantage of this historical opportunity to fully upgrade and migrate its traditional solutions to cloud-based solutions in manufacturing, government, finance, transportation, electricity, education, e-commerce, etc. Through industry benchmark clients, we will establish the status quo for public cloud services in those industries and fully promote the industry cloud-based solutions through Huawei's channels.

The Group and Huawei jointly announced the "smart manufacturing" solution as the first batch of cloud migrated cloud-based solution. This solution has been implemented in Jiangsu, Guangdong, and other manufacturing centric provinces for industrial big data collection, analysis, and application. Through the establishment of regional smart manufacturing centers, the Group launched an analysis platform as a service along with its smart manufacturing solution to create a true "3 in 1" smart manufacturing lifecycle of introducing, implementing, resulting and promoting. During the reporting period, the Group successfully signed with a"National Equipment Manufacturing Industry Demonstration City," and in the future will establish a smart manufacturing model in Jiangsu and Guangdong province as it continues to plan its layout of city promotions for the "National Manufacturing 2025".

Dear investors, we will stay true and faithful to our original mission and continue to trek forward. At the end of the first quarter, the Group had an executive meeting for all of our core employees at Yan'an. We have decided to have a new start (Chinasoft's transformation) at Yan'an, and are determined to:

Take the initiative to make the management team younger by ten years at different levels, from the top business decision makers, head of the different business lines (Huawei, HSBC, etc.), to the managers of different business units. This is to provide insurance for the core talents as the Group tries to realize its goal of RMB30 billion of sales in the next five years.

No matter what, we will adhere to our three key principles: 1) adhere to our ideology and continue to move towards the right strategic direction, 2) adhere to ourselves and capabilities and have a practical implementation thought practice, and 3) adhere to being an honest enterprise and service our clients with 100% of our capability.

The Group's sales organization transformation further perpetuate our startup spirit of "work hard, persevere, and rely on oneself!" In five years, our professional technology services, cloud solutions, and Jointforce will each reach RMB10 billion of sales, helping us reach our sales goal of RMB30 billion!

Dear investors, we truly thank you and are honored to have you alongside our new journey. We will remain committed to our mission, and believe that we will move swiftly yet steadily, further accumulate more knowhows yet act concisely. We must reach our goals, and we will reach our goals!

- **JointForce (JF) – Development of Internet Crowdsourcing Platform:** During the reporting period, Jointforce grew rapidly and continued to gather IT resources in different industries, technical areas and regions. Currently, there are more than 180,000 engineers, 3,000 companies, and 20,000 contractors, with the contract amount exceeding RMB 800 million.

  During the reporting period, Jointforce's core product capabilities have been fully upgraded, expanded and enhanced on the basis of the original operation model. Its domain name has been shifted from jointforce.com to jfh.com, and the whole product has been upgraded into 2.0 from 1.0. In April, Jointforce released membership and store service features, which grasped the differentiation needs in software development and IT service, and provided service providers with professional, fast and easy shop customization presentation, shop operation management, industry experience prefabrication, service ordering function, and abundant privileged services and tools. It also provided faster demand publicity and quick purchase functions for the buyer side. During the reporting period, Jointforce has promoted a WeChat mini App, WeChat service account, App and new official website to provide users with comprehensive connection and access services. To better support Jointforce's commission-free and membership models, it also launched a smart recommendation system 2.0 based on AI + big data, which greatly enhanced the accuracy and efficiency of order distribution and matching recommendation with the accuracy of 80%, 20% higher than before, and the average transaction time decreased by 30%.

  During the reporting period, Jointforce and Huawei DevCloud have conducted mission-level strategic cooperation. They binded their functions and services closely together and jointly build a brand new software customization and development ecosystem, to open a new era of smart software development. By cooperating with Huawei DevCloud, Jointforce has substantially upgraded its original development and cooperation cloud, established a full-life-circle cloud development and delivery platform, and provided transaction version and community version, so that projects on Jointforce can be delivered through software development cloud in a one-stop method, and the mass developers and teams can also join the community for fast experience, practice and capability upgrade.

  During the reporting period, Jointforce has developed a cloud software park service system platform to provide cloud-service-based characteristic services for software parks in different places on the basis of cloud computing model. It launched online successfully in Qingdao with contract signed with Xi'an, Nanjing, and Xuzhou.

- **Huawei:** During the reporting period, the Group signed the first cloud mutual cooperation agreement with Huawei that "shares the same boat" to develop comprehensive cooperation in software development cloud, cloud solution and cloud service. During the reporting period, the Group's cooperation with Huawei became closer and more in-depth, and it has become more active in strategic layout and clearer in business direction. Software service has been successfully developed from traditional ADM (application development and maintenance) to global cooperation with major breakthroughs in AO, IO, and ADM. With the accumulation of years of services for Huawei, the Group has successfully built the model of GTS (Global Technology Service) globalization solution competency, and kept improving and verifying its feasibility in practice. Software globalization layout has gradually formed in China, having an absolute advantage in market share and service capabilities. Centers in India and Romania have been built with implementation of projects, and in future there will be great prospects in service products through continuously enhancing the competitiveness and building the brand with professional services.

- **HSBC:** During the reporting period, the business with HSBC has been steady with breakthrough, having wider business range and stronger business capability.

  During the reporting period, HSBC China launched a new generation of mobile banking system, Mobile Z, which integrates face recognition, artificial intelligence, React, and cloud technology and other latest technologies. Mobile Z is the first product entirely developed by the Group's team, and the favorable reception from customers and users thereafter has fully proved the Group's strength in HSBC business.

  During the reporting period, CMB (Commercial Banking) project achieved a major breakthrough. The team has expanded greatly and become the biggest outsourcing service provider for CMB. Through cooperation with CMB, we have successfully explored new business in HSBC business besides retail banking.

  During the reporting period, the Group has built a new generation of ATM solution – mVTM, attracting wide attention in the banking industry. mVTM has achieved mobility of ATM, and supports face recognition and other new features. The Group signed a cooperation agreement with Hang Seng Bank, and has been negotiating with overseas bank customers. This will be the bridgehead for future solution export, which lays a solid foundation for overseas expansion of the Group.

- **China Mobile & China Telecom:** During the reporting period, the Group successfully won the bidding of China Mobile's Migu Culture Operation & Maintenance Support and Software Development Support Project, and became a mains supplier for Migu Culture Group. During the reporting period, the Group has been serving China Mobile Internet for its unified communication client, technical resource pool, Fetion OTT and other projects. The Group has also been cooperating with Huawei to actively expand big data, mobile payment, electronic channels, online customer service, video and other fields to assist the digital transformation of China Mobile.

  During the reporting period, the Group's business in China Telecom has been stable, and the Group kept providing service in Bestpay and have won the bidding of Shaanxi Telecom's Electronic Financial Management Platform. The Group kept cooperating with Huawei to serve China Telecom in real-time billing, government cloud and other fields.

- **Cloud Services:**

  Cloud Manager: The Group has over 100 service certification engineers who comprehensively support clients' cloud strategy with cloud project experience and case accumulation, providing clients with cloud consulting, migration, management services and other professional cloud services. Cloud migration service helps clients with orderly, secure, and quick business migration and ensures the business' continuity, availability, and security of business on the cloud. The Group's cloud migration service has successfully provided one-stop and terminal-to-terminal cloud migration service to customers in the Internet, medical treatment, government, enterprises, game and other industries. During the reporting period, the Group has taken the initiative to obtain Huawei CSSP (Certified Service Solution Partner) cloud direction certification qualification to become a strategic partner of Huawei cloud platform. It has achieved migration of nearly 3,000 cloud host/physical host, nearly 1,000 projects, and about 2,000 sets of application systems. It has exclusively won the bidding of a province's cloud migration and cloud operation and maintenance service project led by Development and Reform Commission, and plans to complete administration cloud in over 300 operation systems provided by 42 departments and bureaus in the province. Over 12 department and bureau's operation systems have been put on cloud.

  Cloud Storage: During the reporting period, the core product of cloud storage, the Group's cloud disk, gradually increased competitiveness with experiences in the industry and further improvement in sales channels. During the reporting period, the Group has formed solutions for finance, education, medical and other industries and comprehensively sold them to help cloud disk sales achieve a breakthrough. Under the guidance of the mutual cooperation agreement the Group will cooperate with many representatives of Huawei, which has impressive prospects. Cloud storage open platform (PaaS layer) is now in the OBP stage with close connection with education cloud, medical treatment cloud, and call center; and it is expected to be available in the market by the year end.

  During the reporting period, the Group has conducted thorough cooperation with the world's leading cloud application integration service provider MuleSof. Through the cooperation, the Group will help enterprises with faster upgrade and transformation, taking the initial opportunity in the process of the entire IT industry's digital transformation.

- **Catapult:** During the reporting period, Catapult has made significant progress in expanding its cloud business, becoming a leading enterprise in cloud applications and data modernization as well as cloud migration. Catapult is the best partner of Microsoft, winning 16 Microsoft Gold Certified capabilities and 2 Silver Certified capabilities. Catapult, as a nominee of the annual global cloud productivity partner and (USA) National Annual Solution Partner, received recognition from Microsoft global partner alliance.

  During the reporting period, Fuse, Catapult's SaaS product, has continued its success with 100% customer renewal rate and rapid subscriber growth. Catapult's IT optimization service solution, Launch, saved its clients over USD 1.8 million and improved their service qualities over 73%. Catapult's development of IT security compliance as service solution, Spyglass, is coming to an end and will be announced soon.

- **Big Data:** During the reporting period, the Group's big data brand has been fully recognized by the industry; and the team's consulting, development, and implementation capabilities have been verified and continue to accumulate in many projects, achieving key breakthroughs in media, energy, transit and other industries.

  During the reporting period, the Group has been providing data asset management consulting services for Xinhua News Agency China Economic Information Service, assisting the customer to build the economic data standard system, exploring a comprehensive data asset management mechanism and realizing methods of financial data, and achieving digital transformation.

  During the reporting period, the Group has successfully won the bid of Petro China Sales Big Data Platform Project to establish a big data platform for the customer to achieve historical and real-time data storage and processing, effective management of large-scale data, provide data sharing service for regional companies, and help the customer to solve business problems. Petro China sales big data platform project is a benchmark project in the industry, and the Group has marked its advantageous position in energy industry, having huge future potential opportunities in this industry.

  During the reporting period, the Group provided planning and implementation services for the construction project of the first phase of the data center of China West Airport Group. The Group will build a "smart airport", strengthen data management, and promote smart management operation and services. Through this first data center project in the airport industry, the Group explored and summarized the best ways for big data building in this industry. This provides a bright future for the Group in this industry.

- **Government and Enterprise Business:** During the reporting period, the domestic regional layout of government and enterprise business has been completed with establishment of close relations with governments and parks. During the reporting period, the newly established sales teams, new regional teams formed specifically by the Group for government and enterprises, made evident progress in pushing the Group's cloud, big data, and new businesses. The Group also expanded cooperation with Huawei in many industries and fields. For manufacture cloud business, the Group has joined hands with Huawei to announced the "smart manufacturing cloud" solution, and signed a "national equipment manufacturing demonstration base city" for cloud software park business. The software parks have been implemented in Qingdao, Xi'an, Nanjing, and Xuzhou, and will have comprehensive cooperation in industry cultivation, talent training, smart park and other aspects. For smart city business, the Group has thoroughly participated in a first-tier city's smart city overall planning and implemented comprehensive cooperation. For big data business, the Group built government affairs big data, police affairs big data, urban big data and etc. The business in public security, government affairs, education and other fields has achieved a good start.

- **Manufacture/Tobacco:** During the reporting period, logistics (tobacco) business maintained the leading position in the industry with key breakthroughs in digital transformation. The Group's SMES (Intelligent Manufacturing Execution System) has won the bidding of Hongta Group's MES project, setting a benchmark of smart factory in the industry. The Group took smart manufacturing solutions and products represented by SMES as the foundation, joined Huawei to promote HoneyComb for the entire manufacturing industry, and signed intelligent manufacturing cooperation agreements with Jiangsu Economic and Information Technology Commission and multiple municipal units in Jiangsu. The Group will actively follow up cooperation with Guangdong, Henan, Shandong and other major manufacturing provinces to promote upgrade and transformation of regional manufacturing industry.

- **Audit:** During the reporting period, the third phase of Golden Auditing Project was about to begin. The Group maintained cooperation with the forefront customer of audit IT and the maintained its leading position in audit IT. With the unstructured audit data extraction tool and big data management platform of Shandong Provincial Audit Office successfully going online, Shandong's big data audit has been recognized by the Audit Commission and become a typical application case in the industry. The Group has won the bidding of Jiangxi audit supervision platform project to build a new version of audit supervision system. Lastly, the online audit system has been successfully accepted and promoted in Jiangsu Province, helping Jiangsu to carry out training to do big data audit and analysis.

- **Finance and Banking Industry:** During the reporting period, banking business has had steady performance with continuous customer growth and key breakthrough in new business direction. The Group has been steadily developing big customer business, and exploring business innovation, new technology promotion and application and other directions with customers together based on years of cooperation and full understanding of the business.

  Breakthrough in the new direction is reflected in the promotion and application of notes and risk control and other new products, confirmation of the application in big data direction, and the implementation of the Internet payment and unified payment platform. New products for notes have won the biddings of many banks, establishing the market-leading position in this round of note upgrade. Risk control products have been implemented in many customers with continuous optimization and upgrade. Credit extension and financing products have been implemented in many customers, meeting various types of customers' credit service demand.

  For big data, the Group won the bid for a large state-owned bank's big data rick control and bid for data marketing project, which will be a beacon case of bid data application in the industry. It has successfully implemented a national joint-stock bank's bid data platform project, achieving functions including data acquisition and processing, corporate customer tag system, and corporate customer portrayal. It has also successfully implemented a rural commercial bank's accurate marketing project. The above programs can be quickly copied to the same type of customers, providing great business outlooks.

For Internet payment, the Group covered traditional POS transactions, online and home range O2O order business connecting core accounting system, mobile banking, aggregating banking channels, and mainstream Internet third-party payment channel to form entire service including acceptance, risk control, account checking, and liquidation to be applied in over 30 customers. For unified payment platform, functions have been continuously improved with promotion of two-dimensional code payment, network connection payment and other derivative products.

During the reporting period, the Group has been praised by many customers. The Group won 2017 China Top Ten Internet Financial Innovation Award for the big data risk control and individualized big data application project for a large state-owned bank. A foreign bank's RMB centralized clearing system going online has helped it quickly provide high business processing efficiency, playing a promoting role for the development of its agent banks to thus obtain the head office's full recognition, foreign mainstream media's reporting and praise from the industry.

- **Insurance and Securities Industry:** During the reporting period, under the guidance of insurance regulator, *Data Specification for Insurance Business Factors*, completed by the Group's consulting team, has been officially released. This aims to unify the data semantics of the domestic insurance industry and achieving "unified characters and standardized data". The Group continued working with major customer such as CPIC with the new insurance verification core business system, saw stable growth in persistence business system, and started a comprehensive cooperation in the field of risk control. For big data in insurance, the Group occupied the commanding point of the industry and won the bid of CIITC mega log management platform, CPIC list management big data platform, Anbang Insurance Group's big data platform, Sunshine Insurance Group's customers contact historical big data management platform, and etc.

  During the reporting period, the Group's securities business successfully acquired new customers including 4 core institution customers in the industry including Shanghai Stock Exchange and NEEQ. The securities initial business layout in Beijing and Shanghai has been completed. The securities data business team has occupied a leading position in industry program accumulation and innovation, forming effective complement to the former business such as core liquidation and outsourcing development.

- **Public Services and Facilities (Transit):** During the reporting period, rail transit ticketing and liquidation businesses maintained the leading positions with major breakthroughs in new customers and new business direction. The Group won the bid of Jinan Rail Transit ACC system, occupying the commanding point of Jinan rail transit ticketing system. The Group also won the bid of Changchun Rail Transit AFC system, which is another cooperation project after Changchun Rail ACC and LRT transformation, indicating the customer's high-degree recognition of the Group's work and capability. Traffic card, Internet plus, mobile payment and other new applications have been made available in Guiyang and Changchun rail transit industry. Furthermore, cloud structure has passed Huawei's solution certification and obtained certificate. Currently the team is based in Huawei Suzhou Research Institute OpenLab, and will participate in Huawei 2017 Beijing International Rail Transit Exhibition, and showcase its Chengdu Metro passenger flow forecast analysis system in Huawei Mobile World Conference Shanghai

- **High-Tech Business:** During the reporting period, the Group's cooperation with Tencent strengthened and became an A-level supplier in Tencent's supplier rating. The Group's Ali team has over 1,000 people, ranking top in the non-technical category of Ali's semi-annual evaluation. The cooperation with Baidu also strengthened, occupying a stable position in Baidu business. For the e-commerce business, the Group started cooperation with Haier e-commerce, and continued in-depth operation relying on e-commerce competence center. In the aviation field, the Group has successfully entered the list of top three suppliers of Eastern Airlines, achieving breakthrough in flight planning, control, marketing and etc.

- **Europe and America Business:** During the reporting period, the Group has become a cloud platform partner of GE Predix. For GE digital business, the Group provide full-service including application of cloud migration, IOT, and cloud development. With the development expert certification from Predix cloud platform available to people, the Group became a core supplier of GE Healthcare's business in China.

  During the reporting period, the Group provided technical support for Microsoft speech recognition, and used advanced cloud platform modeling technology to improve the accuracy of its speech recognition. This helped the Group to achieve a major breakthrough in the field of artificial intelligence speech recognition.

- **Asia Pacific Business:** During the reporting period, the Group signed the main framework service agreement with Singapore Power to provide all-dimensional services covering infrastructure maintenance, application development, product implementation/support, IOT, mobile, etc. The Group's BPO business with Japan has been growing steadily. The Group leveraged its BPO business capabilities through years of experiences and expanded that to domestic customers and received high recognition from the clients. The Group has signed framework agreement with Mitsui, and established a delivery center to provide services for Mitsui.

- **Training (ETC) Business:** During the reporting period, training business grew steadily. There are now 8 ETCs (Chinasoft International Excellency Training Center) and 31 ECCs (Chinasoft Experience Center) with IT training in 28 cities in China.

  During the reporting period, the B2B business has integrated resources like "Chinasoft International Smart Education Cloud Platform, Ministry of Education Industry-Academy Cooperative Education Project, and Huawei DevCloud" to integrate into universities, teaching syllabuses, and cutting-edge technologies. The Group also signed the Huawei software development cloud-based practical cooperation agreement with 44 institutions. Lastly, there are over 200,000 registered users on the zhaikexueyuan.com online learning platform.

KEY OPERATING DATA

During the first half of 2017, the Group's businesses achieved high growths. The revenue and service revenue increased by 43.7% and 42.9% YoY. The profit for the period, the profit attributable to the owners of the Group and EPS excluding share option expenses increased by 37.9%, 30.0% and 16.2% YoY.

	Six Months Ended 30 June		
	2017 RMB'000	2016 RMB'000	% Change
Revenue	**4,145,060**	2,884,951	43.7%
Service revenue	**4,047,248**	2,832,120	42.9%
Profit for the period	**240,445**	218,619	10.0%
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Basic EPS (RMB cents)	**10.26**	11.04	(7.0%)
Profit for the period after excluding share option expense	**311,982**	226,292	37.9%
Profit attributable to Owners of the Group after excluding share option expense	**317,007**	243,910	30.0%
Basic EPS after excluding share option expense (RMB cents)	**13.25**	11.40	16.2%

The key operating data (unaudited) for six months ended 30 June 2017 are:

	Six Months Ended 30 June		
	2017 RMB'000	2016 RMB'000	% Change
Revenue	**4,145,060**	2,884,951	43.7%
Service revenue	**4,047,248**	2,832,120	42.9%
Cost of Sales	**(3,002,387)**	(2,082,316)	44.2%
Gross Profit	**1,142,673**	802,635	42.4%
Other income, gains and losses	**33,879**	48,113	(29.6%)
Selling and distribution expenses	**(146,944)**	(112,217)	30.9%
Administrative expenses	**(659,774)**	(390,651)	68.9%
Allowance for doubtful debts	**(1,401)**	(11,382)	(87.7%)
Finance Costs	**(43,064)**	(39,039)	10.3%
Amortization of intangible assets and prepaid lease payments	**(41,759)**	(41,479)	0.7%
Share of results of associates	**(15,509)**	10,148	(252.8%)
Profit before taxation	**268,101**	266,128	0.7%
Taxation	**(27,656)**	(47,509)	(41.8%)
Profit for the period	**240,445**	218,619	10.0%
Profit for the period after excluding share option expense	**311,982**	226,292	37.9%

GENERAL OVERVIEW

The revenue, service revenue, and results of the Group's different lines of business for the first half of 2017 are as follow:

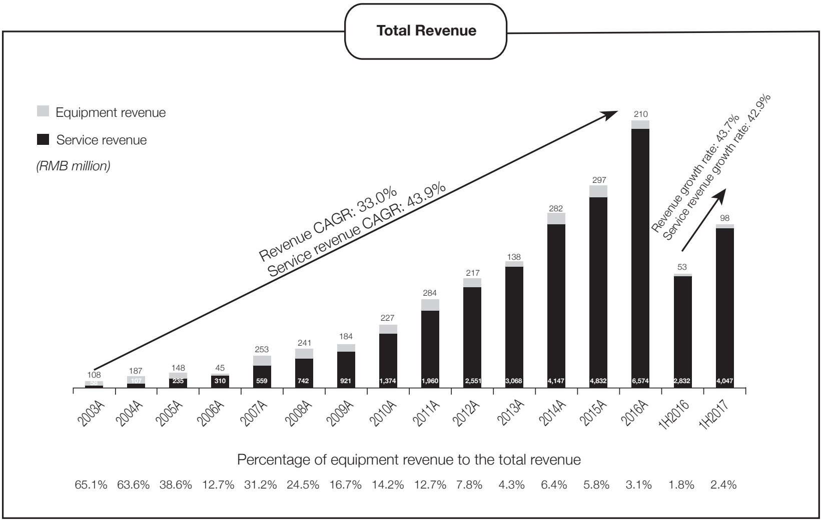
	Revenue			Service Revenue			Results		
	Six Months Ended 30 June			Six Months Ended 30 June			Six Months Ended 30 June		
	2017 RMB'000	2016 RMB'000	Growth Rate	**2017 RMB'000**	2016 RMB'000	Growth Rate	**2017 RMB'000**	2016 RMB'000	Growth Rate
Technical and Professional services Group (TPG)	**3,511,450**	2,287,883	53.5%	**3,460,084**	2,276,098	52.0%	**368,493**	249,605	47.6%
Internet ITS Group (IIG)	**633,610**	597,068	6.1%	**587,164**	556,022	5.6%	**48,690**	67,570	(27.9%)
Total	**4,145,060**	2,884,951	43.7%	**4,047,248**	2,832,120	42.9%	**417,183**	317,175	31.5%

In terms of segment revenues, TPG's revenue and service revenue achieved a YoY growth of 53.5% and 52.0%. The main growth came from the large increase of businesses from core customers including Huawei, HSBC, Tencent, Ping-An, and etc. IIG's revenue and service revenue achieved a YoY growth of 6.1% and 5.6%. The main growth came from the large increase of the Jointforce business.

In terms of segment results, TPG achieved a YoY growth of 47.6%, slightly less than the growth of the revenue because during the reporting period the Group invested more into R&D for cloud, big data and other new business. IIG's result experienced a YoY decrease of 27.9%. This decrease came from the increase of market investment from associates and the first half of the year is considered to be the off season, thus affecting the overall results of the IIG. Excluding the associate's result, IIG's result achieved a YoY growth of 11.8%. This growth came from the high growth of Jointforce, which made an important contribution to IIG's overall profit margin.

The Group believes that as Jointforce expands in business scale, and cloud computing and big data (high profit margin) businesses continue to grow, they will provide the engine for the Group's steady revenue and profit margin increase.

Since listing on the GEM board in 2003, the Group has maintained high revenue and service revenue growth, recording a CAGR of 33.0% and 43.9% from 2003-2016. For the first half of 2017, the revenue and service revenue achieved a YoY growths of 43.7% and 42.9%. The details are as follow:



Customers

The Group's customers include large enterprises with headquarters in the Greater China region, Europe, America, and Japan. In the Chinese market, the Group holds a larger market share in telecommunication, banking, financial, Internet, and high technology industries. In the first half of 2017, the top five and ten customers accounted for 73.3% and 77.8% of the Group's service revenue.

As of 30 June 2017, the Group has 79 large customers (contributed to more than RMB6 million of service revenue within the past 12 months).

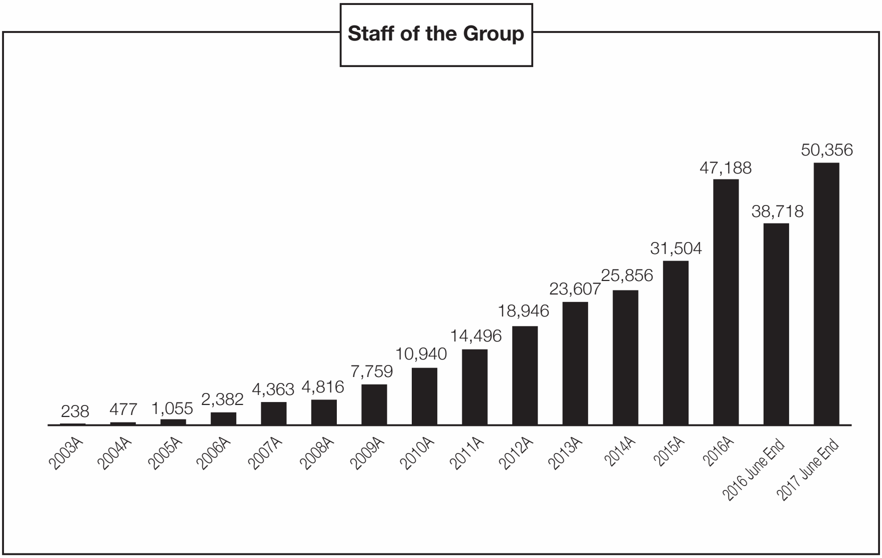
Market

The Group's businesses are concentrated in the Greater China region. For the first half of 2017, the Group continued to set the Greater China market as an important area of development. China's strong economic growth and market potentials give rise to long-term growth opportunities. At the same time, the Group is eagerly expanding into the global market and setting a solid foundation for future business growths.

Human Resources

As of 30 June 2017, the Group has a total of 50,356 employees, representing an increase of 30.1% YoY.

The Group's growth in employee size since listing on the Growth Enterprise Market in 2003 is as follows:



Operating Results

The following chart is the Group's consolidated statement of comprehensive income for the first half of 2016 and 2017 (unaudited):

	2017			2016		
	For the first half RMB'000	% of Revenue	% of Service Revenue	For the first half RMB'000	% of Revenue	% of Service Revenue
Revenue	4,145,060	N/A	N/A	2,884,951	N/A	N/A
Service revenue	4,047,248	N/A	N/A	2,832,120	N/A	N/A
Cost of Sales	(3,002,387)	(72.4%)	N/A	(2,082,316)	(72.2%)	N/A
Gross Profit	1,142,673	27.6%	28.2%	802,635	27.8%	28.3%
Other income, gains and loss	33,879	0.8%	0.8%	48,113	1.7%	1.7%
Selling and distribution costs	(146,944)	(3.5%)	(3.6%)	(112,217)	(3.9%)	(4.0%)
Administrative expenses	(659,774)	(15.9%)	(16.3%)	(390,651)	(13.5%)	(13.8%)
Allowance for doubtful debts	(1,401)	(0.03%)	(0.03%)	(11,382)	(0.4%)	(0.4%)
Amortization of intangible assets	(41,759)	(1.0%)	(1.0%)	(41,479)	(1.4%)	(1.5%)
Finance costs	(43,064)	(1.0%)	(1.1%)	(39,039)	(1.4%)	(1.4%)
Share of result of associates	(15,509)	(0.37%)	(0.38%)	10,148	0.35%	0.36%
Profit for the period	268,101	6.5%	6.6%	266,128	9.2%	9.4%
Taxation	(27,656)	(0.7%)	(0.7%)	(47,509)	(1.6%)	(1.7%)
Profit for the period	240,445	5.8%	5.9%	218,619	7.6%	7.7%
The Group's profit attributable to owners	245,470	5.9%	6.1%	236,237	8.2%	8.3%
Profit for the period after excluding share option expense	311,982	7.5%	7.7%	226,292	7.8%	8.0%
Profit attributable to owners of the Group after excluding share option expense	317,007	7.6%	7.8%	243,910	8.5%	8.6%

Revenue

For the first half of 2017, the Group's revenue was RMB4,145.060 million, representing a YoY growth of 43.7% (2016H1: RMB2,884.951 million). The Group's service revenue was RMB4,047.248 million, representing a YoY growth of 42.9% (2017H1: RMB2,832.120 million). The main growth came from increased businesses from core customers, cloud computing, big data, and Jointforce businesses.

For the first half of 2017, the segment's revenue to total revenue and growth are as follow:

	Six Months Ended 30 June 2017 RMB'000	**% of Total**	Six Months Ended 30 June 2016 RMB'000	% of Total	Growth Rate
Technical and Professional Services Group (TPG)	**3,511,450**	**84.7%**	2,287,883	79.3%	53.5%
Internet ITS Group (IIG)	**633,610**	**15.3%**	597,068	20.7%	6.1%
Total	**4,145,060**	**100%**	2,884,951	100%	43.7%

For the first half of 2017, the segment's service revenue to total revenue and growth are as follow:

	Six Months Ended 30 June 2017 RMB'000	**% of Total**	Six Months Ended 30 June 2016 RMB'000	% of Total	Growth Rate
Technical and professional Services Group (TPG)	**3,460,084**	**85.5%**	2,276,098	80.4%	52.0%
Internet ITS Group (IIG)	**587,164**	**14.5%**	556,022	19.6%	5.6%
Total	**4,047,248**	**100%**	2,832,120	100%	42.9%

Cost of Sales

For the first half of 2017, the Group's cost of sales was RMB3,002.387 million, representing a YoY increase of 44.2% (2016H1: 2,082.316 million).

Gross Profit

For the first half of 2017, the Group's gross profit was RMB1,142.673 million, representing a YoY growth of 42.4% (2016H1: 802.635 million). The Group's gross margin was 27.6%, representing a YoY decrease of 0.2% (2016H1: 27.8%). The decrease is because during the reporting period the TPG's outsourcing business grew rapidly, and the outsourcing business is typically a lower margin business.

Other Income, Gains, and Losses

For the first half of 2017, the Group's other income was RMB33.879 million, representing a YoY decrease of 29.6% (2016H1: 48.113 million). The main reason for the decrease is because last year Catapult Systems failed to meet the conditions (as promised in the M&A agreement), which exempted the Group of approximately RMB20 million. Excluding this, the Group's other income increased by 20.5%, due to the increase of government subsidies.

Operating Expenses

For the first half of 2017, the Group's selling and distribution expenses were RMB146.944 million, representing a YoY increase of 30.9% (2016H1: RMB112.217 million). The Group's selling and distribution expenses accounted for 3.5% of the revenue, representing a YoY decrease of 0.4% (2016H1: 3.9%). The Group's selling and distribution expenses accounted for 3.6% of the service revenue, representing a YoY decrease of 0.4% (2016H1: 4.0%).

For the first half of 2017, the Group's administrative expense was RMB659.774 million, representing a YoY increase of 68.9% (2016H1: RMB390.651 million). The Group's administrative expense accounted for 15.9% of the revenue, representing a YoY increase of 2.4% (2016H1: 13.5%). The Group's administrative expenses accounted for 16.3% of the service revenue, representing a YoY increase of 2.5% (2016H1: 13.8%). The main reason for the increased expense is because 1) the Group issued 215 million share options end of last year and beginning of this year in order to incentivize core talents, resulting in increase of share option expenses and 2) increased of R&D for cloud computing and big data businesses.

Finance Expense and Income Tax

For the first half of 2017, the Group's finance expense was RMB43.064 million, representing a YoY growth of 10.3% (2016H1: RMB39.039 million). The Group's finance expense accounted for 1.0% of the revenue, representing a YoY decrease of 0.4% (2016H1: 1.4%).

For the first half of 2017, the income tax was RMB27.656 million, representing a YoY decrease of 41.8% (2016H1: RMB47.509 million). The main reason for the decrease is because of a one-time income tax expense for the dividend issuance from a subsidiary of the Group during the same reporting period of last year.

Other Non-Cash Expenses

For the first half of 2017, the Group's amortization of intangible assets was RMB41.759 million, almost the same as that of last year (2016H1: RMB41.479 million). The Group's amortization of intangible assets accounted for 1.0% of the revenue, representing a YoY decrease of 0.4% (2016H1: 1.4%).

For the first half of 2017, the Group's allowance for doubtful debts was RMB1.401 million, representing a YoY decrease of 87.7% (2016H1: RMB11.382 million).

For the first half of 2017, the Group's share option expense accounted for 1.7% of the revenue, representing a YoY increase of 1.4% (2016H1: 0.3%). The Group's share option expense was RMB71.537 million, representing a YoY increase of 832.3% (2016H1: RMB7.673 million). The main reason is because in order to incentivize the core talents, the Group issued 215 million share options at the end of 2016 and the beginning of 2017.

Profit for the Period and Earnings Per Share (EPS)

For the first half of 2017, the Group's profit was RMB240.445 million, representing a YoY growth of 10.0% (2016H1: RMB218.619 million). The Group's profit accounted for 5.8% of the revenue, representing a YoY decrease of 1.8% (2016H1: 7.6%). The Group's profit accounted for 5.9% of the service revenue, representing a YoY decrease of 1.8% (2016H1: 7.7%). Excluding the share option expenses, the Group's profit was RMB311.982 million, representing a YoY growth of 37.9% (2016H1: RMB226.292 million).

The Group's profit attributable to the owners of the Group was RMB245.470 million, representing a YoY growth of 3.9% (2016H1: 236.237 million). Excluding the share option expenses, the Group's profit attributable to the owners of the Group was RMB317.007 million, representing a YoY growth of 30.0% (2016H1: RMB243.910 million).

Based on the profit attributable to the owners of the Group's EPS was RMB10.26 cents (2016H1: RMB11.04 cents), representing a YoY decrease of 7.0%. Excluding the share option expenses, the Group's EPS was RMB13.25 cents, representing a YoY growth of 16.2% (2016H1: RMB11.40 cents).

Fundraising Activities

During the current and last interim periods, the Group had conducted several fund raising activities which details are summarized as below:

(1) On 18 April 2017 and 18 May 2017, the Group entered into the Subscription Agreement and Supplemental Agreement respectively with Dan Capital Management Ltd. (the "Dan Capital") pursuant to which the Company has conditionally agreed to issue, and Dan Capital has conditionally agreed to subscribe for, the Convertible Notes in an aggregate principal amount of HK$900,000,000 due in 2022 ("2017 CN").

    The 2017 CN have been issued on 3 July 2017 under the general mandate granted to the Directors at the annual general meeting of the Company held on 18 May 2016. The Group intends to use the proceeds for the following purposes: 1. Approximately HK$600,000,000 for mergers and acquisitions and establishing an M&A fund to upgrade new technological capability and strengthen the ecological construction of the cloud services; 2. Approximately HK$100,000,000 for upgrading the Jointforce to forge a comprehensive platform for the IT industry chain; and 3. Approximately HK$200,000,000 for replenishing the Company's working capital and repaying certain bank loans with relatively higher interest rates.

As at 30 June 2017, the 2017 CN with the principal amount of HK$90,000,000 was not in issue yet, no ordinary shares could be converted upon full conversion.

(2) On 3 February 2016, the Group entered into the Subscription Agreement with Huarong International Asset Management Growth Fund (the "Huarong") pursuant to which the Company has conditionally agreed to issue and Huarong has conditionally agreed to subscribe for the total amount of the principal amount is US$70,000,000 (equivalent to approximately RMB458.649 million) of the Convertible Notes due in 2019 ("2016 CN"). The 2016 CN was issued in two installments, namely the First Tranche Convertible Notes and the Second Tranche Convertible Notes.

The total amount of the First Tranche Convertible Notes is US$30,000,000 (equivalent to approximately RMB196.564 million) and the Second Tranche Convertible Notes total principal amount of US$40,000,000 (equivalent to approximately RMB262.085 million) have been issued on 15 February 2016 and 10 March 2016 under the general mandate granted to the Directors at the annual general meeting of the Company held on 18 May 2015. Approximately 90% of the gross proceeds was used to repay bank borrowings and 10% was transferred to the PRC subsidiaries as working capital.

During the year ended 31 December 2016, the 2016 CN with the principal amount of USD30,000,000 were converted into 77,994,690 ordinary shares. As at 31 December 2016 and 30 June 2017, the outstanding 2016 CN with the principal amount of USD40,000,000 could be converted into 103,992,922 ordinary shares upon full conversion at a conversion price of HK$3.00 per share.

INTERIM RESULTS

The board of Directors (the "Board") of Chinasoft International Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2017 with corresponding figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

		For the six months ended 30 June	
	Notes	**2017** **RMB'000**	2016 RMB'000
Turnover	3	**4,145,060**	2,884,951
Cost of sales		**(3,002,387)**	(2,082,316)
Gross profit		**1,142,673**	802,635
Other income, gains and losses		**33,879**	48,113
Selling and distribution costs		**(146,944)**	(112,217)
Administrative expenses		**(659,774)**	(390,651)
Allowance for doubtful debts		**(1,401)**	(11,382)
Amortisation of intangible assets		**(41,759)**	(41,479)
Finance costs	*4*	**(43,064)**	(39,039)
Share of result of associates		**(15,509)**	10,148
Profit before taxation		**268,101**	266,128
Taxation	*5*	**(27,656)**	(47,509)
Profit for the period		**240,445**	218,619
Other comprehensive income			
Exchange differences arising on transaction of foreign operations		**(8,712)**	(1,469)
Total comprehensive income for the period		**231,733**	217,150
Profit for the period attributable to:			
Owners of the Company		**245,470**	236,237
Non-controlling interests		**(5,025)**	(17,618)
		240,445	218,619
Total comprehensive income attributable to:			
Owners of the Company		**236,758**	234,768
Non-controlling interests		**(5,025)**	(17,618)
		231,733	217,150
Earnings per share	*7*		
– Basic (cents)		**10.26**	11.04
– Diluted (cents)		**10.19**	10.63

	Notes	(Unaudited) 30 June 2017 RMB'000	(Audited) 31 December 2016 RMB'000
Non-current assets			
Property, plant and equipment		**852,634**	819,799
Intangible assets		**201,848**	231,075
Goodwill		**1,008,479**	1,008,479
Interests in associates		**93,946**	104,190
Available-for-sale investment		**61,970**	61,965
Prepaid lease payments		**38,290**	38,723
Other receivable		**30,000**	30,000
Deferred tax assets		**7,589**	7,646
		2,294,756	2,301,877
Current assets			
Inventories		**54,500**	20,893
Trade and other receivables	*8*	**2,749,266**	2,092,700
Bill receivable		**6,299**	23,186
Prepaid lease payments		**860**	860
Amounts due from customers for contract work		**1,547,993**	1,430,206
Amount due from related companies		**50,334**	59,939
Pledged deposits		**1,008**	670
Bank balances and cash		**1,054,511**	1,298,972
		5,464,771	4,927,426
Current liabilities			
Amounts due to customers for contract work		**44,442**	122,271
Trade and other payables	*9*	**1,208,866**	1,203,843
Bills payable		**24,516**	812
Amounts due to related companies		**20,089**	37,983
Dividend payable to shareholders		**81**	83
Taxation payable		**132,945**	130,450
Borrowings	*10*	**1,160,682**	922,452
Consideration payable on acquisition of a subsidiary		**–**	21,035
		2,591,621	2,438,929
Net current assets		**2,873,150**	2,488,497
Total assets less current liabilities		**5,167,906**	4,790,374

	Notes	(Unaudited) 30 June 2017 RMB'000	(Audited) 31 December 2016 RMB'000
Non-current liabilities			
Deferred tax liabilities		**17,746**	18,943
Convertible loan notes		**248,592**	244,296
Borrowings	*10*	**127,300**	194,496
		393,638	457,735
		4,774,268	4,332,639
Capital and reserves			
Share capital	*11*	**110,283**	106,387
Share premium		**2,809,330**	2,652,697
Reserves		**1,791,255**	1,505,130
Equity attributable to equity holders of the Company		**4,710,868**	4,264,214
Non-controlling interests		**63,400**	68,425
Total equity		**4,774,268**	4,332,639

	Attributable to the owners of the company												
	Share capital	Share premium	Hedging reserve	Translation reserve	Share options reserve	Convertible loan notes reserve	General reserve fund	Statutory enterprise expansion fund	Statutory surplus reserve fund	Accu-mulated profits	Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2016	95,645	2,106,029	25,989	1,960	50,605	13,676	15,793	26,749	87,133	823,626	3,247,205	239,065	3,486,270
Profit for the period	–	–	–	–	–	–	–	–	–	236,237	236,237	(17,618)	218,619
Exchange differences arising from translation of overseas operations	–	–	–	(1,469)	–	–	–	–	–	–	(1,469)	–	(1,469)
Total comprehensive income for the period	–	–	–	(1,469)	–	–	–	–	–	236,237	234,768	(17,618)	217,150
New issue of shares upon exercise of share option	310	12,289	–	–	(1,813)	–	–	–	–	–	10,786	–	10,786
Recognition of equity-settled share based payments	–	–	–	–	7,673	–	–	–	–	–	7,673	–	7,673
Cancellation of share options	–	–	–	–	(784)		–	–	–	–	(784)	–	(784)
Issue of ordinary shares upon subscription	3,602	197,048	–	–	–	–	–	–	–	–	200,650	–	200,650
Capital contribution from non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	100	100
Acquisition of additional equity interest in subsidiary	–	(66,781)	–	–	–	–	–	–	–	–	(66,781)	(134,947)	(201,728)
At 30 June 2016	99,557	2,248,585	25,989	491	55,681	13,676	15,793	26,749	87,133	1,059,863	3,633,517	86,600	3,720,117
At 1 January 2017	106,387	2,652,697	(122,769)	21,457	88,340	23,544	15,793	26,749	129,901	1,322,115	4,264,214	68,425	4,332,639
Profit for the period	–	–	–	–	–	–	–	–	–	245,470	245,470	(5,025)	240,445
Exchange differences arising from translation of overseas operations	–	–	–	(8,712)	–	–	–	–	–	–	(8,712)	–	(8,712)
Total comprehensive income for the period	–	–	–	(8,712)	–	–	–	–	–	245,470	236,758	(5,025)	231,733
New issue of shares upon exercise of share option	3,896	181,652	–	–	(22,167)	–	–	–	–	–	163,381	–	163,381
Recognition of equity-settled share based payments	–	–	–	–	71,537	–	–	–	–	–	71,537	–	71,537
Cancellation of share options	–	–	–	–	(3)	–	–	–	–	–	(3)	–	(3)
Dividend paid (2016 final dividend)	–	(25,019)	–	–	–	–	–	–	–	–	(25,019)	–	(25,019)
At 30 June 2017	110,283	2,809,330	(122,769)	12,745	137,707	23,544	15,793	26,749	129,901	1,567,585	4,710,868	63,400	4,774,268

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Net cash used in operating activities	**(618,007)**	(560,976)
Net cash used in investing activities	**(122,736)**	(132,364)
Net cash generated from financial activities	**497,835**	173,240
Net decrease in cash and cash equivalents	**(242,908)**	(520,100)
Effect of foreign exchange rate changes	**(1,553)**	1,003
Cash and cash equivalents at the beginning of the period	**1,298,972**	1,265,831
Cash and cash equivalents at the end of the period	**1,054,511**	746,734

1. BASIS OF PRESENTATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at their fair values.

The accounting policies used in these condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time.

Amendments to HKAS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. TURNOVER AND SEGMENT INFORMATION

Turnover represents the net amounts received and receivable for goods sold and services rendered during the period.

Information reported to the Chief Executive Officer of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the category of customers by the Group's operating divisions.

The Group's operating and reportable segments are as follows:

1. Technical Professional Group ("TPG") – Targeting large industry vertical enterprise customers, providing services including vertical domain solutions, product engineering, application system development and testing.

2. Internet IT Service Group ("IIG") – Targeting "long tail" markets in IT services, including SMEs and local governments, and individual programmers and small programming teams. IIG's main services provided include: membership management, transaction facilitation, payment services, social blogs/media and cloud delivery process software rental.

Information regarding the above segments is reported as below.

Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable operating segment:

	For the six months ended 30 June			
	Segment revenue		Segment results	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Technical professional services business (TPG)	**3,511,450**	2,287,883	**368,493**	249,605
Internet IT services business (IIG)	**633,610**	597,068	**48,690**	67,570
	4,145,060	2,884,951	**417,183**	317,175

Segment revenue by products and services:

	For the six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Sale of software and hardware products	**97,812**	52,831
Technical professional services business (TPG)	**3,460,084**	2,276,098
Internet IT services business (IIG)	**587,164**	556,022
	4,047,248	2,832,120
	4,145,060	2,884,951

Reconciliation of segment results to profit before taxation:

	For the six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Segment results	**417,183**	317,175
Other income, gains and losses	**800**	4,189
Loan interest	**–**	(3,664)
Corporate expenses	**(68,121)**	(31,415)
Share option expenses	**(71,537)**	(7,673)
Effective interest on convertible loan notes	**(10,224)**	(12,484)
Profit before taxation	**268,101**	266,128

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales.

The accounting policies of the reportable operating segments are the same as the Group's accounting policies.

Segment results represent the profit earned by each segment without allocation of corporate expenses, share option expenses, gain arising from changes in fair value of contingent consideration payable on acquisition of a subsidiary, interest charge on convertible loan notes and certain items of other income, gains and losses recorded at corporate level. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

4. FINANCE COSTS

	For the six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Interest on borrowings wholly repayable within five years	**32,840**	26,555
Effective interest on convertible loan notes	**10,224**	12,484
	43,064	39,039

5. TAXATION

	For the six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Tax charge comprises:		
PRC Enterprise Income Tax	**26,925**	47,696
Hong Kong Profits Tax	**–**	–
The US Federal and State Income taxes	**731**	(391)
Japan Income Tax	**–**	204
	27,656	47,509

No provision for Hong Kong Profits Tax has been made for both periods as the Company and its subsidiaries have no assessable profit arising in Hong Kong.

PRC Enterprise Income Tax is calculated at the rates prevailing in relevant districts of the PRC.

Taxation for other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

6. DIVIDEND

During the six months ended 30 June 2017, a final dividend of HK$0.012 per ordinary share from share premium account of the Company in respect of the year ended 31 December 2016 (2016: Nil) was declared to the owners of the Company. The aggregate amount of the final dividend declared during the six months ended 30 June 2017 amounted to HK$28,827,293 (2016: Nil).

The directors of the Company have resolved not to declare an interim dividend for the six months ended 30 June 2017 (2016: Nil).

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	For the six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Earnings for the purposes of calculating basic earnings per share	**245,470**	236,237
Effect of dilutive potential profit attributable to owners of the Company:		
Interest on convertible loan notes	**10,224**	12,484
Earnings for the purpose of diluted earnings per share	**255,694**	248,721

	Number of shares	
	2017	2016
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**2,391,613,132**	2,139,501,783
Effect of dilutive potential ordinary shares:		
Share options	**12,686,027**	18,764,108
Convertible loan notes	**103,992,921**	181,479,798
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**2,508,292,080**	2,339,745,689

The computation of diluted earnings per share for the period ended 30 June 2017 did not assume the exercise of the Company's share options granted on 11 October 2016 and 17 November 2016 since the exercise prices of those share options were higher than the average market price of shares of the Company.

8. TRADE AND OTHER RECEIVABLES

	(Unaudited) 30 June 2017 RMB'000	(Audited) 31 December 2016 RMB'000
Trade receivables	**2,537,471**	1,927,924
Less: Allowance for doubtful debts	**(182,083)**	(182,171)
	2,355,388	1,745,753
Trade receivables from related companies	**–**	–
	2,355,388	1,745,753
Advances to suppliers	**141,473**	72,727
Deposits, prepayments and other receivables	**282,405**	304,220
	2,779,266	2,122,700
Analysed for reporting purposes as:		
Non-current assets	**30,000**	30,000
Current assets	**2,749,266**	2,092,700
	2,779,266	2,122,700

The credit terms of the Group range from 30 to 180 days. An aged analysis of trade receivables (net of allowance for doubtful debts), presented based on the invoice date at the end of the reporting period is as follows:

	(Unaudited) 30 June 2017 RMB'000	(Audited) 31 December 2016 RMB'000
Within 90 days	**1,911,570**	1,602,798
Between 91-180 days	**295,536**	94,115
Between 181-365 days	**112,850**	22,878
Between 1-2 years	**33,620**	25,099
Over 2 years	**1,812**	863
	2,355,388	1,745,753

The fair value of the Group's trade and other receivables at 30 June 2017 was approximately equal to the corresponding carrying amount.

9. TRADE AND OTHER PAYABLES

	(Unaudited) 30 June 2017 RMB'000	(Audited) 31 December 2016 RMB'000
Trade payables	515,143	552,475
Deposits received from customers	46,127	17,800
Other payables and accrued charges	647,596	633,568
	1,208,866	1,203,843

An aged analysis of trade payables, presented based on the invoice date at the end of the reporting period is as follows:

	(Unaudited) 30 June 2017 RMB'000	(Audited) 31 December 2016 RMB'000
Within 90 days	401,778	493,523
Between 91-180 days	60,456	20,484
Between 181-365 days	20,136	18,791
Between 1-2 years	15,272	10,770
Over 2 years	17,501	8,907
	515,143	552,475

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

The fair value of the Group's trade and other payables at 30 June 2017 was approximately equal to the corresponding carrying amount.

10. BORROWINGS

	(Unaudited) 30 June 2017 RMB'000	(Audited) 31 December 2016 RMB'000
Unsecured bank loans *(Note (i))*	**853,615**	925,291
Secured bank loans *(Note (ii))*	**434,367**	191,657
	1,287,982	1,116,948

	(Unaudited) 30 June 2017 RMB'000	(Audited) 31 December 2016 RMB'000
Carrying amount repayable:		
Within one year	**1,160,682**	922,452
More than one year, but not exceeding five years	**127,300**	194,496
	1,287,982	1,116,948
Carrying amount of bank loans that are repayable on demand due to breach of loan covenants	**–**	–
Less: Amounts due within one year shown under current liabilities	**(1,160,682)**	(922,452)
Amounts shown under non-current liabilities	**127,300**	194,496

10. BORROWINGS (CONTINUED)

	(Unaudited) 30 June 2017 RMB'000	(Audited) 31 December 2016 RMB'000
Total borrowings		
At floating interest rates *(Note (iii))*	**878,297**	715,283
At fixed interest rates *(Note (iv))*	**409,685**	401,665
	1,287,982	1,116,948

	(Unaudited) 30 June 2017 RMB'000	(Audited) 31 December 2016 RMB'000
Analysis of borrowings by currency		
Denominated in RMB	**1,287,982**	1,116,948

Notes:

(i) Guaranteed by the Company and certain subsidiaries of the Company.

(ii) Trade and bill receivables with a net carrying value of approximately RMB276,916,960 (2016: RMB30,857,000) are pledged to secure certain bank loans granted to the Group. The remaining bank loans amount to RMB157,450,000 (2016: RMB160,800,000) are secured by the land use right and construction in progress of the Group.

(iii) Interests on RMB borrowings are charged at interest rates announced by the People's Bank of China. The average interest rate during the first half year of 2017 is 4.63% (2016: 5.37%) per annum.

(iv) Interests on fixed rates borrowings are charged at interest rates ranged from 4.35% to 6.31% (2016: 4.35% to 6.31%)

11. SHARE CAPITAL

Ordinary shares of HK$0.05 each:	Number of shares	Nominal amount
Authorised		HK$
At 1 January 2016, 30 June 2016, 1 January 2017 and 30 June 2017	4,000,000,000	200,000,000

	Number of shares	Nominal amount	Amount shown in the financial statements
		HK$	RMB'000
Issued and fully paid			
At 31 December 2015 and 1 January 2016	2,066,808,004	103,340,401	95,645
Exercise of options	7,430,000	371,500	310
Issue of subscription shares	85,109,515	4,255,475	3,602
At 30 June 2016	2,159,347,519	107,967,376	99,557
Exercise of options	24,450,000	1,222,500	1,055
Conversion of convertible loan notes	130,376,917	6,518,846	5,775
At 31 December 2016 and 1 January 2017	2,314,174,436	115,708,722	106,387
Exercise of options	88,100,000	4,405,000	3,896
At 30 June 2017	2,402,274,436	120,113,722	110,283

12. CAPITAL COMMITMENTS

	(Unaudited) 30 June 2017 RMB'000	(Audited) 31 December 2016 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements		
– acquisition of property, plant and equipment	**–**	3,421
– investment in an entity accounted for using equity method	**89,100**	89,100
	89,100	92,521

13. RELATED PARTY TRANSACTIONS

During the relevant periods in 2016 and 2017, the Group had the following transactions with the following related parties:

		For the six month ended 30 June	
		2017	2016
	Note	**RMB'000**	RMB'000
Provision of IT outsourcing services – Huawei Group	*(a)*	**–**	354,517

Note:

(a) Huawei was the non-controlling owner of Chinasoft International Technology Service Co., Limited ("CSITS"), a non-wholly owned subsidiary of the Company. Following the establishment of CSITS in April 2012. Huawei Group became a related party of the Group thereafter. And Huawei Group ceased to be a related party of the Group since 25 February 2016 after it disposed its entire equity interest in CSITS.

The Directors are of the opinion that the above transactions were conducted under normal commercial terms in the usual course of business of the Company.

14. EMPLOYEE AND OTHER INFORMATION

The remuneration for the employees of the Group amounted to approximately RMB2,987,106,000, including the directors' emoluments of approximately RMB5,487,000 during the six months ended 30 June 2017 (2016: approximately RMB2,069,392,000, including the directors' emoluments of approximately RMB7,605,000). The increase in employee remuneration resulted from the increase in the number of employees from 38,718 to 50,356.

The amortisation charge of intangible assets and depreciation during the six months ended 30 June 2017 of the Group amounted to approximately RMB41,759,000 (2016: RMB41,479,000) and approximately RMB43,698,000 (2016: RMB23,300,000), respectively.

THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2017, the board of directors of the Company believes that corporate governance is essential to the success of the Company and has adopted various measures to ensure that a high standard of corporate governance is maintained. The code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules have served as guideposts for the Company to follow in its implementation of corporate governance measures.

Key corporate governance principles and practices of the Company as well as details relating to the foregoing deviation are summarized below.

In the opinion of the Board, the Group has complied with the CG Code from 1 January 2017 to 30 June 2017, except that (i) the Chairman of the Board was not able to attend the annual general meeting of the Company held on 18 May 2017 (the "2016 AGM") (deviated from code provision E.1.2 of the CG Code) due to other business commitment. However, another executive Director Dr. Tang Zhenming attended and acted as the Chairman of the 2016 AGM; (ii) the roles of chairman and chief executive officer should be separate and should not be performed by the same individual (deviated from code provision A.2.1 of the CG Code). Dr. Chen Yuhong currently assumes the roles of both the Chairman and the Chief Executive Office of the Company. The Board believes that by holding both roles, Dr. Chen will be able to provide the Group with strong and consistent leadership, and it allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies of the Group. As such, the structure is beneficial to the business prospects of the Group.

The Board will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest developments.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Listing Rule relating to dealings is securities. Having made specific enquiry of all the Directors, the Directors complied with the Model Code regarding securities transactions by the Directors throughout the year ended 30 June 2017.

DIRECTORS' INTERESTS IN SHARES

As 30 June 2017, the following Directors had interests in the shares and underlying shares of the Company and shares in an associated corporation (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) of the Company as set out below and recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by directors of listed issuers.

Long positions in the Shares of the Company

Name	Capacity	Number of shares	Number of issued ordinary shares held	Number of underlying shares held pursuant to share options	Total approximate % of the issued share capital as at 30 June 2017
Chen Yuhong	Beneficial owner, through controlled corporation, founder of discretionary trust and beneficiary of trust	264,392,861	264,392,861	–	11.01%
Tang Zhenming	Beneficial owner and beneficiary of trust	11,827,765	11,827,765	–	0.49%
Zhang Yaqin	Beneficial owner	3,000,000	–	3,000,000	0.01%

Options to subscribe for Shares

Name of Director	Exercise Price (HK$)	No. of share options outstanding as at 1 January 2017	No. of share options exercised during the period	No. of share options outstanding as at 30 June 2017	Percentage of total issued ordinary share capital of the Company as at 30 June 2017	No of underlying ordinary shares interested in	Percentage of total issued ordinary share capital of the Company as at 30 June 2017	*Note*
Chen Yuhong	2.15	10,000,000	(10,000,000)	–	–	–	–	*(2)*
Tang Zhenming	1.78	2,000,000	(2,000,000)	–	–	–	–	*(1)*
	2.15	10,000,000	(10,000,000)	–	–	–	–	*(2)*
Zhang Yaqin	3.27	3,000,000	–	3,000,000	0.14%	3,000,000	0.14%	*(3)*

Save as disclosed above, as at 30 June 2017, none of the Directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Notes:

(1) These share options were offered on 10 April 2007 under the share option scheme of the Company adopted on 2 June 2003 and accepted on 8 May 2007. These share options are exercisable for a period of 10 years from the date of offer, subject to the following conditions:

Exercisable Period Commencing	Ending	Number of share options exercisable
10/04/2007	09/04/2017	25% of the total number of share options granted
10/04/2008	09/04/2017	25% of the total number of share options granted
10/04/2009	09/04/2017	25% of the total number of share options granted
10/04/2010	09/04/2017	25% of the total number of share options granted

(2) These share options were offered on 23 January 2014 under the share option scheme of the Company adopted on 20 May 2013 and accepted on 31 January 2014. The share options are exercisable for a period of 3 years from the date of offer subject to the following conditions:

Exercisable Period Commencing	Ending	Number of share options exercisable
23/01/2014	22/01/2017	30% of the total number of share options granted
23/01/2015	22/01/2017	30% of the total number of share options granted
23/01/2016	22/01/2017	40% of the total number of share options granted

This batch of share options are subject to a vesting condition that the market capitalization of the Company shall reach HK$10 billion or higher for 5 consecutive trading days during the exercise period.

(3) These share options were offered on 16 December 2015 under the share option scheme of the Company adopted on 20 May 2013 and accepted on 31 December 2015. The share options are exercisable for a period of 3 years from the date of offer subject to the following conditions:

Exercisable Period Commencing	Ending	Number of share options exercisable
16/12/2015	15/12/2018	30% of the total number of share options granted
16/12/2016	15/12/2018	30% of the total number of share options granted
16/12/2017	15/12/2018	40% of the total number of share options granted

SHARE OPTION SCHEME

As at 30 June 2017, there were share options to subscribe for an aggregate of 253,000,000 Shares granted to certain Directors and employees of the Group pursuant to the Share Option Scheme and the New Share Option Scheme outstanding, representing 10.53% of the total issued ordinary share capital of the Company as at 30 June 2017.

During the six months ended 30 June 2017, an aggregate of 88,100,000 share options were exercised, 5,000 share options were lapsed and 85,000,000 share options has been granted under the Share Option Scheme and the New Share Option Scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, during the six months ended 30 June 2017 none of the Directors was granted options to subscribe for shares of the Company and as at 30 June 2017 none of the Directors had any rights to acquire shares in the Company.

REQUIRED STANDARD OF SECURITIES DEALINGS BY DIRECTORS

During the six months ended 30 June 2017, the Company had adopted The Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Listing Rules relating to dealings in securities. Having made specific enquiry with all the Directors, the Directors had complied with the Model Code regarding securities transactions during the six months ended 30 June 2017.

SUBSTANTIAL SHAREHOLDERS

So far as was known to the Directors, as at 30 June 2017, the following persons (not being a Director or chief executive of the Company) had interests or short position in the shares of the Company which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions/short positions in Shares

Name	Nature of interest	Approximate number of Shares	Approximate percentage of total issued ordinary share of the Company	Approximate percentage of total issued share* of the Company
Rainbow Faith Limited *(Note 1)*	Trustee	149,430,690 (L)	6.22%	5.96%
Prime Partners Development Limited *(Note 2)*	Beneficial interest	139,072,725 (L)	5.79%	5.55%
UBS Group AG *(Note 3)*	Person having a security interest in shares	2,599,000 (L)	0.11%	0.10%
	Interest of controlled corporations	117,709,924 (L)	4.90%	4.70%
	Interest of controlled corporations	17,724,304 (S)	0.74%	0.71%
UBS AG *(Note 3)*	Beneficial interest	15,273,924 (L)	0.64%	0.61%
	Beneficial interest	16,966,304 (S)	0.71%	0.68%
UBS Asset Management (Hong Kong) Ltd *(Note 3)*	Beneficial interest	34,406,000 (L)	1.43%	1.37%
UBS Asset Management Trust Company *(Note 3)*	Beneficial interest	90,000 (L)	0.00%	0.00%
UBS Fund Management (Luxembourg) S.A. *(Note 3)*	Beneficial interest	67,142,000 (L)	2.79%	2.68%
UBS Fund Management (Switzerland) AG *(Note 3)*	Beneficial interest	40,000 (L)	0.00%	0.00%
UBS Securities LLC *(Note 3)*	Beneficial interest	758,000 (L)	0.03%	0.03%
(Note 3)	Beneficial interest	758,000 (S)	0.03%	0.03%

* *The total number of issued share consists of 2,402,274,436 Ordinary Shares and Convertible Notes which could be converted into 103,992,922 Ordinary Shares.*

Abbreviations: *"L" stands for long position*
"S" stands for short position

Note:

1. Rainbow Faith Limited is deemed to be interested in 149,430,690 shares in the Company as being a trustee.
2. Dr. Chen Yuhong is deemed to be interested in 139,072,725 Ordinary Shares and through Prime Partners Development Limited, which is wholly owned by Dr. Chen Yuhong.
3. UBS AG, UBS Asset Management (Hong Kong) Ltd, UBS Asset Management Trust Company, UBS Fund Management (Luxembourg) S.A., UBS Fund Management (Switzerland) AG and UBS Securities LLC are the wholly-owned subsidiaries of UBS Group AG. Accordingly, UBS Group AG is deemed to be interested in the long positions of 120,308,924 shares in the Company and the short positions of 17,724,304 shares in the Company held by these companies as disclosed above.

Save as disclosed above, as at 30 June 2017, no other interest or short position in the Shares or underlying shares of the Company were recorded in the register required to be kept under section 336 of the SFO.

COMPETING INTERESTS

As at 30 June 2017, none of the Directors or the management shareholders of the Company and their respective associates (as defined under the Listing Rules) had any interest in a business which competed or might compete with the business of the Group.

AUDIT COMMITTEE

The Company established an audit committee on 2 June 2003 and amended its written terms of reference in compliance with the requirements as set out in the Code on Corporate Governance Practices of the 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 comprises of three independent non-executive directors, namely Mr. Zeng Zhijie, Dr. Leung Wing Yin Patrick and Dr. Lai Guanrong. Dr. Leung Wing Yin Patrick is the Chairman of the audit committee.

The audit committee of the Company has reviewed the Interim results of the Group for the six months ended 30 June 2017.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2017.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, the Company has maintained sufficient public float for the six months ended 30 June 2017.

On behalf of the Board
Dr. Chen Yuhong
Chairman and Chief Executive Officer

22 August 2017, Hong Kong