

# Chinasoft International (0354.HK)

## 2015 Annual Results

奋斗为本 成就客户 创造分享 共同成长

We enjoy the  
wonderful journey

再出发



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**Company Overview**

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2015 Financial Results

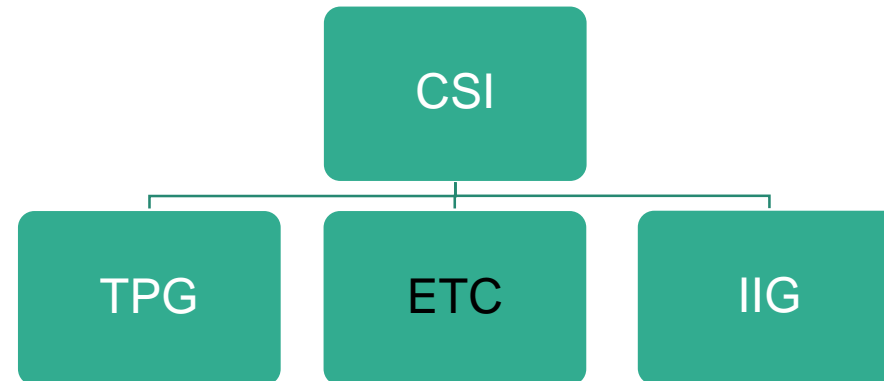
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2015 Business Developments and Strategic Outlook

Responding to changes in our customer's business models brought on by SMAC, ChinaSoft has re-organized its previous business segments, PSG, OSG and ESG into two new units: Technical & Professional (TPG) and Internet ITS (IIG). It was rolled out internally in May of 2015.

The Technical and Professional Group services our large customers including Huawei, HSBC and etc. who have strong demand, higher quality standard, complex projects, overseas footprint and strong financial support for IT projects. TPG will build its core competitiveness by:

- Taking a very hands-on approach with both client relationship building and project management
- Ensuring the process and quality meet clients' requirements
- Leveraging the execution and management capabilities from such clients



**Objectives:**

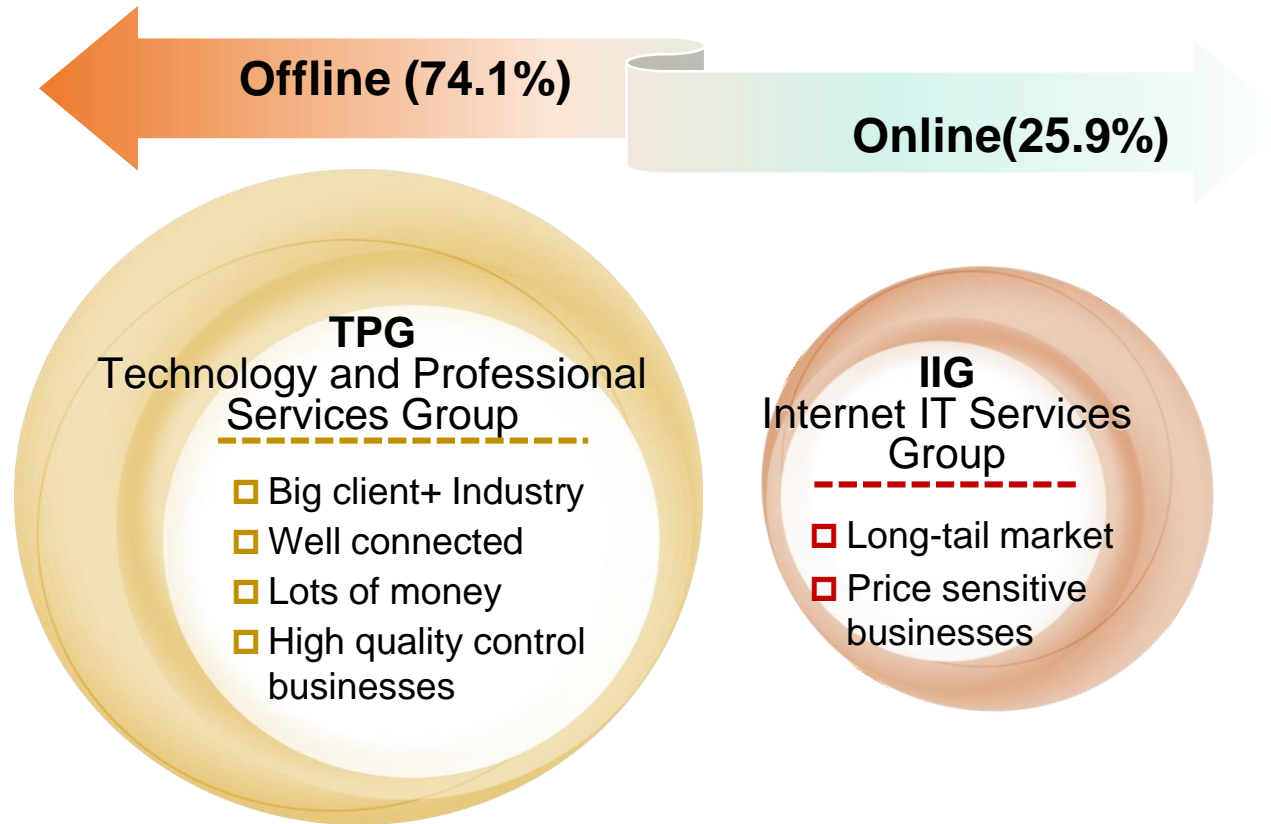
- To avoid overlapping between the previous business segments
- To accelerate the development of Jointforce through better identification of suitable clients who are more cost sensitive
- To better service our long-term and large clients
- To improve our margins through technology (JF) and better allocation and utilization of resources

The Internet ITS Group services clients who are less dependent on IT services and more cost sensitive compared with our TPG clients. Our crowdsourcing platform, Jointforce, is our core competitive advantage that can

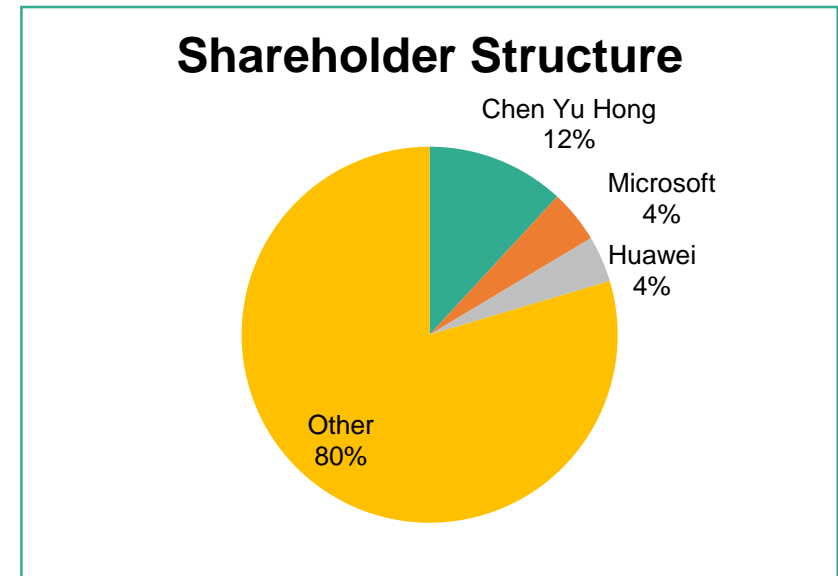
- Effectively reduce the cost for our clients
- Effectively increase ChinaSoft's margins
- Better utilize idle engineering and programming capacity

## Company Transformation:

From “comprehensive IT services provider” to an innovative Internet company based on cloud computing and big data.



Established	2000
HK GEM Listing	2003
HK Main Board Listing	2008
Code	354.HK
Employee Size	31,504
Shares Outstanding	2.152 bln





## Government and Manufacturing

Government IT solutions	NO.3
E-government	NO.1
Social security	NO.3
Financial market	NO.5
Quality inspection	NO.1
Audit	NO.1
Manufacturing: MES	NO.2



## Finance and Banking

Banking IT solutions	NO.6
Credit cards	NO.1
Payment and settlement	NO.3
Credit	NO.4
Counter trading	NO.2
Risk management	NO.6
Smart business and support	NO.5



## Telecom

Mobile client application development and adaptation services	No.1
China Mobile' s Internet base core suppliers	
Huawei's largest IT services provider	



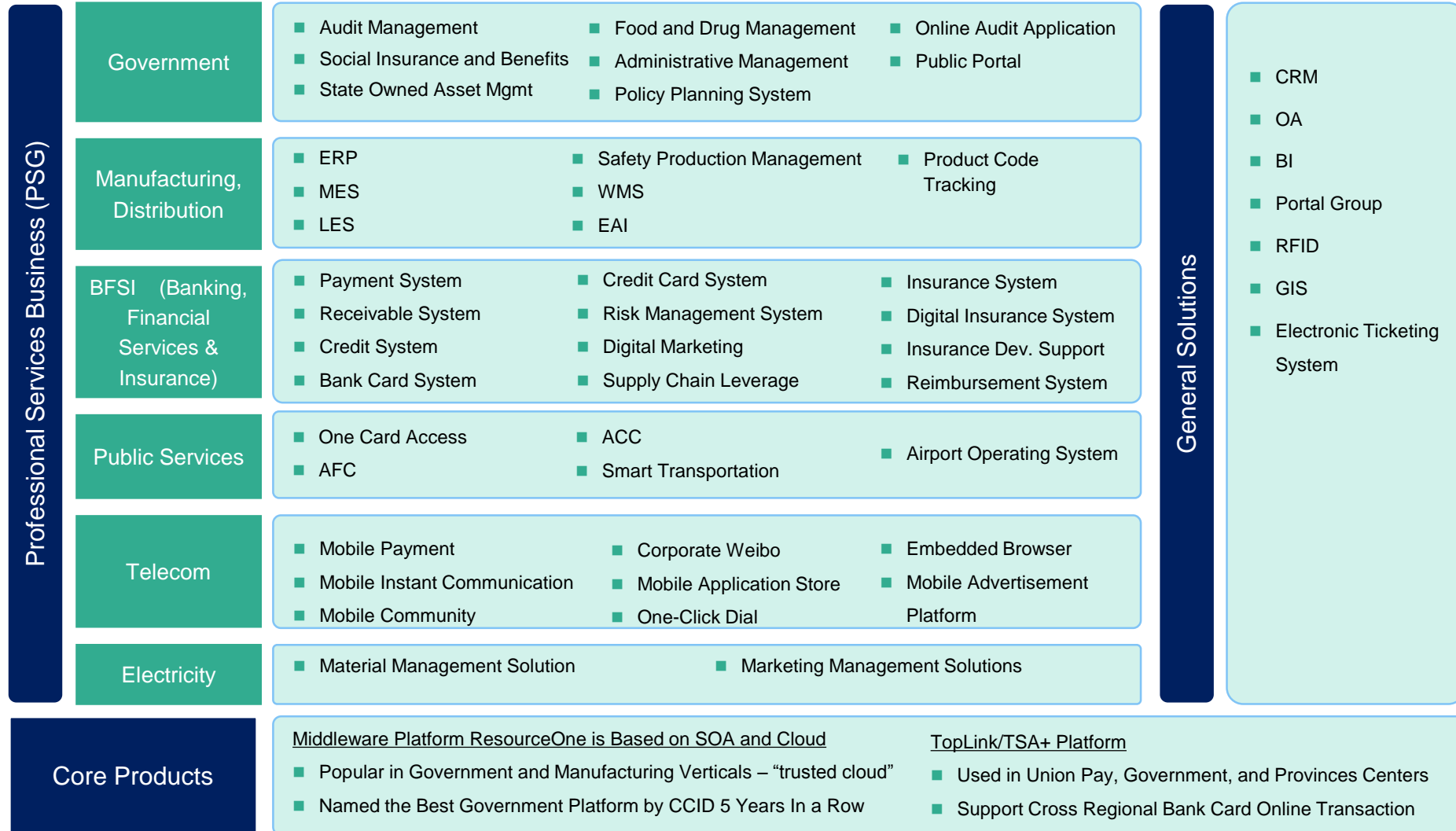
## Public Services

One-card solutions	NO.1
Nations first payment and settlement, Urban rail transit ticket transfer payment system	
Automatic fare collection system	



## Hi-Tech

Outsourcing orders from other countries	NO.3
Outsourcing orders from Europe and America	NO.2
Microsoft's global chief supplier and the world's most valuable supplier	
Tencent' s gaming' s biggest service provider	



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**2015 Financial Results**

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2015 Business Developments and Strategic Outlook



RMB '000	2015	2014	Growth
Revenue	5,129,111	4,429,202	15.8%
<i>Service Revenue</i>	4,831,722	4,147,015	16.5%
EBIT	512,503	381,624	34.3%
Adjusted EBIT	467,159	370,891	26.0%
Profit Attributable to Shareholders	280,056	200,038	40.0%
Adjusted Profit Attributable to Shareholders	251,283	189,954	32.3%
Basic EPS (RMB)	.1405	.1072	31.1%
Net Operating Cash Flow	259,561	74,796	247.0%

RMB '000	Revenue			Service Revenue			Results		
	2015	2014	Growth	2015	2014	Growth	2015	2014	Growth
TPG	3,780,692	3,237,830	16.8%	3,578,708	3,049,725	17.3%	300,814	246,551	22.0%
IIG	1,348,419	1,191,372	13.2%	1,253,014	1,097,290	14.2%	128,574	97,645	31.7%
<b>Total</b>	<b>5,129,111</b>	<b>4,429,202</b>	<b>15.8%</b>	<b>4,831,722</b>	<b>4,147,015</b>	<b>16.5%</b>	<b>429,388</b>	<b>344,196</b>	<b>24.8%</b>

# Income Statement



奋斗为本 成就客户  
创造分享 共同成长

RMB '000	2015	Per Revenue %	Per Service revenue%	2014	Per Revenue %	Per Service revenue%	Growth%
<b>Revenue</b>	<b>5,129,111</b>			<b>4,429,202</b>			<b>15.8%</b>
<b>Service Revenue</b>	<b>4,831,722</b>			<b>4,147,015</b>			<b>16.5%</b>
Cost of Sales	(3,605,903)	70.3%	74.6%	(3,080,046)	69.5%	74.3%	17.1%
<b>Gross Profit</b>	<b>1,523,208</b>	<b>29.7%</b>	<b>31.5%</b>	<b>1,349,156</b>	<b>30.5%</b>	<b>32.5%</b>	<b>12.9%</b>
Other Income	28,634	0.6%	0.6%	59,188	1.3%	1.4%	-51.6%
Selling Expenses	(178,581)	3.5%	3.7%	(219,789)	5.0%	5.3%	-18.7%
Administrative Expenses	(744,516)	14.5%	15.4%	(664,752)	15.0%	16.0%	12.0%
R&D Expenses	(78,066)	1.5%	1.6%	(64,161)	1.4%	1.5%	21.7%
Allowance for Doubtful Debt	(62,055)	1.2%	1.3%	(27,103)	0.6%	0.7%	129.0%
Amortization	(91,961)	1.8%	1.9%	(80,676)	1.8%	1.9%	14.0%
Finance Cost	(92,509)	1.8%	1.9%	(84,385)	1.9%	2.0%	9.6%
Share of Results of Associates	1,907	0.04%	0.04%	1,429	0.03%	0.03%	33.4%
Disposal of Assets available for Sale and Equity Income of Subsidiaries	111,724	2.2%	2.3%	27,568	0.6%	0.7%	305.3%
Income from Change in Fair Value	2,209	0.04%	0.05%	764	0.02%	0.02%	189.1%
<b>Profit Before Taxation</b>	<b>419,994</b>	<b>8.2%</b>	<b>8.7%</b>	<b>297,239</b>	<b>6.7%</b>	<b>7.2%</b>	<b>41.3%</b>
Taxation	(87,010)	1.7%	1.8%	(42,183)	1.0%	1.0%	106.3%
<b>Profit for the Period</b>	<b>332,984</b>	<b>6.5%</b>	<b>6.9%</b>	<b>255,056</b>	<b>5.8%</b>	<b>6.2%</b>	<b>30.6%</b>
<b>Profit Attributable to the Shareholder of the Company</b>	<b>280,056</b>	<b>5.5%</b>	<b>5.8%</b>	<b>200,035</b>	<b>4.5%</b>	<b>4.8%</b>	<b>40.0%</b>

# Balance Sheet

RMB '000	2015	2014
<b>Current assets</b>		
Inventories	30,260	31,991
Trade and other receivables	1,429,127	1,315,781
Bills receivables	8,828	-
Prepaid lease payments	893	1,009
Amount due from customers for contract work	1,516,660	1,410,425
Amount due from related companies	49,862	944
Pledged deposits	44,891	22,370
Bank balances and cash	1,265,831	811,435
	<b>4,346,352</b>	<b>3,593,955</b>
<b>Non-current assets</b>		
PPE	537,593	335,803
Intangible assets	283,103	325,458
Goodwill	995,610	983,298
Interests in associates	78,857	9,629
Available-for-sale investment	49,151	43,256
Prepaid lease payments	39,583	40,474
Other receivables	11,688	-
Derivative financial instruments	-	1,074
Deferred tax assets	6,516	11,519
	<b>2,002,101</b>	<b>1,750,511</b>

RMB '000	2015	2014
<b>Current liabilities</b>		
Trade and other payables	940,372	771,852
Bills payable	2,120	35,791
Amount due to customers for contract work	87,750	212,205
Amount due to related companies	34,667	16,708
Dividend payable	78	73
Taxation payable	87,353	52,651
Convertible loan notes	89,622	-
Borrowings	1,297,016	1,240,190
	<b>2,538,978</b>	<b>2,329,470</b>
<b>Net current assets</b>	<b>1,807,374</b>	<b>1,264,485</b>
<b>Total assets less current liabilities</b>	<b>3,809,475</b>	<b>3,014,996</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	20,504	19,294
Consideration payable on acquisition of a subsidiary	39,205	38,900
Convertible loan notes	-	193,771
Borrowings	263,496	62,000
<b>Total non-current liabilities</b>	<b>323,205</b>	<b>313,965</b>
	<b>3,486,270</b>	<b>2,701,031</b>
<b>Capital and reserves</b>		
Share capital	95,645	88,014
Share premium	2,106,029	1,654,687
Reserves	1,045,531	754,678
Equity attributable to owners of the Group	3,247,205	2,497,379
Non-controlling interests	239,065	203,652
<b>Total equity</b>	<b>3,486,270</b>	<b>2,701,031</b>

## Top Ten Customers Proportions



## Customer Analysis

- For 2015, the service revenue from the top 5 customers accounted for 52.7% of the Group's total service revenue (2014: 46.2%).
- For 2015, the service revenue from the top 10 customers accounted for 60.1% of the Group's total service revenue (2014: 52.0%).
- In 2015, the Group had 1,662 active customers
- In 2015, the Group had 79 customers with service revenue of RMB 6 million or more (2014: 77).

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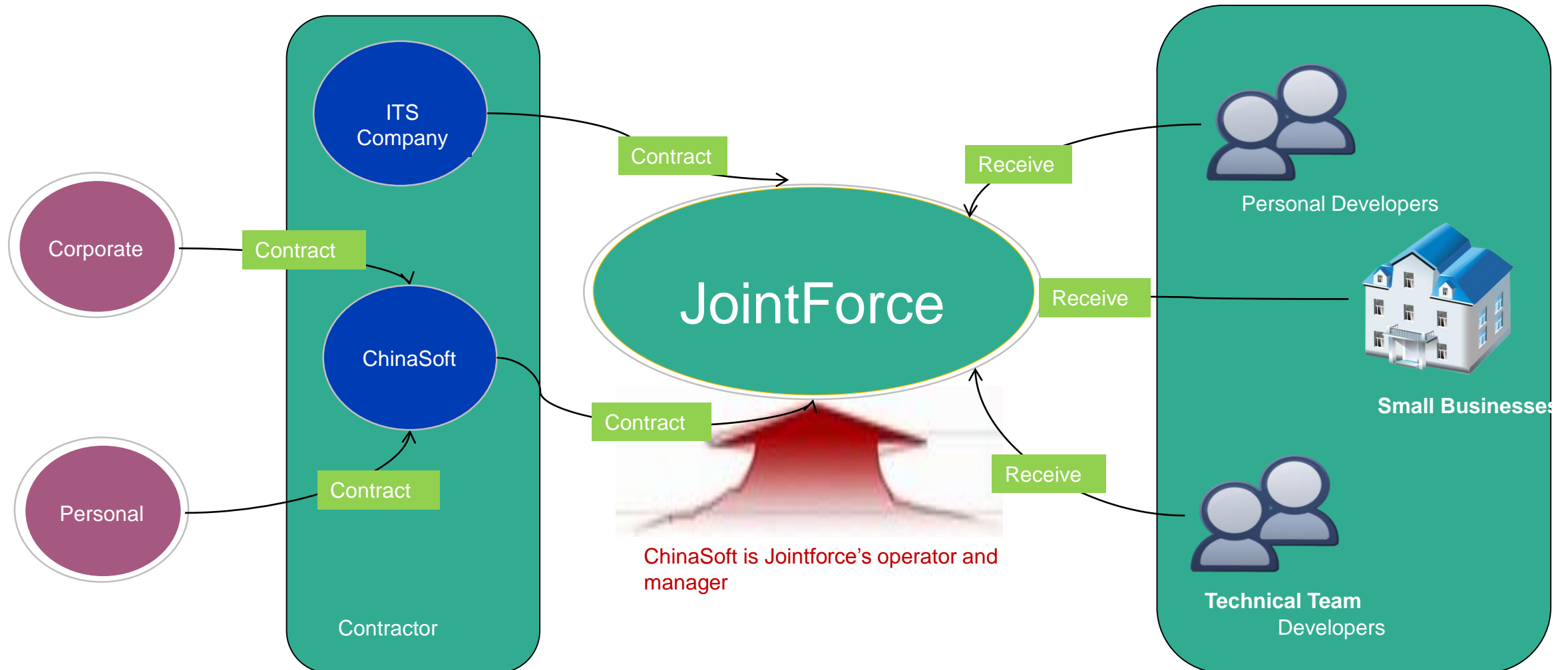
Company Overview

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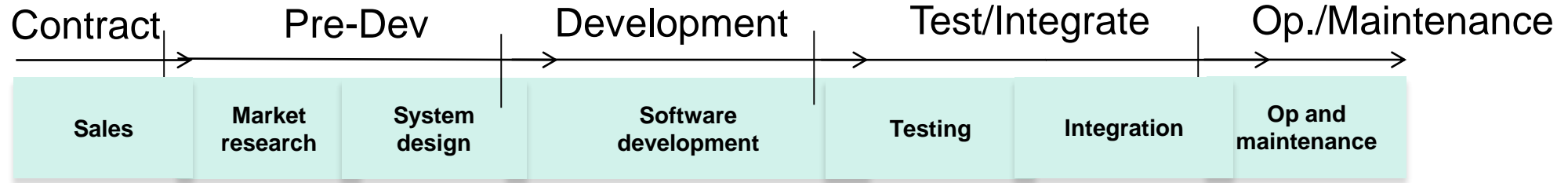
2015 Financial Results

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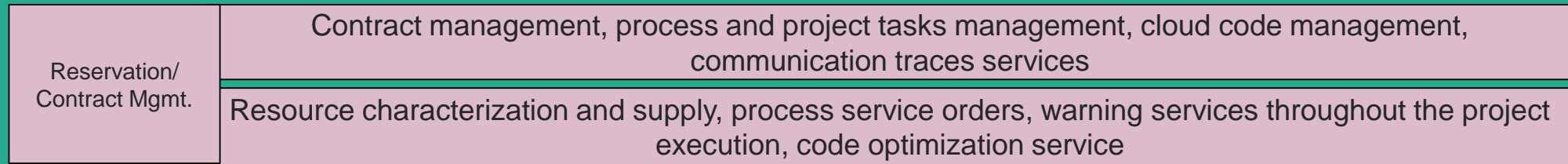
**2015 Business Developments and Strategic Outlook**



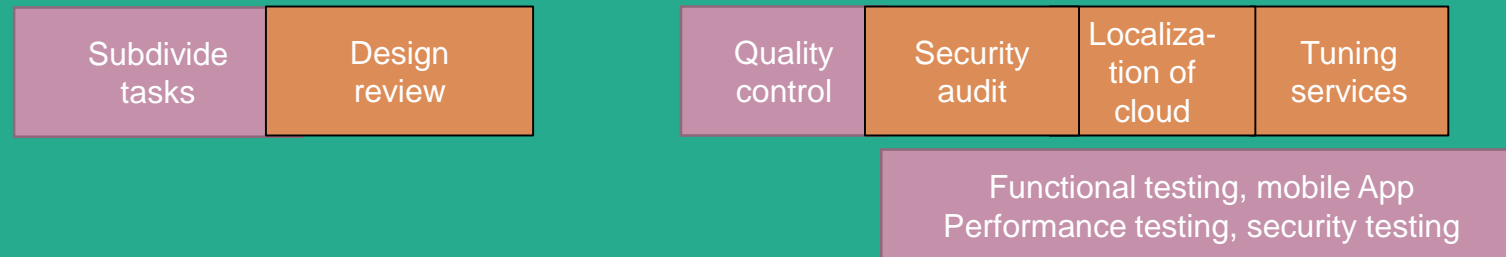
# Jointforce Process



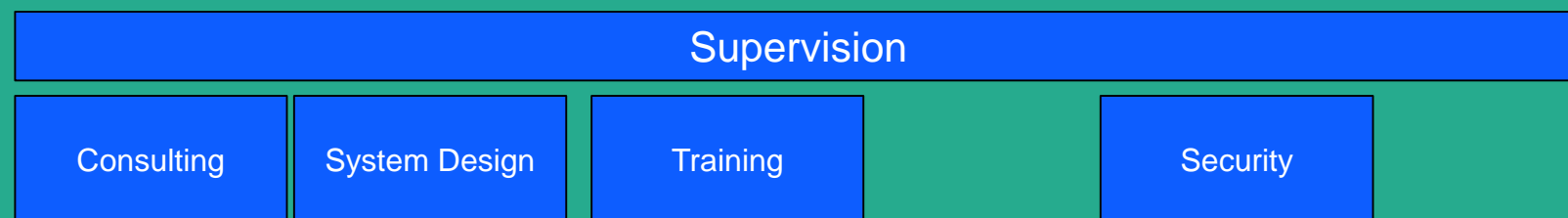
## Basic JF Services



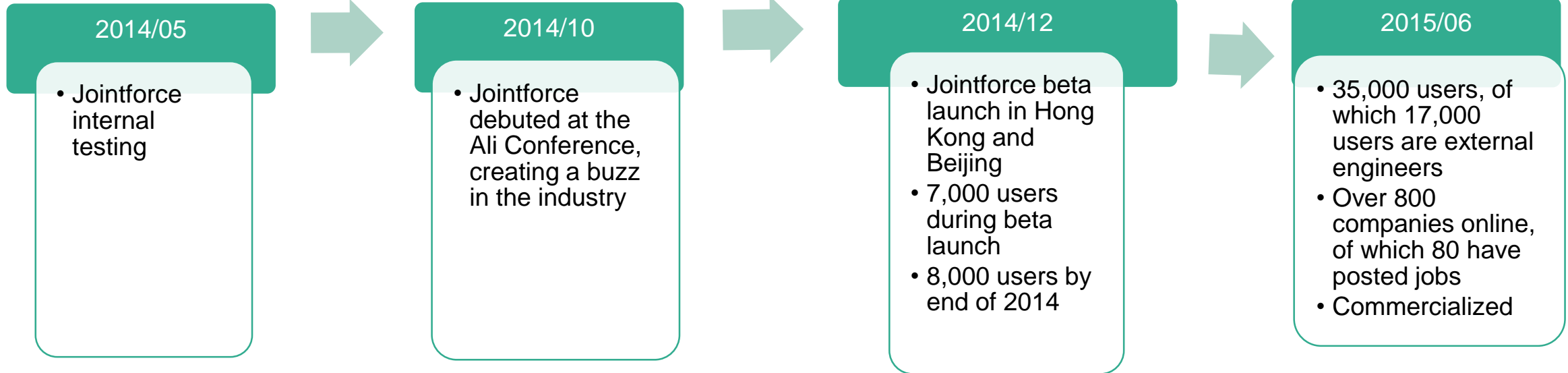
## PTS Services



## Other Services







#### Jointforce Today:

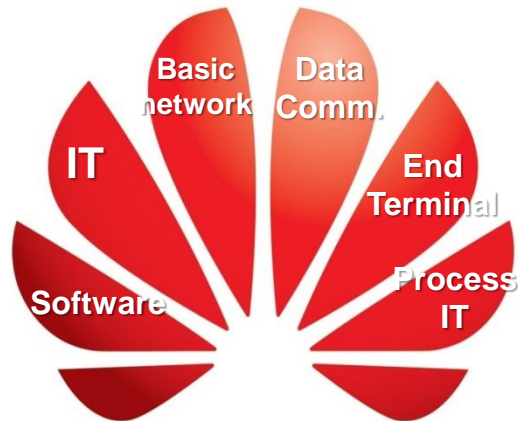
- 80,000+ Engineers
- 400+ Teams
- 6,000 IT Companies posting jobs
- 1,300 IT Companies taking jobs
- Over RMB 100 million transaction

## Outsourcing

Phase I: Win the trust of Huawei, expand outsourcing business steadily



FY14 3 bln market



## Enterprise Business: Local and Global Sales

Leverage Huawei to grow, expand into verticals and globally



FY14 2.5 bln market  
FY17 10.5 bln market

- ASP
- CSP
- Asia Pacific, Latin America, North America, Middle Easter, North/South Africa, Europe...



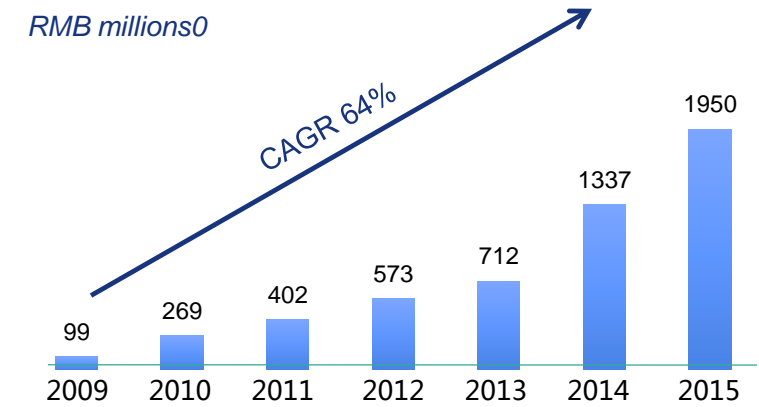
**New services, verticals**



**New Regions**

## Huawei Revenue

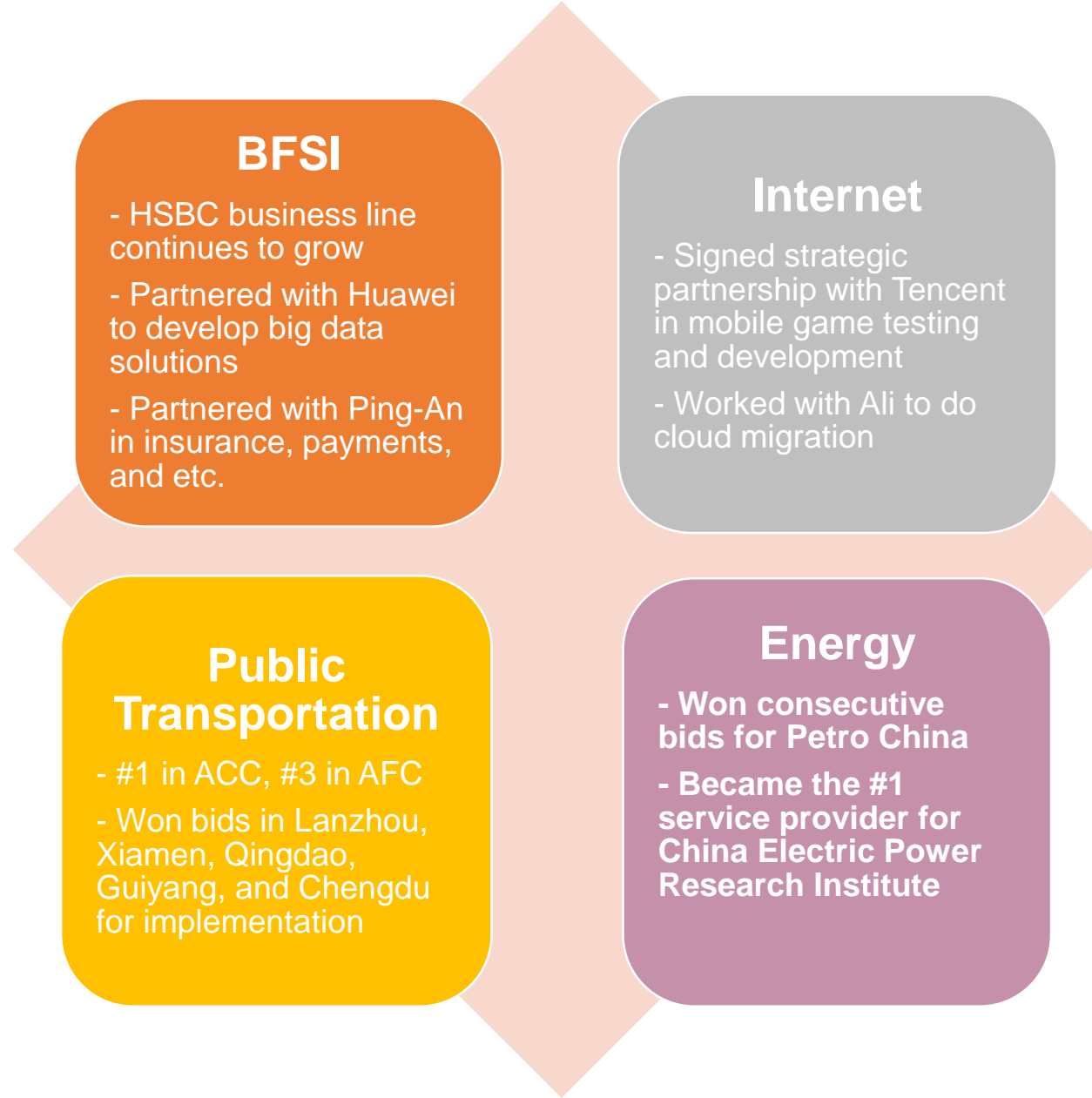
RMB millions0



■ On April 2012, the JV with Huawei became operational.

■ On August 2014, Chinasoft signed a strategic cooperation with Huawei to become its Enterprise Business Gold Label Agent, and will work with Huawei in cloud computing, network security, industry 4.0 to increase businesses.

■ The first half of 2015, Huawei maintained its advantage in the network services, consumer business scale doubled YoY. In the software service business, became the mobile payment technology leader. In business enterprises, cooperate fully with Huawei's cloud.

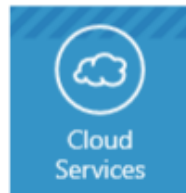


Catapult Systems is a Microsoft National Systems Integrator with 15 gold 17 silver competencies, placing Catapult in the top 0.1% of Microsoft Partners worldwide. We provide unique services around Microsoft technologies, delivering exceptional value to our clients' businesses based on their priorities and timeframes while continuing to maximize the value of their Microsoft investments.

## Full Service Capabilities:



- Systems Management
- Virtualization
- Modern Desktop
- Azure- IaaS
- Unified Communications



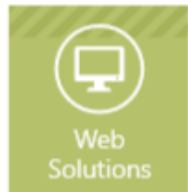
- Office 365
- Azure – PaaS & IaaS
- Intune



- Business Analytics
- Big Data
- Enterprise Social



- Azure
- Office 365
- Lync
- SharePoint
- System Center



- Social Enterprise
- Intranet
- Extranet
- Public Facing
- User Centered Experience



- Custom Development
- xRM/CRM Solutions
- User Centered Experience



- Mobile Application Development
- Social Enterprise
- Enterprise Mobility Solution
- User Centered Experience
- Device Management

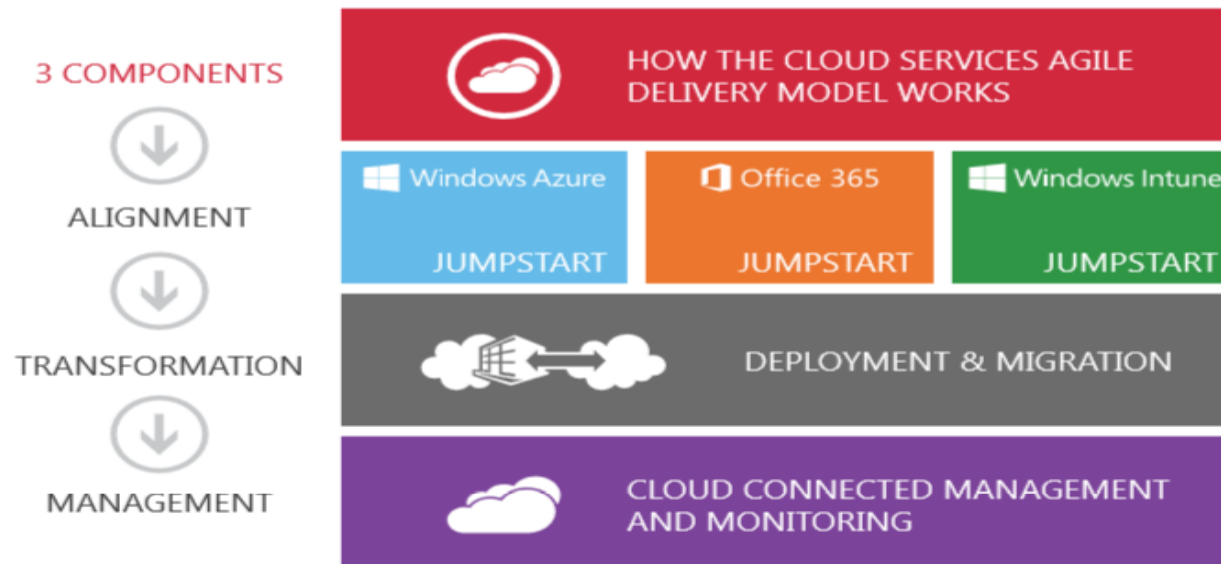
- Catapult’s own “Solutions as a Service” achieved breakthrough, and launched the first Intranet as a Service, FUSE, signing clients like SATO within with one week of launch.
- Catapult launched its first SaaS product, Launch, that will automate IT tasks such as onboarding and off boarding employees and change group memberships.

ignite your workspace



## Cloud Services Agile Delivery Model:

With a National-focus on the Cloud, Catapult has developed the Cloud Services Agile Delivery Model, a proven process for creating an actionable deployment and migration strategy.



Composed of three phases– Alignment, Transformation, Management, this agile approach is targeted towards helping organizations move specific workloads to one or more Microsoft Online Services with a single point of contact for monitoring and management.

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China's leading comprehensive IT solution provider

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Well positioned in a fast growing sector in China

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Strong revenue and profit growth

---

Long-term close partnership with China's leading corporations

---

Moving into next generation computing via Cloud, Mobile, Analytics and Social networks

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JointForce platform developed to improve our margin, increase utilization rate and consolidate China's IT service market

**感谢** *Thanks for ...* Your interests!

奋斗的青春 绽放的精彩!

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We enjoy the  
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# Broad Blue Chip Customer Base



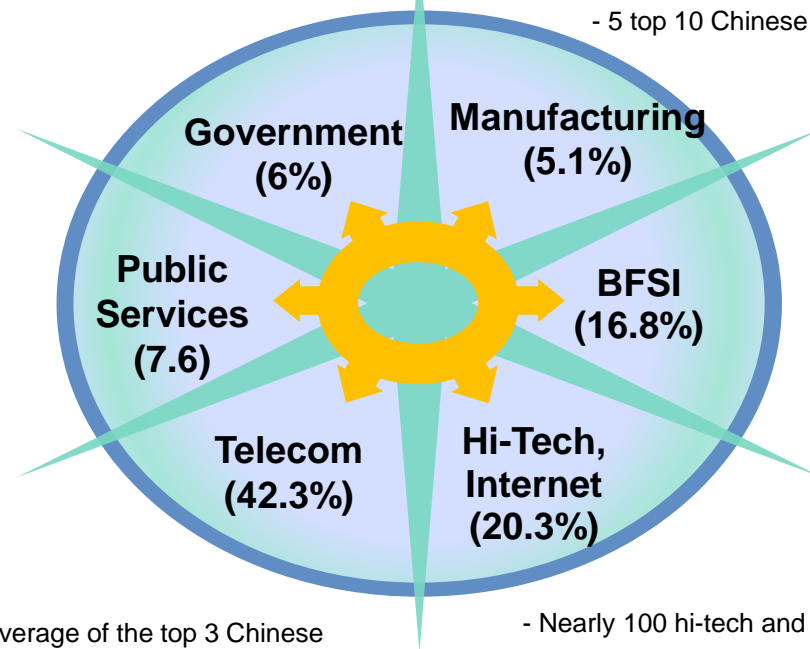
- 20 Chinese government ministries level institutions
- 6 "Twelve" Gold Project

- 100% coverage of the top 100 Chinese cigarette brands
- 2 top 3 Chinese car brands
- 4 top 5 strong Chinese machinery manufacturers
- 5 top 10 Chinese steel companies



- Shanghai
- Beijing
- Shenzhen
- Tianjin
- Chongqing
- Hanzhou
- Qingdao
- -----

- Over 30 cities
- Issued over 100 million system cards



- 100% Chinese banks
- 26 foreign banks
- 13 finance institutes



Sony Ericsson

- 100% coverage of the top 3 Chinese telecom operators
- 2 top three global telecommunications equipment supplier

- Nearly 100 hi-tech and Internet companies





# Global Delivery Capabilities

- 48% Sales and Delivery Centers Worldwide
- Service over 100 multinational companies
- Provide multi-lingual services

