

Chinasoft International

(354.HK)

2018 Annual Results

奋斗为本 成就客户
创造分享 共同成长

Disclaimer

- These presentations and/or other documents have been written and presented by Chinasoft International Limited (“Chinasoft International” or “the Company”).
- The information presented or contained in these materials is subject to change without notice and its accuracy is not guaranteed.
- Neither the presentation nor any of the information contained therein constitutes an offer to sell or issue or the solicitation of an offer to buy or acquire or invitation to purchases or subscribe for any securities of the Company in any jurisdiction or an inducement to enter into investment activity, nor may it or any part of it form the basis of or be relied upon in connection with any contract, commitment or investment decision whatsoever.

Agenda

1. Company Overview

2. Financial Results

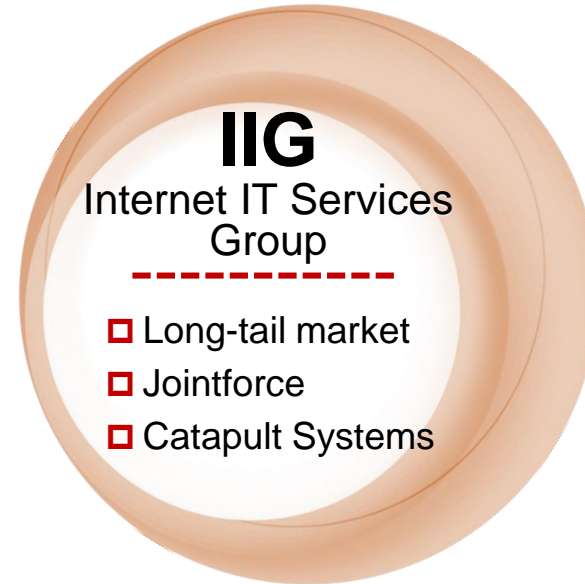
3. Business Developments and Strategic Outlooks

4. Investment Highlights



Company Overview

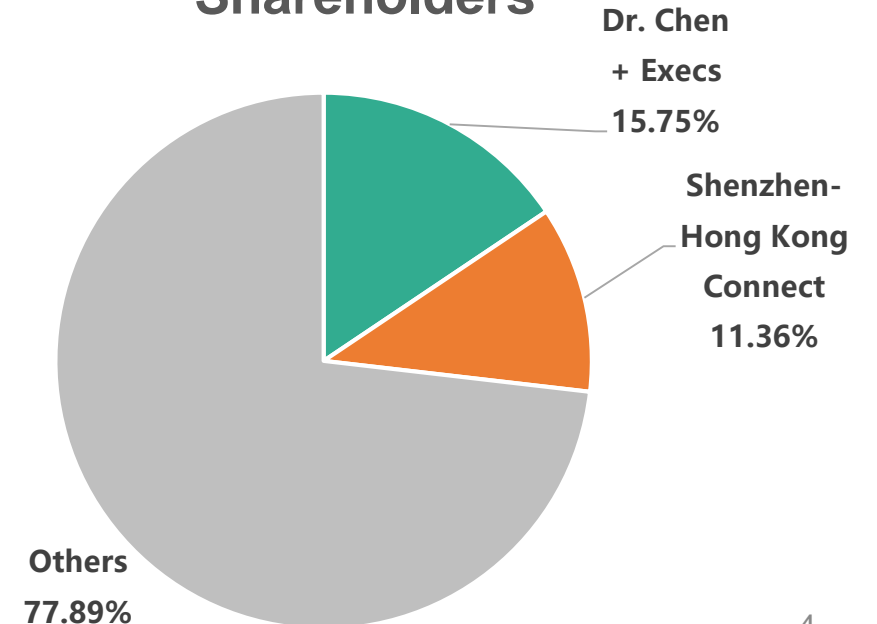
Chinasoft is a large comprehensive “end-to-end” Chinese IT service provider headquartered in Beijing and services global clients.



Established	2000
HK GEM Listing	2003
HK Main Board Listing	2008
Code	354.HK
Revenue in 2018	10.56 Billion RMB
Employees	60,500

Vision To Create a More Valuable \$10 Billion in 2019

Shareholders



Broad Blue Chip Customer Base



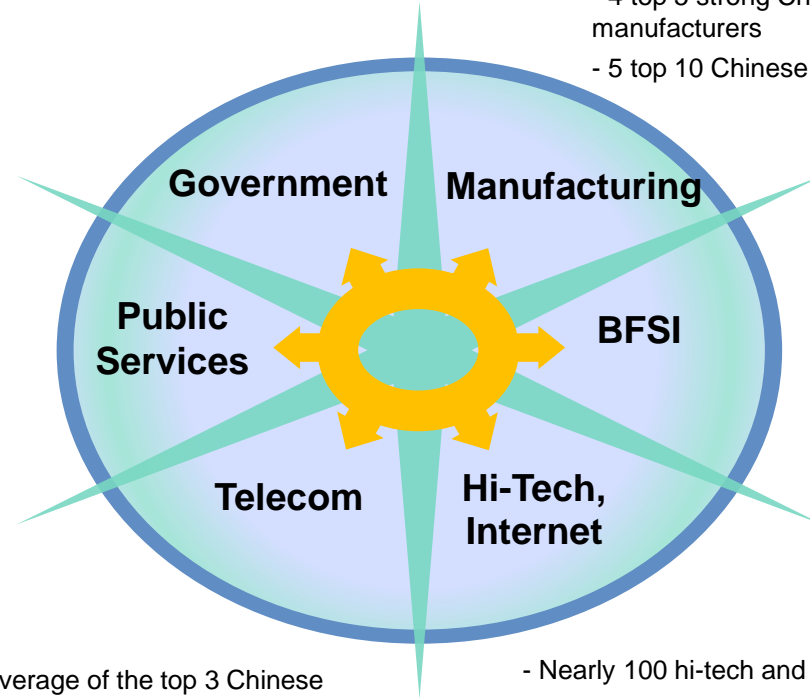
- 20 Chinese government ministries level institutions
- 6 "Twelve" Gold Project

- 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, Covered more than 30 cities



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



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

- Nearly 100 hi-tech and Internet companies



Emerging Technologies



Big data

Data Collection & Integration
Data Governance
Data Analytic Application
Decision-making Support



Cloud

Cloud Consulting
Cloud Migration
Cloud Application development & Integration
Cloud Managed Service
Cloud Solutions



Mobile & Internet

Enterprise Mobile
Application Development
Mobility Devices Testing
User Experience Design
JointForce



Digitalization

Digital Marketing
Enterprise Social
Catapult Digital Workplace

Traditional IT Services



Strategic Consulting

Enterprise Strategy & Digital Transformation
Business Consulting & Decision-making



Application & Development

Enterprise Mobile and Application
Software Development & Implementation
Hardware Development & Maintenance



Technical Service

Maintenance and Support
Product Testing
Infrastructure Management
Globalization & Localization



Excellency Training

Excellency Training Center
Excellency Experience Center
Zker Platform

Solution Capabilities

莫斯科

Industry Solutions

General Solutions

Government

- Audit Management
- Social Insurance and Benefits
- State Owned Asset Mgmt
- Food and Drug Management
- Administrative Management
- Policy Planning System
- Online Audit Application
- Public Portal
- Cloud Migration & Integration

Manufacture & Logistics

- Safety Production Management
- LES
- WMS
- EAI
- Product Code Tracking
- MES

Finance

- Payment System
- Receivable System
- Credit System
- Bank Card System
- Credit Card System
- Risk Management System
- Digital Marketing
- Supply Chain Leverage
- Insurance System
- Digital Insurance System
- Insurance Dev. Support
- Reimbursement System

Public Services

- One Card Access
- AFC
- Retail & Real estate solutions
- ACC
- Smart Transportation
- Airport Operating System
- Oil and gas enterprise information solutions
- Electric power supplies management solutions
- Electric power marketing management system

Telecom

- Mobile Payment
- Mobile Instant Communication
- Mobile Community
- Corporate blog
- Mobile Application Store
- One-Click Dial
- Embedded Browser
- Mobile Advertisement Platform

High tech & Internet

- Product development
- Software & hardware testing
- Embedded software development
- Consulting & solution implementation
- E-commerce solutions
- Offshore delivery center
- Mobile terminal development
- UI design
- Web development solution

- CRM
- OA
- BI
- Portal Group
- RFID
- GIS
- Electronic Ticketing System

Core Products

Middleware Platform ResourceOne is Based on SOA and Cloud

- Popular in Government and Manufacturing Verticals – “trusted cloud”
- Named the Best Government Platform by CCID 5 Years In a Row

TopLink/TSA+ Platform

- Used in Union Pay, Government, and Provinces Centers
- Support Cross Regional Bank Card Online Transaction

ARK Middleware

- One-stop big data dev. platform

Awards and Recognitions

- Ranked 7th in 2018 China's top 100 software and information technology services competitiveness list
- Ranked 20th among the top 100 companies in China's software business revenue in 2018
- 2018 China's Most Influential Software and Information Services Enterprise Award
- 2018 Top 10 Innovative Software Companies
- First batch to win national first-level enterprise information system integration and service qualification
- For the 7th consecutive year, the company was awarded the title of “Key Software Enterprise in National Planning Layout”
- Several times selected for Deloitte's “High-tech, High-growth Asia 500”
- Won the 2017 “Golden H-Stock” selection “Most Valuable Growth Listed Company” and “Best Investor Relations Management Listed Company”,
- Won the “New Fortune” Best IR Company of H-Stock, and won the IR Award for Asian Institutional Investors
- Received 34 research recommendations from nearly 20 sale side

Agenda

1. Company Overview

2. Financial Results

3. Business Developments and Strategic Outlooks

4. Investment Highlights



Financial Highlights

RMB' 000	2018	2017	Growth Rate
Revenue	10,585,013	9,243,684	14.5%
<i>Service Revenue</i>	10,339,012	8,807,512	17.4%
Gross Profit	3,244,657	2,750,466	18.0%
Profit for the Period	716,171	561,307	27.6%
Net Profit Attributable to Equity Shareholders	715,803	565,567	26.6%
Basic EPS (RMB cents)	29.54	23.59	25.2%

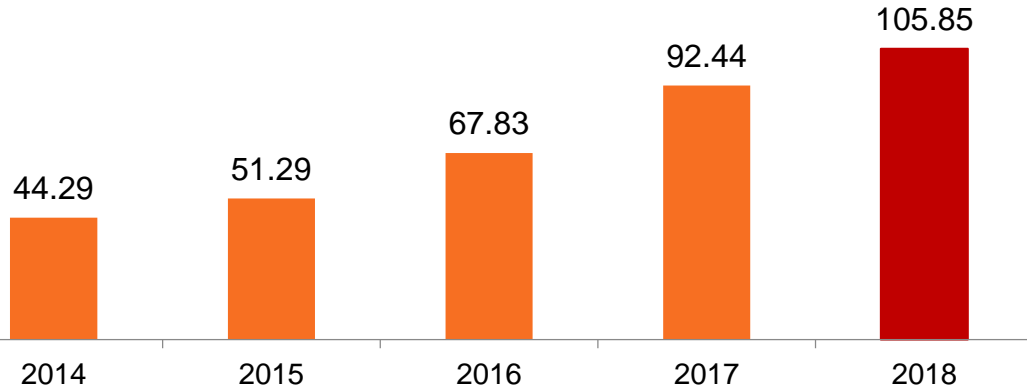
Key Operating Data

Revenue

RMB' 100M

CAGR24.3%

YoY 14.5%

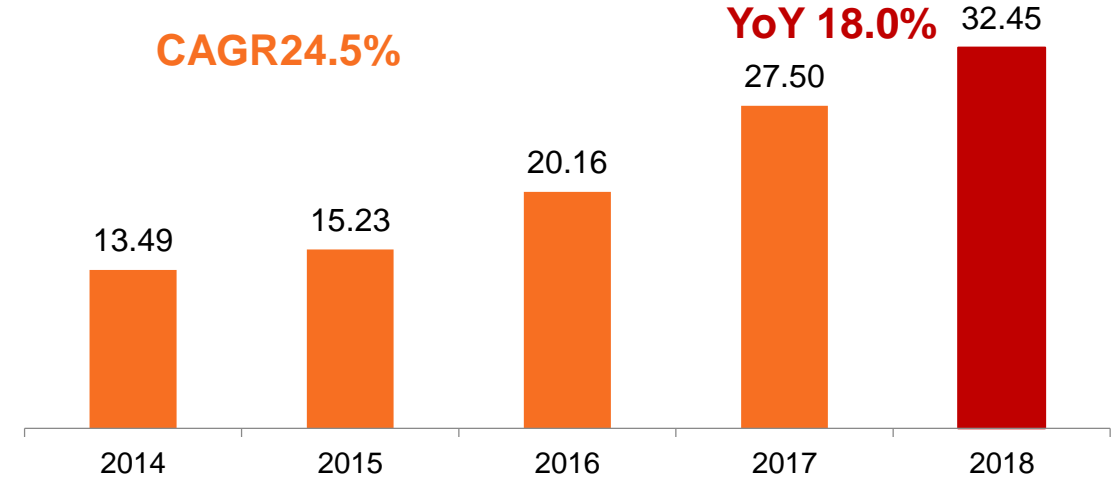


Gross Profit

RMB' 100M

CAGR24.5%

YoY 18.0%

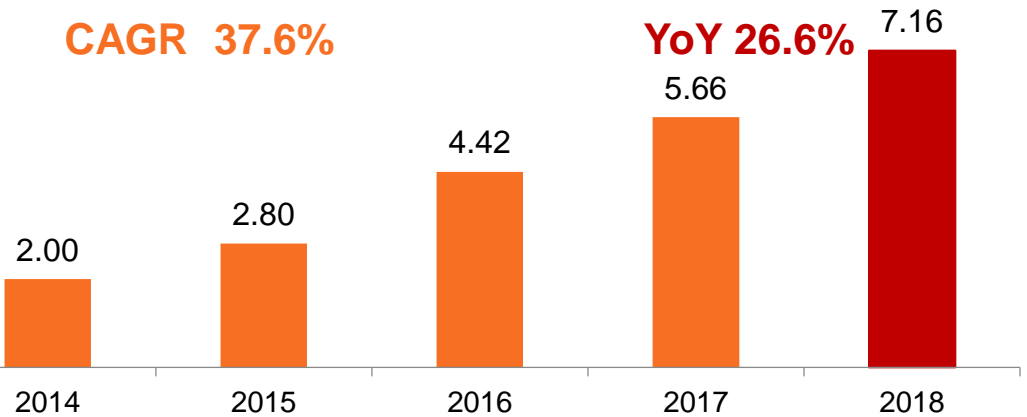


Net Profit Attributable to Equity Shareholders

RMB' 100M

CAGR 37.6%

YoY 26.6%

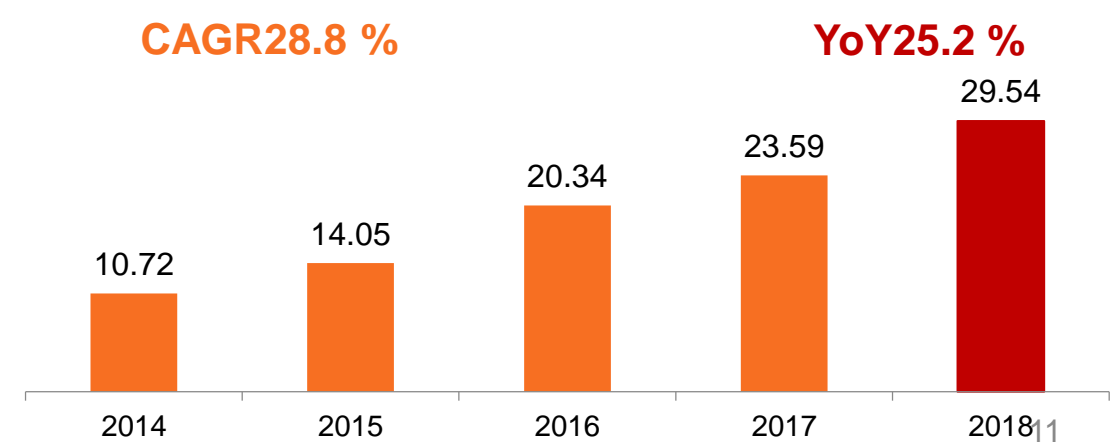


EPS

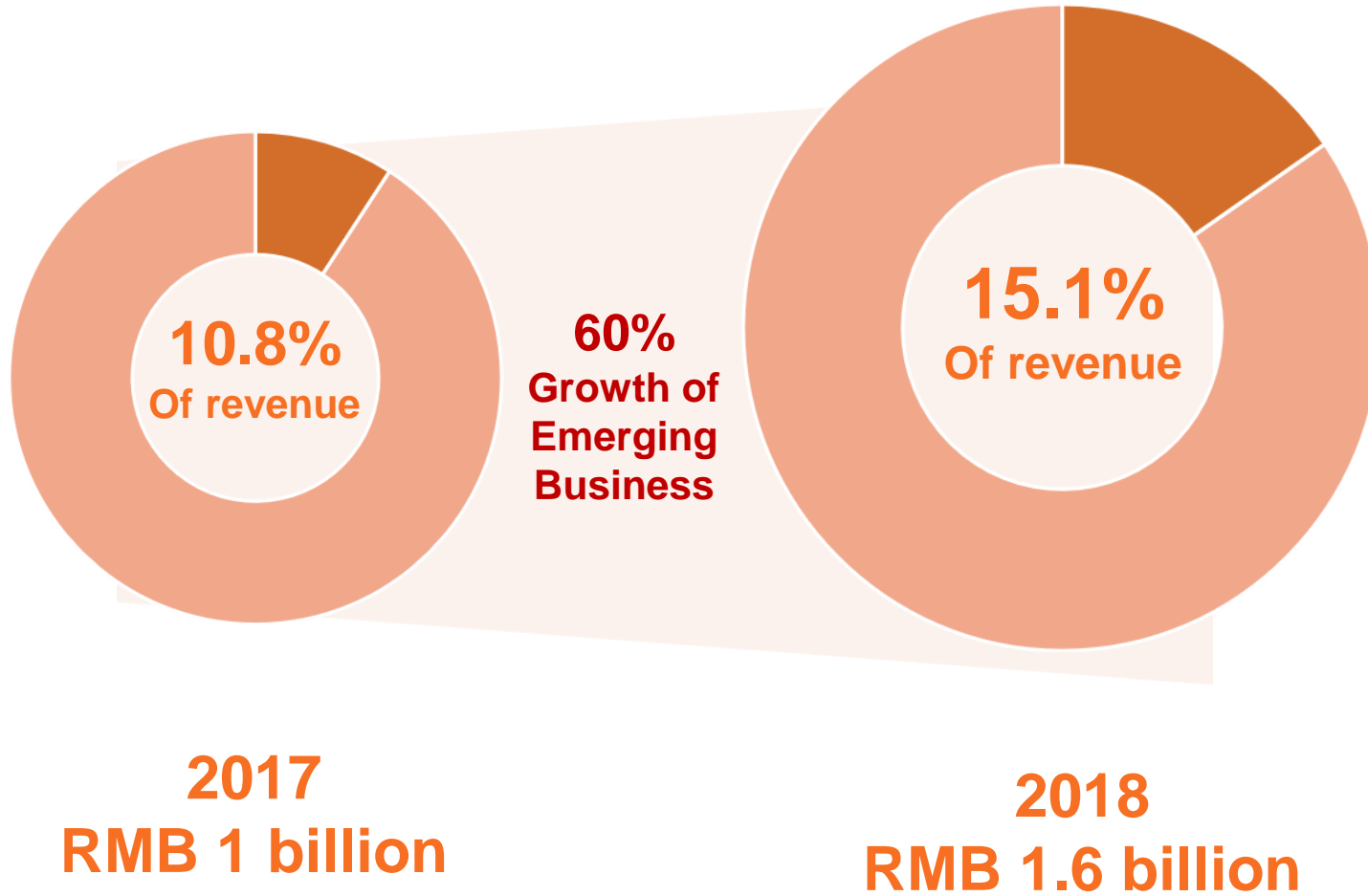
RMB' Cents

CAGR28.8 %

YoY25.2 %



Rapid Growth of Emerging Business



Emerging business
consists of

JointForce



+

Cloud



+

Big Data



Income Statement

RMB' 000	2018	Of Revenue	Of. Ser. Rev.	2017	Of Revenue	Of. Ser. Rev.	Growth%
Turnover	10,585,013			9,243,684			14.5%
Service revenue	10,339,012			8,807,512			17.4%
Cost of sales and services	(7,340,356)	(69.3%)	(71.0%)	(6,493,218)	(70.2%)	(73.7%)	13.0%
Gross profit	3,244,657	30.7%	31.4%	2,750,466	29.8%	31.2%	18.0%
Other income	64,078	0.6%	0.6%	100,491	1.1%	1.1%	-36.2%
Loss from decognition of financial assets measured at amortised cost	(7,139)	(0.1%)	(0.1%)	(3,846)	(0.0%)	(0.0%)	85.6%
Impairment losses, net of reversal	(35,200)	(0.3%)	(0.3%)	(25,862)	(0.3%)	(0.3%)	36.1%
Other gains or losses	(5,669)	(0.1%)	(0.1%)	(4,065)	(0.0%)	(0.0%)	39.5%
Selling and distribution costs	(495,524)	(4.7%)	(4.8%)	(369,729)	(4.0%)	(4.2%)	34.0%
Administrative expenses	(1,091,148)	(10.3%)	(10.6%)	(1,086,325)	(11.8%)	(12.3%)	0.4%
Research and development costs	(739,434)	(7.0%)	(7.2%)	(567,313)	(6.1%)	(6.4%)	30.3%
Other expenses	(68,402)	(0.6%)	(0.7%)	(81,742)	(0.9%)	(0.9%)	-16.3%
Finance costs	(117,987)	(1.1%)	(1.1%)	(99,069)	(1.1%)	(1.1%)	19.1%
Share of results of investments accounted for using the equity method	12,222	0.1%	0.1%	19,763	0.2%	0.2%	-38.2%
Profit before taxation	760,454	7.2%	7.4%	632,769	6.8%	7.2%	20.2%
Income tax expense	(44,283)	(0.4%)	(0.4%)	(71,462)	(0.8%)	(0.8%)	-38.0%
Profit for the year	716,171	6.8%	6.9%	561,307	6.1%	6.4%	27.6%

Balance Sheet

RMB' 000	2018	2017
Current assets		
Inventories	63,698	26,024
Trade and other receivables	2,585,247	1,960,240
Bills receivable	22,212	11,909
Contract assets	2,819,117	-
Prepaid lease payments	860	860
Amounts due from customers for contract work	-	2,579,998
Amount due from related companies	67,765	83,854
Pledge deposits	19,426	658
Bank balances and cash	2,646,375	1,785,305
	8,224,700	6,448,848
Non-current assets		
Property, plant and equipment	837,634	852,519
Intangible assets	148,172	179,450
Goodwill	1,006,337	996,789
Investments accounted for using the equity method	144,280	133,218
Available-for-sale investment	-	65,342
Financial assets at fair value through other comprehensive income	51,508	-
Prepaid lease payments	37,003	37,863
Other receivable	29,935	30,000
Deferred tax assets	8,675	7,504
	2,263,544	2,302,685

RMB' 000	2018	2017
Current liabilities		
Amounts due to customers for contract work	-	44,572
Trade and other payables	1,497,011	1,584,295
Bills payable	45,280	20,473
Contract liabilities	166,078	-
Amounts due to related companies	18,185	59,151
Dividend payable to shareholders	81	78
Taxation payable	125,174	157,699
Convertible loan notes	198,263	-
Borrowings	1,675,646	685,750
	3,725,718	2,552,018
Net current assets	4,498,982	3,896,830
Total assets less current liabilities	6,762,526	6,199,515
Non-current liabilities		
Deferred tax liabilities	11,062	15,904
Convertible loan notes	719,941	953,645
	731,003	969,549
	6,031,523	5,229,966
Capital and reserves		
Share capital	112,994	110,283
Share premium	2,982,319	2,809,329
Reserves	(76,451)	-
Equity attributable to equity holders of the Company	2,948,128	2,246,189
Non-controlling interests	5,966,990	5,165,801
Total equity	64,533	64,165
Capital and reserves	6,031,523	5,229,966

Agenda

1. Company Overview
2. Financial Results
3. Business Developments and Strategic Outlooks
4. Investment Highlights



RENEW Traditional Business



- Through “zero distance” innovative service, the Company was introduced into Huawei’s SD Program
- Breakthrough in global business. Implemented “co-sell” business model in Malaysia, Burma, and etc.
- Became Huawei Cloud’s core service provider and was awarded “Huawei’s Best Cloud Partner” and “Huawei Cloud For All AI Pioneer”



- HSBC business achieved high growth, and the Hang Seng bank LOB doubled in 2018. The Company now has over 3,000 engineers servicing them, and has become the largest outsource partner of Hang Seng Bank.
- In charge of the HSBC key risk control project, helping over 30 mln key clients to manage money laundering risks, and can provide data support in over 70 countries and regions.
- Launched the new HSBC mobile banking application, including personal banking and smart solutions. This model can be replicated to different global banks including Malaysia Mobile Banking and Bank of Montreal.



- Built the first CSI-Tencent new shore delivery center, and the team grew to over 2,000 engineers.
- Won bid for Tencent AI, gaming, and QQ music.
- Awarded “Best Quality Service Provider” for IEG and maintained a 3 year exclusive contract with the IEG.



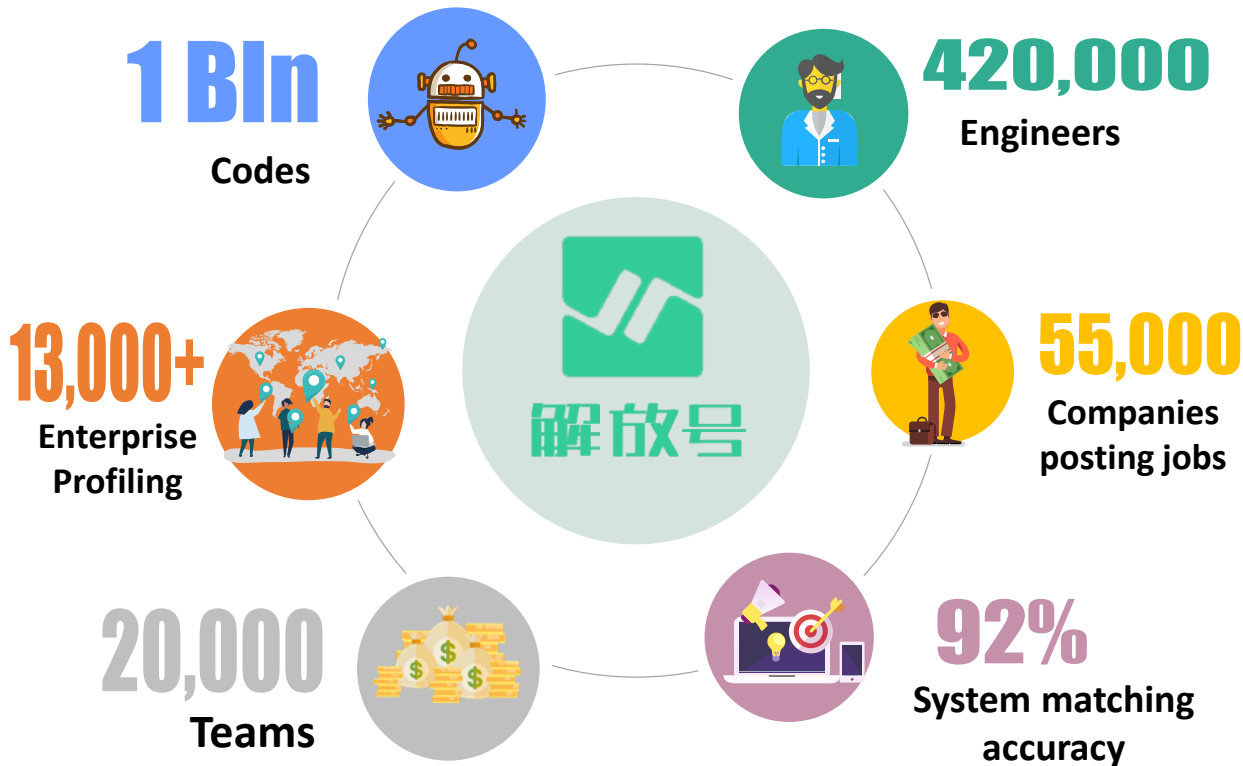
- Became Ping-An’s largest service provider, and started working with Ping-An leasing and Ping-an Finance through our insurance and direct marketing solution.
- Worked even more closely in smart city through our AI and big data capabilities.



- Won bid for Ali Damo’s human and robot interaction project.
- Co-developed Ali’s AI product, the Tian Mao Genie X1, and was introduced into IDU pilot.
- Delivered Ants Financials’ mutii-million dollar contract, moved towards Ant’s Insurance line of business.

Jointforce's Ecosystem Expands

- Jointforce is the leading platform focused on software customization. Through its professional online delivery mechanism and cloud software management platform, its vision is to become the accelerator for China's smart society.



Cloud Integrative Service

Demand Ecosystem

- Expanding to 6-10 cities each year
- For government's IT demand

Cloud Software Park

Supply Ecosystem

- Covers 15 cities and regions
- Three database, four platforms

Jointforce IT Ecosystem

Cloud Integrative Service – A New Digital Government

Successfully lowered government's procurement process by 30%, currently launched officially in Nanjing and Xi'An, with Guangzhou, Chongqing, Zhejiang and etc. soon to follow.

Government

Problems:

- Not sure about credentials of the service provider
- Not a transparent management process
- Unsure of quality control upon delivery

Cloud Integrative service is a one stop shop for them

Since launching in Sep., there are over 3,000 registered government units, and we've completed over 263 projects. (More than RMB 137 million worth of jobs posted).

Service Provider

Jointforce is based on Huawei software development cloud, providing developers with a series of cloud development tools such as code hosting and code detection to improve development efficiency.

Jointforce provides supplier credit big data management services and credit rating management system to ensure that quality suppliers can stand out

JF provided over 13,000 digital DD for the government. It is characterized by four aspects: technical ability, business situation, credit evaluation and risk warning.

The Jointforce Cloud Integrative Service

Cloud Software Parks Continue its Promotion and Capability Upgrades

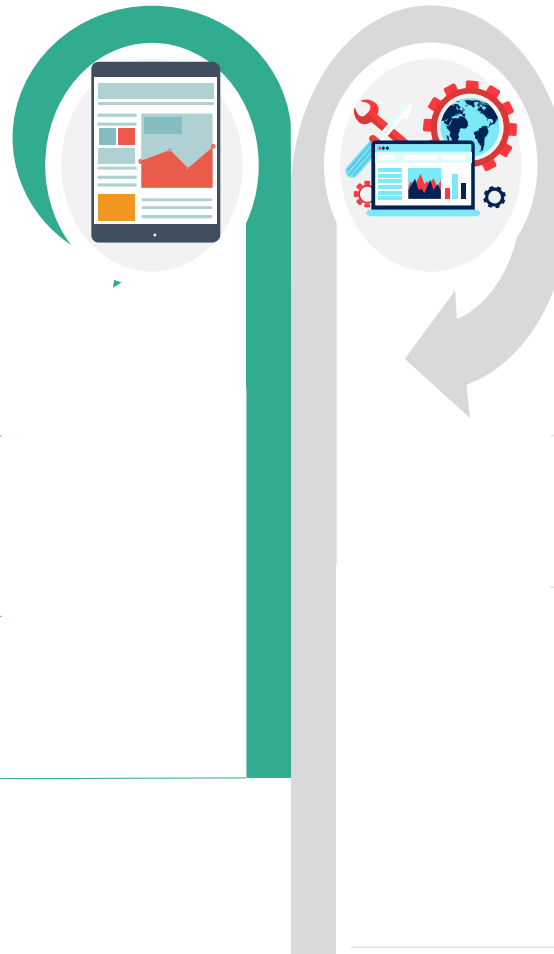
- Cloud software parks are now in Jiangsu, Shandong, Hubei, Anhui, Chongqing, Zhejiang, Fujian and etc., and through the three database and four platforms, providing new capabilities to them.

Three database

- **Enterprise**
 - Understanding the enterprises within the software parks

- **Project**
 - Help the park to continue to accumulate projects and results

- **Resource Information**
 - Provide solutions, services, and products for the park.



Four platform

- **Business Success**

- **Incubator / Accelerator**


- **Marketing**

- **Data**


Smart Manufacturing: Core Industrial 4.0 Integrator

- The Group has reached strategic cooperation with domestic and foreign well-known enterprises and such as ESI, Haier, Forcam, Phoenix, Bosch, and opened up the JF and Haier COSMOplat platform to comprehensively promote the industrial intelligent manufacturing cloud ecosystem.


- The Group moved ESI's virtual prototyping solution onto the cloud and deployed to Chinese manufacturers to create a new ecosystem.




Provide digital transformation and upgrading services for manufacturing enterprises through Honeycomb.




Jointly created a smart factory demonstration point for "automation control + industrial software".



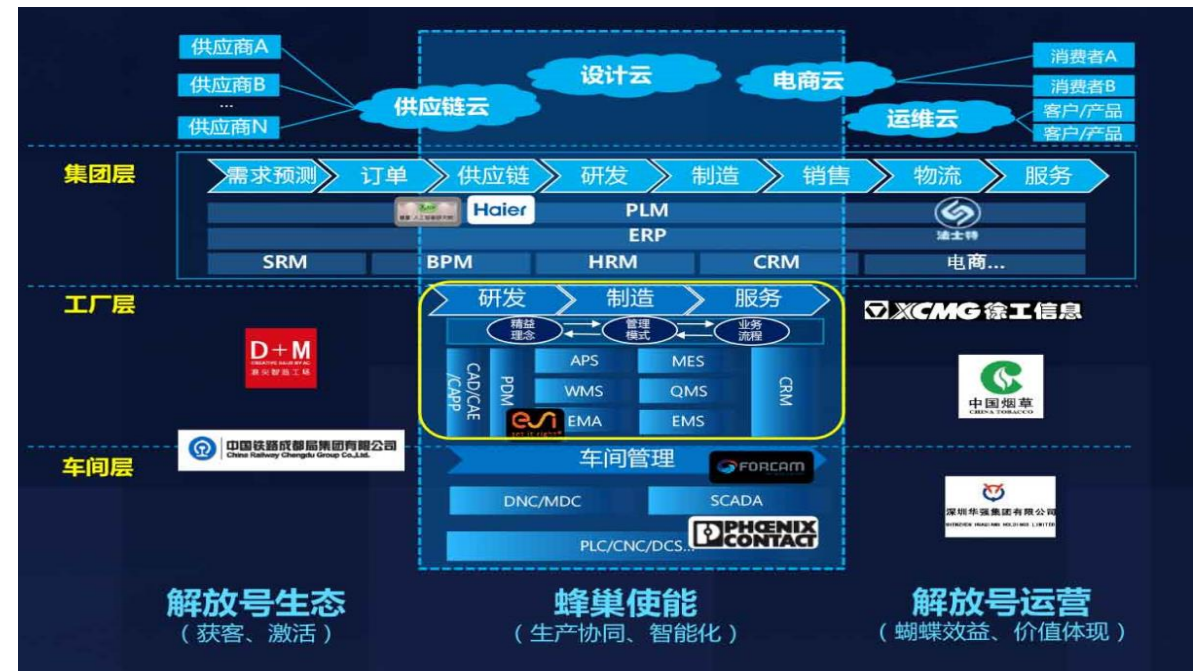
Completed the tech connecting ESI's cloud platform, including cloud resource function testing and eval. for virtual prototyping center.



Integrated Honeycomb functions onto the Cosmo platform.



Formed a full-process business service such as intelligent business diagnosis, digital design simulation, intelligent production control, and visual remote operation and maintenance..



“Honeycomb” and its diagnostic app won the 2018 Industrial Internet Summit’s “2018 Excellent Industrial Internet Platform” and “2018 Excellent Industrial APP”



Cloud consulting

- Cloud consulting & evaluation
- System architecture design Professional

Cloud application development & integration

- Cloud integration
- DevOps
- Micro services

Cloud migration

- Application migration
- Data migration
- Database migration

Cloud solutions

- Chinasoft International enterprise cloud drive (JFun Box)
- Cloud management platform (private cloud CMP)
- Cloud security management platform (3rd party)

Cloud managed services

- Monitoring
- Security operation
- Expert service,
- Application customization

Catapult Cloud COE

- **Digital workforce as a service (SaaS)**
Fuse Launch
Spyglass Hawk Blitz
- **Application migration APP (OnRamp)**

CSI cloud life cycle management

Through out cloud is a journey, there are continuous practice and analysis enhancement in cloud life cycle stages.



- China – The Company has built a cloud management service business such as cloud consulting, cloud migration, cloud operation and maintenance, and accumulated DevOps and cloud native application service capabilities through project practice, including in new technologies such as AI and IoT.
- US - Catapult released its subscription-based solution product "Azure Management Services (AMS)", which doubled its subscription-based business revenue and obtained 16 Microsoft-certified certifications. It is not a professional service provider for Azure, Microsoft 365 and Dynamics 365.



Vision: To become a global cloud player

- **Become the global TOP 10 CMSP, Huawei Cloud Top1 CMSP, Microsoft Azure Top3 CMSP. Covering mainstream NA customers, providing IaaS, DevOps, AI and security, four-tier management services, becoming the primary object of customer cloud business.**



Work closely with channel partners

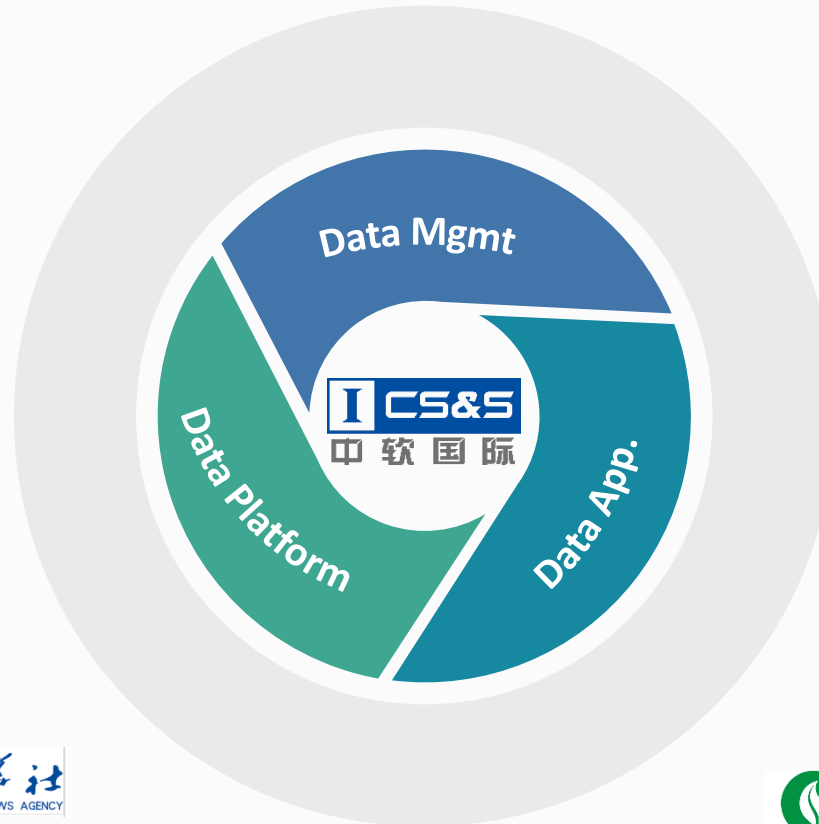
- **Microsoft and Huawei**

- CSI's big data business provides end-to-end data engineering services and products from consulting and evaluation, implementation and development to data asset management and value management to large and medium-sized enterprises and public institutions at home and abroad. In 2018, the Group won landmark projects in industries such as finance, transportation, manufacturing and circulation, government affairs, and real estate. The company's capabilities in platform construction, data management, and data application are particularly prominent, and it has already achieved industry leading edge.

Finance



Public Services



Transportation



Tech., Manufacturing, Logistics



Comprehensive New Technology Capability

莫斯科



奋斗为本 成就客户
创造分享 共同成长

AI

Core Tech: BIO/Image/Vioce recognition, Neural network learning, Knowledge map
Application: Anti-fraud, intelligent risk control, intelligent voice robot, intelligent marketing, participating in the "Knowledge Map White Paper", JF knowledge map
Strategic Cooperation: Huawei、BATJ、Turing AI Institute

Intelligent Manufacturing

Core Tech: Digital twins, stimulation
Application: Cloud MES、Honeycomb
Strategic Cooperation: Bosch、Forcam、ESI、Haier、JF-Turing AI Institute

Blockchain

Application: Data consensus, transaction traceability, asset securitization, bill circulation, supply chain finance
Strategic Cooperation: CCB

5G

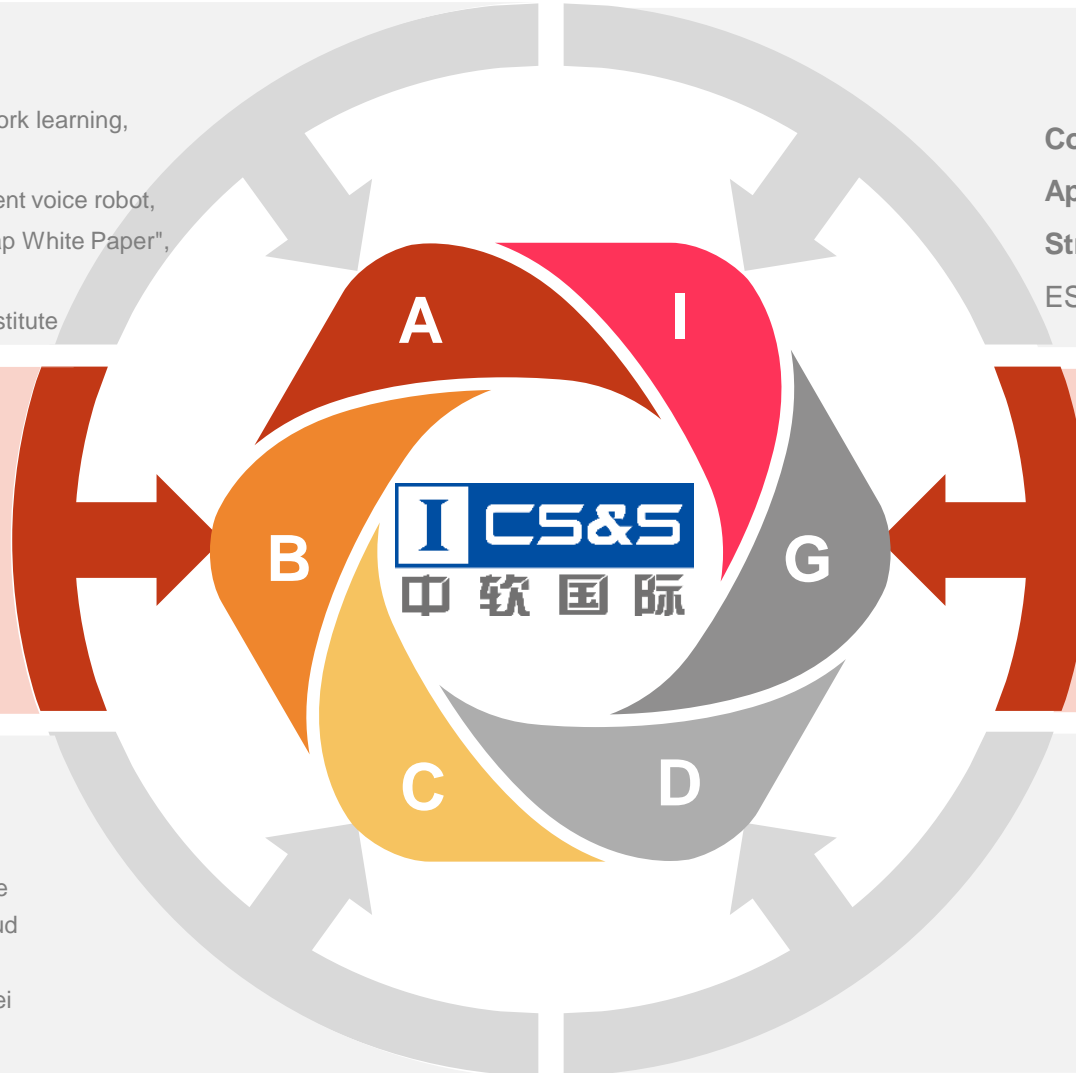
Application: Cooperate with telecom clients in 5G chip development, 5G base station testing, network planning, smartphone operating system development and testing, etc.
Strategic Cooperation: Telecom equipment supplier & operator

Cloud

Core Tech: Cloud backup、DevOps、EI Apps、customized platform development, cloud maintenance
Application: JF cloud disk、CloudEasy、BES Cloud Apps development
Strategic Cooperation: Best MSP partner of Huawei cloud

Big Data

Application: Big data platform, data governance, enterprise risk management, enterprise digital due diligence based on enterprise big data
Strategic Cooperation: Huawei、BATJJ、Guizhou government



Agenda

1. Company Overview
2. Financial Results
3. Business Developments and Strategic Outlooks
4. Investment Highlights



Leading IT service provider in China with high growth speed and low PE

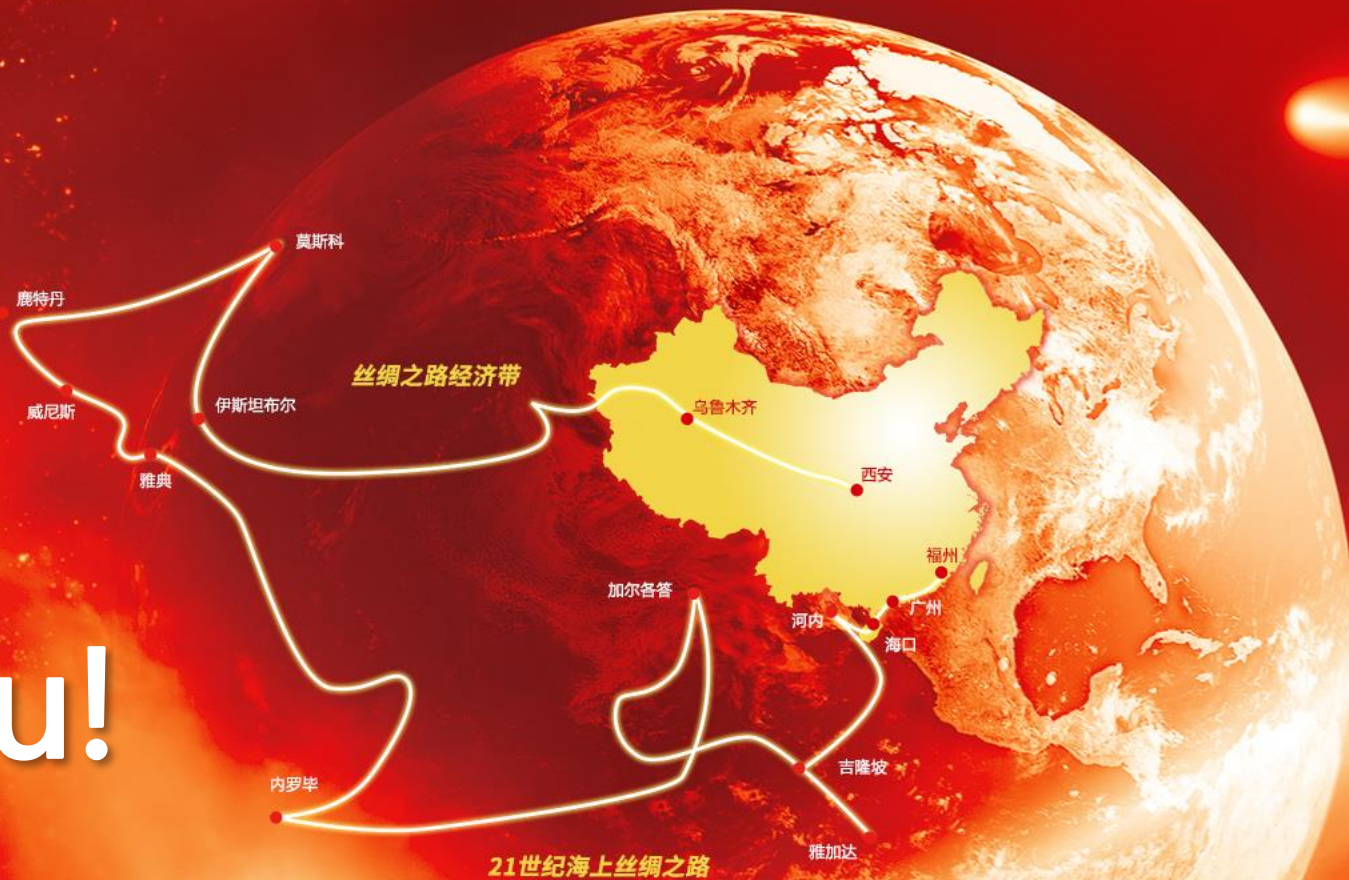
- ✓ Software and IT industry maintained high growths with good prospective
- ✓ Comprehensive IT service capability, in-depth industry experience and broad blue chip customer base
- ✓ Strategic cooperation partnership with Huawei, Microsoft, HSBC, Alibaba, Tencent etc.
- ✓ Actively implementing digital transformation in new businesses like cloud, big data and Jointforce

Becoming world leading IT service company with tremendous potential and innovation capability

谢谢!

Thank You!

ir@chinasofti.com



奋斗为本 成就客户
创造分享 共同成长