ChinaSoft International (0354.HK)

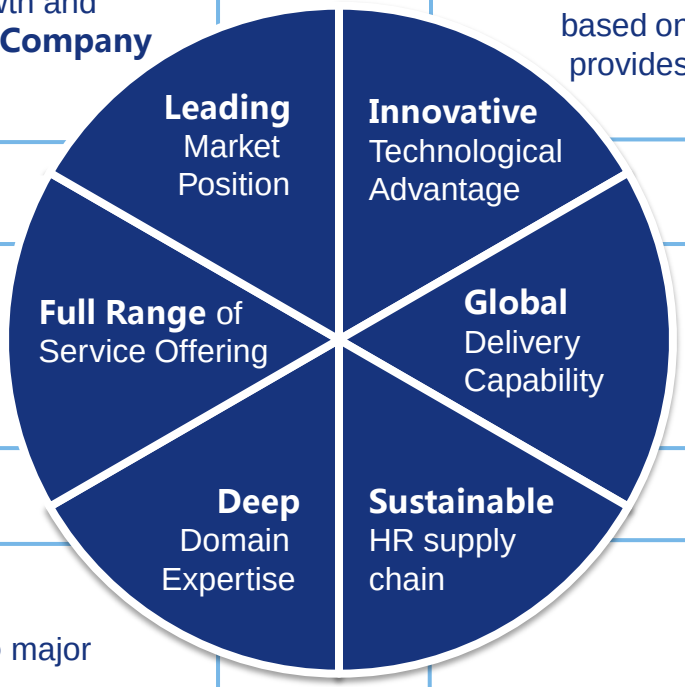
2011 Interim Investor Presentation

August 2011

Core Strength

Putting equal emphasis on organic growth and M&A to be the **Leading IT Services Company** in fast-growing China market

ResourceOne® middleware platform based on SOA, with independent IP rights, provides application software for industry solutions for various verticals



Covering IT Consulting, Solutions and Outsourcing services
End to end service business layout
Integrated & differentiated services

Sales & Delivery Centers located in **25** cities worldwide
With global delivery capability

Leveraging deep domain expertise
Serving thousands of customers in **6** major verticals

10 ETC nationwide and the GRC ensure the talent supply

Agenda

1. Company Background
2. 2011 Interim Financial Highlights
3. Business Review and Development
4. Future Outlook
5. Appendix

Key Financial and Operating Data

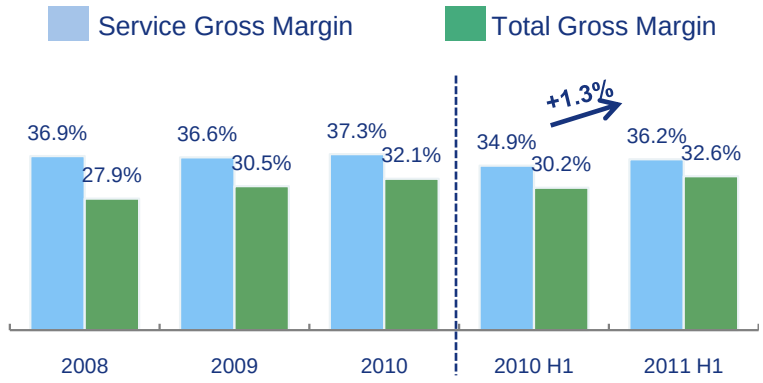
5 0 % ¶	2011 H1	2010 H1	Growth%
Revenue	945,595	686,539	37.7%
Service Revenue	852,382	594,739	43.3%
Gross Profit	308,448	207,408	48.7%
Segment Results	102,638	69,015	48.7%
EBITDA	127,262	71,081	79.0%
Non-GAAP Operating Profit*	138,740	82,314	68.5%
Non-GAAP Net Profit **	60,589	36,557	65.7%
EPS (excluding P shares valuation impact) : RMB 0.048			

* Non-GAAP Operating Profit represents EBITDA excluding share option expenses, net foreign exchange loss(gain) and allowance for doubtful debts.

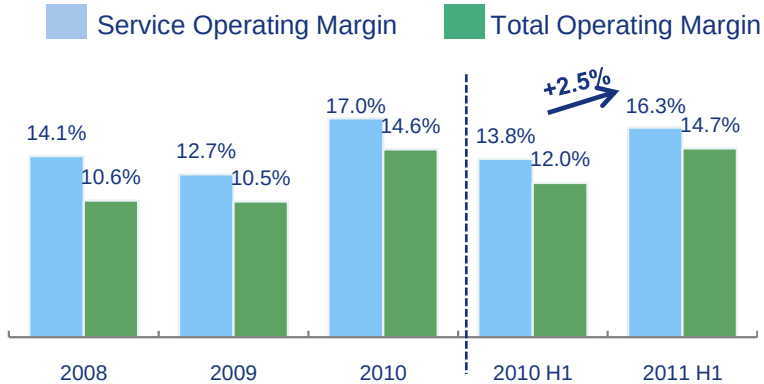
** Non-GAAP Net Profit represents net profit excluding the changes in fair value of redeemable convertible preferred shares.

Key Financial and Operating Ratio

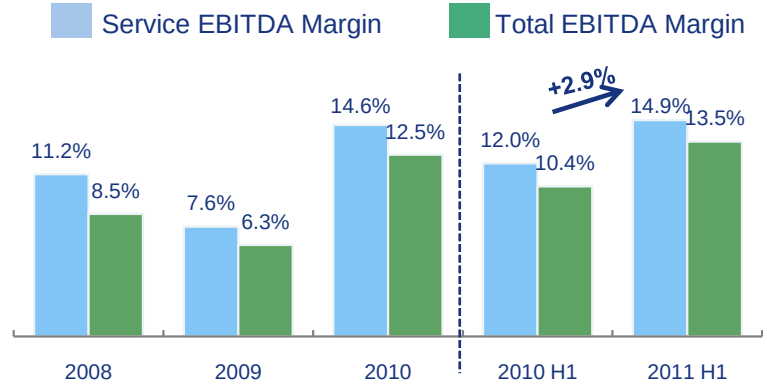
Gross Margin



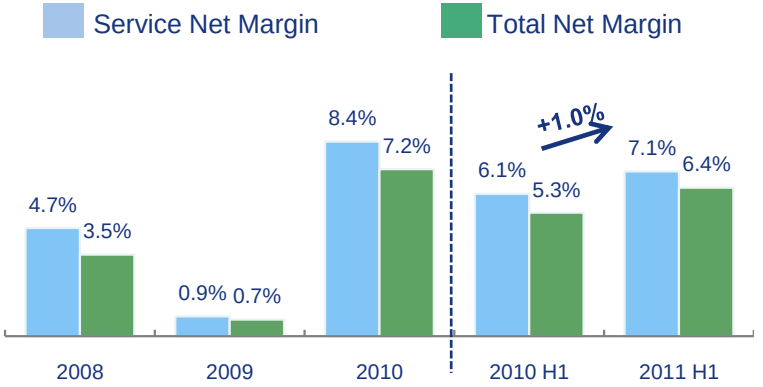
Non-GAAP Operating Margin

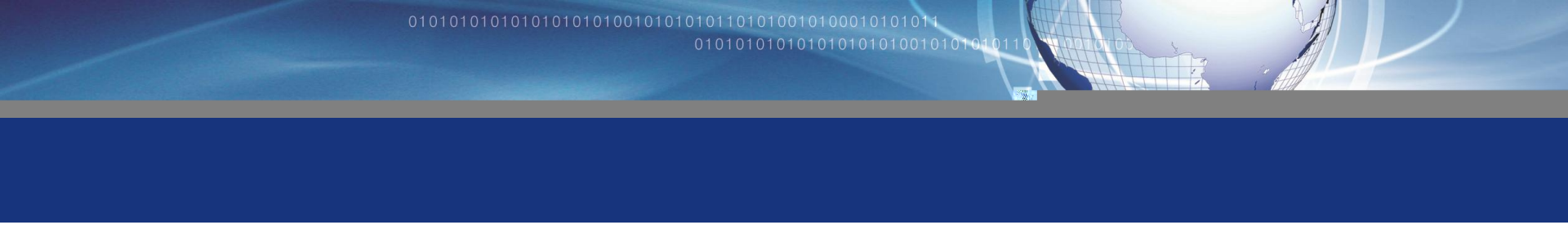


EBITDA Margin



Non-GAAP Net Margin





Agenda

1. Company Background
2. 2011 Interim Financial Highlights
3. Business Review and Development
4. Future Outlook
5. Appendix

'HHS 'RPDLQ ([SHUWLVH LQ &KLQD¶V 0RV

Government & Manufacturing

‡ Audit : continues to be leading vendor. The Golden Auditing Project has been reaching its peak, and our new businesses, such as ³SURYLQFLDO´ auditing and BPO service, had established their preferable market condition;

‡ Finance : awarded the tender from the Ministry of Finance for the government procurement management system project, and is undertaking the construction of core financial business , and businesses cover many provinces and cities in the mid and south of China.

‡ Environment : awarded the tender from the Ministry of Environmental Protection for the emission reduction application system supporting platform and system integration project, as well as the underground water environmental base condition inspection information system.

‡ Tobacco : awarded the tender for MES projects in the tobacco industry, and the leading position in the industry has been established.

‡ Coal: awarded the tender for the IT planning project of Taiyuan Branch, China Coal Technology and Engineering Group Corp to develop new industrial customers.

Financial Services & Banking

‡ Bank: The deficiency-free start-up of the new generation of Shanghai Bank credit card system and the successful start-up of the card system of Ping An Bank received high appreciation from the customers; Certain scope of outsourcing revenues were generated from HSBC, Ping An and China Union pay, indicating the rise of end-to-end service in the financial industry.

‡ Insurance : has successfully signed with CPIC Life on national data centralization project, offering support and services for the national business integration for the customer.

‡ Transportation : awarded the tender for railway traffic ticketing systems in Wuxi, Ningbo, Shanghai and Tianjin, which has successfully extended the project application and explored new cities.

‡ Public Service: has obtained the third party payment licenses from the China Central Bank with PayPass to be directly involved in the payment business, so as to achieve the transformation in the layout of the financial operating services business.

Agenda

1. Company Background
2. 2011 Interim Financial Highlights
3. Business Review and Development
4. Future Outlook
5. Appendix

'HHS 'RPDLQ ([SHUWLVH LQ &KLQD¶V 0RV

Industry Solution

Government	„ Social Security Management „ Auditing & Supervision Management „ Agricultural Management	„ Food and Drug Management „ Execution Permission Management „ Portal Website Sets	„ Business Intelligence „ Office Automation
Manufacturing	„ Goods Digital Tracking „ Safety Management „ Asset Management	„ Intelligent Automobile Management „ ERP „ Manufacturing Execution System „ Logistics Execution System	„ CRM „ Office Automation / Portal „ Business Intelligence „ Enterprise Application Integration
Financial & Banking	„ Financial Switch & clearing platform „ Bank Card System „ Personal Credit Management	„ Collection System for Credit Consumption Invoice „ Modern Payment for Foreign Bank	„ Network Payment Platform for E-Commerce „ Stadium Ticketing „ TOPlink / TSA
Telecom & High -tech	„ Mobile Payment „ Mobile IM/SNS „ Mobile App -Store	„ Push -to -talk „ Embedded Browser	„ Mobile Advertising Platform „ Enterprise Mobile Marketing and CRM System
Transportation & Logistics	„ City One card Solution „ Rail way Auto Ticketing (AFC) „ Intelligent Transportation Solution	„ Railway Transportation One Ticket Exchange & Fare Settlement Application (ACC)	„ Airport Construction „ Goods Digital Tracking

Core Product

ResourceOne ® (R1) middleware platform based on Service Oriented Architecture

„ Widely used in government, manufacturing, social welfare, etc

„ Ranked No. 1 Brand in e -government sector for 5 consecutive years by CCID (a China research firm)

51 standardized vertical solutions, and over 200 software copyrights and certificates

Case Study: Transportation & Logistics ±Smart Card Solution

Our Position

- Leading solution provider
- 7 Years of relationship
- No 1. Market share in one card pass solution nationwide, dominate in Beijing and Shanghai

Achievements

- Solution for public transportation in subway, bus, rental, parking, highway, as automatic fare collection (AFC) and one - ticket transfer
- Mobile payment and mobile wallet
- Serving over 100 million cards, in 25 cities
- Shanghai Subway: 11 lines, 245 stations and 6,500 gates. Daily average flow rate of 4.5 million people (support capacity of 16.3 million people). 40 million transaction data settled within 8 hours
- Solution successfully deployed for public transportation in Guatemala

Vertical Characteristics

- Many local requirements on technology
- Complicated interaction among different government bureaus
- Quick market expansion favoring the first mover

Capabilities

- Technology innovation
- Quick entry and penetration into new high growth market
- Leveraging various government agencies
- Exporting solutions to overseas market

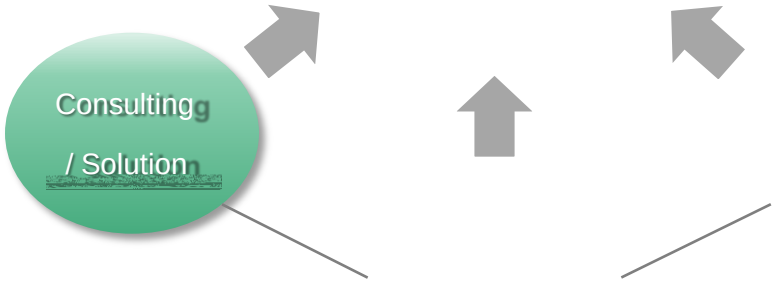
Case Study: Huawei ±we are one of top three suppliers in ITO

Our Position

- One of top three suppliers in IT outsourcing
- Comprehensive cooperation in consulting and solutions, as well as ITO

Achievements

- Huawei manages its suppliers in outsourcing, solutions, and products . We are + X D Z H supplier in all three categories
- 3,500 people serving Huawei , up from 500 in 2008
- 1st place in market share of Huawei Software ITO service, increased from 18% in 2009 to 25% in 2010 (estimated by Huawei)
- Ranked No. 1 for 4 consecutive years in service quality, out ranking our peers
- Revenue grew from US$5.7mm in 2008 to US$41mm in 2010



Characteristics

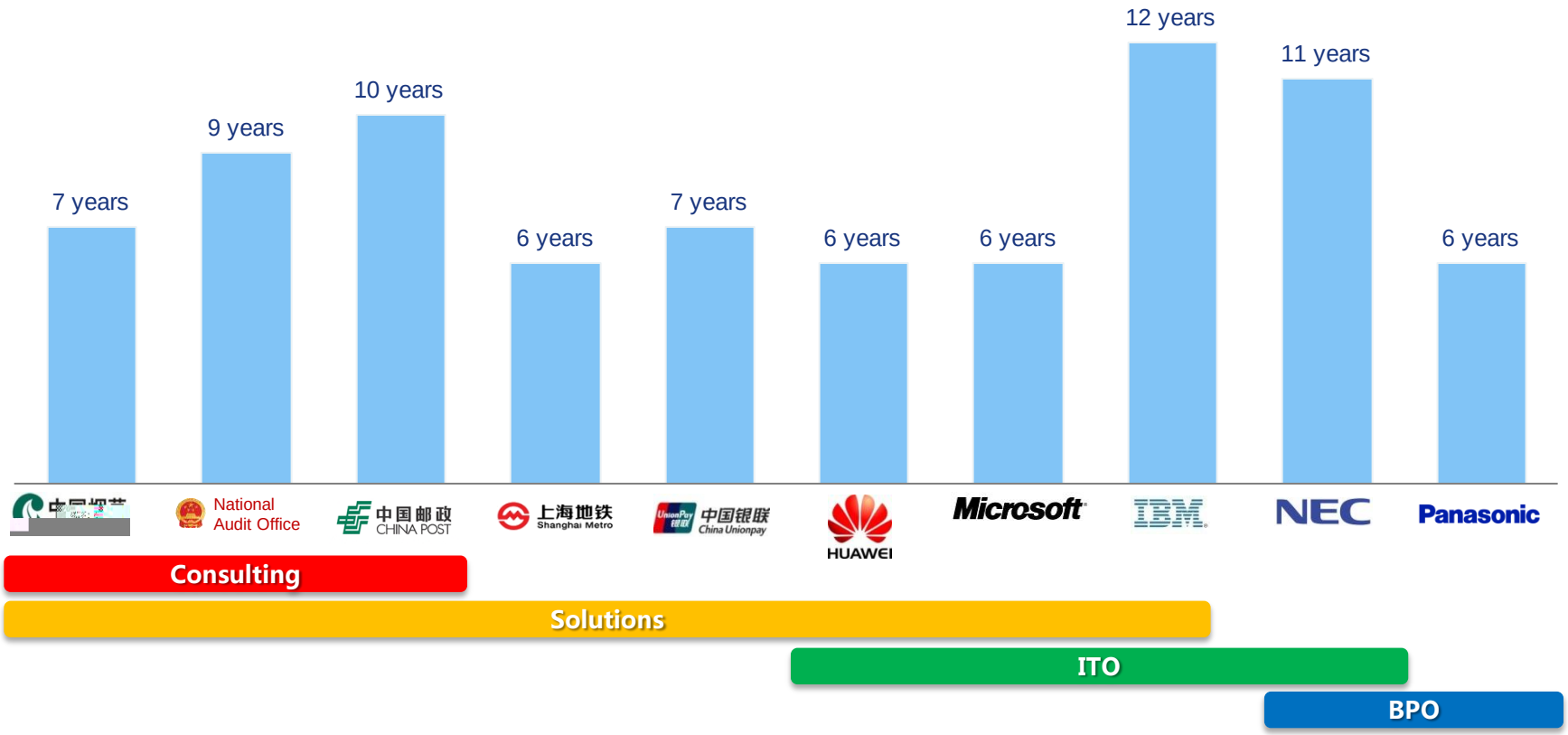
- High growth in its own business and more outsourcing opportunities
- High standard on service quality
- Increasing demands for products and solutions

Capabilities

- End-to-end service offering to form a multi -dimensional relationship
- Competing advantage with service quality coupled with solutions
- Helping Huawei winning business with our solutions and selling our solutions to + X D Z H clients (i.e. Pakistan, South Africa and Singapore)

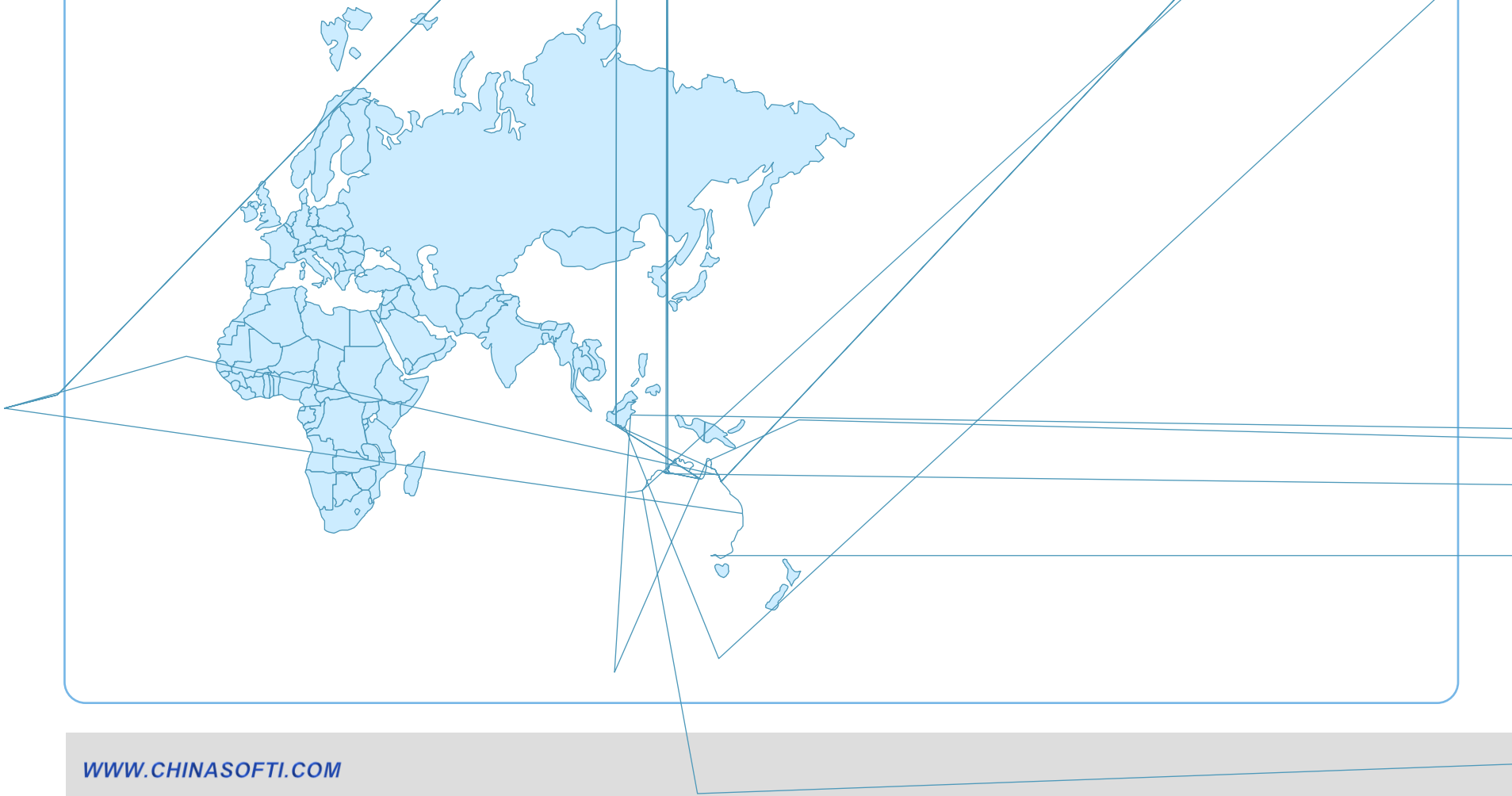
Serving Blue- F K L S & O L H Q W V F R Q W ¶ G

Key Customers and Years of Relationship



Global Delivery Capability

Supporting global customers with China -based delivery centers (city and headcount)



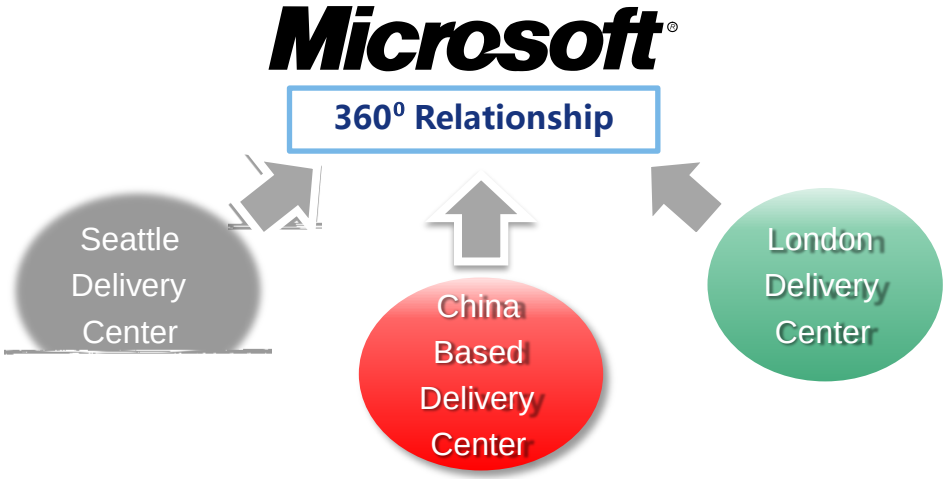
Case Study: Microsoft

Our Position

- Top 10 global Microsoft strategic vendor among 3,500 vendors worldwide
- The only Microsoft Global Premier Vendor in China

Achievements

- Multiple services including development, testing, localization, and daily operation.
- Global delivery capability in China, US and UK with 900+ engineers working in 3 locations for Microsoft outsourcing projects, up from 200 in 2005
- 360⁰ Relationship (Premier Outsourcing Partner, Sell-in & Sell-through Partner, Go-to-Market Partner, Training Partner)
- Revenue grew from US$4.9mm in 2005 toUS$23mm in 2010,



Characteristics

- Multiple locations in different countries and time zones with seamless service standards
- High quality requirements with reasonable cost structure
- Favoring 360 ⁰ partnership

Capabilities

- Global delivery in distributed locations
- Comprehensive services (development, testing, localization, daily operation)
- High quality to meet requirements from global blue -chip firms

Leading IT Services Company y

Putting equal emphasis on organic growth and M&A g1 h

Verticals	Vertical /Services	Targets g24 h	Background and Contribution	Acquisition Details	Year	Upon Acquisition		Year 2010		CAGR%
						Head count	Service Revenue	Head count	Service Revenue	
Acquisition of Companies and Teams g21 in total h										
G&M	Tobacco	Team	Develo p strategic customers in tobacco industry	Acquisition of tobacco IT team of Beijing Golden Leaf Tobacco Software Technology Development Co., Ltd.	2004	200	18m RMB	591	190m RMB	48%
				Acquisition of tobacco IT team of Anhui Hefei Yujia						
				Acquisition of tobacco IT team of Kunming Fangyuanli						
				Acquisition of tobacco IT team of Beijing Ryan IT Co., Ltd.	2009	110	25.5m RMB			
	Tobacco	Company	Strengthen and integrate the resources and service capability in tobacco industry	Acquisition of 100% equity of Zhongkejiuhui Automation Ltd.	2008	83	6.31m RMB	147	20.25m RMB	79%
	Agriculture	Company	Enhance service capability in agricultural information	Acquisition of 100% equity of Beijing Guangyuqimin Information Technology Ltd.	2009	25	3.63m RMB	45	16.92m RMB	115%
	Consulting	Company	Strengthen Consulting service capacity	Acquisition of 51% equity of Han consulting Ltd.	2010	168	34.39m RMB	150	N/A	N/A
T&T	Telecom - Huawei outsourcing	Company	Expand into Telecom industry Strengthen ITO service capacity	Acquisition of 100% equity of Shenzhen Jinhuaye Software Ltd.	2009	669	33.4m RMB	3500	260m RMB	179%
	Telecom - Huawei outsourcing	Team	Expand into Telecom industry Strengthen ITO service capacity	Acquisition of Huawei business and team of Global Data Solutions Ltd.	2009					
	Telecom - Mobile Internet	Company	Expand into Telecom industry Strengthen operating service capacity in mobile internet area	Acquisition of 100% equity of MMIM	2010	256	94.68m RMB	300	N/A	N/A
F&B/BPO	Financial o•BPO	Company	Expand into new strategic industry - Financial & Banking Expand into Japan BPO services	Acquisition of 97.35% equity of HGR	2007	1117	180m RMB	2375	400m RMB	30%

Leading IT Services Company y

Putting equal emphasis on organic growth and M&A *g2 h*

Verticals	Vertical /Services	Targets g24 h	Background and Contribution	Acquisition Details	Year	Upon Acquisition		Year 2010		CAGR%
						Head count	**Service Revenue**	Head count	**Service Revenue**	
Acquisition of Companies and Teams g21 in total h										
ODC	outsourcing-ODC	Company	Develop ITO service in Europe and USA market	Acquisition of 26% equity of Cyber Resources	2004	350	47.68m RMB	2343	290m RMB	33%
				Acquisition of 50% equity of Cyber Resources	2006					
				Acquisition of 51% equity of Beijing ChinaSoft Resources	2005	332	69.20m RMB			
				Acquisition of remaining 49% equity of Beijing ChinaSoft Resources	2005					
				Acquisition of the entire equity of Chinasoft Resource (Internatio nal) Limited	2006					
				Increase 20% equity shareholdings in Shanghai ChinaSoft Resources	2008					
		Team	Strengthen and integrate the serving capability and resources for Microsoft	Acquisition of the Microsoft IT outsourcing team of Beijing Zhengchen Technology Development Co., Ltd	2006	65	12.34m RMB			
			Develop Japan ITO business	Acquisition of the Japan outsourcing team of Powerise International	2006	108	13.15m RMB			
		Company	Strengthen Japan outsourcing business	Acquisition of 100% equity of Japan Powerise	2007					
ETC	Training	Company	Develop IT training business	Acquisition of 100% equity of ChinaSoft computer training centers	2004	35	6.30m RMB	293	54.40m RMB	43%
Investment g3 in total h						Investment amount		Shareholder s equity		Return
G&M	Tobacco	Investment	Strengthen and integrate the resources and service capability in tobacco industry	Acquisition of 20% equity of China Tobacco Information Technology Co., Ltd. from Beijing China Tobacco Materials	2005	2.0m RMB		5.24m RMB		162%
				Joint establishment of ChinaSoft International Wuhan. (46% equity shareholding)		4.6m RMB		12.72m RMB		177%
				Joint establishment of ChinaSoft Haisheng Information Technology Co., Ltd. (51% equity shareholding)	2006	15.35m RMB		29.0m RMB		89%

Reconciliations of ³1R-Q$$3 1HW 3URILW*$$3WR1RQ*$$3UR IL W Q

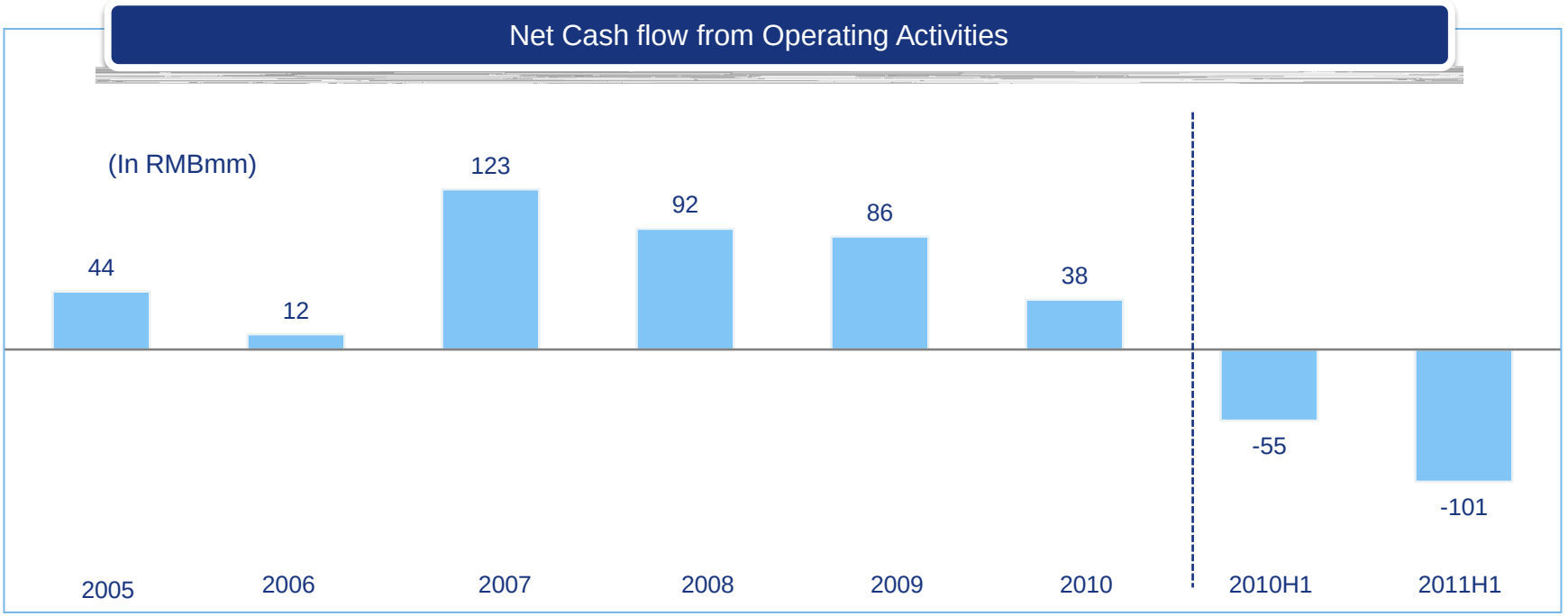
83(	2011 H1	Per Revenue %	Per Service revenue %	2010 H1	Per Revenue %	Per Service revenue %	Per Service Revenue G%	Growth%
Non-GAAP Net Profit*	**60,589**	**6.4%**	**7.1%**	**36,557**	**5.3%**	**6.1%**	**1.0%**	**65.7%**
+Taxation	15,220	1.6%	1.8%	6,680	1.0%	1.1%	0.7%	127.8%
+Finance cost	10,572	1.1%	1.2%	2,295	0.3%	0.4%	0.9%	360.7%
+Depreciation	17,508	1.9%	2.1%	11,405	1.7%	1.9%	0.1%	53.5%
+Amortization of intangible assets	24,766	2.6%	2.9%	14,399	2.1%	2.4%	0.5%	72.0%
-Share of result of associates	1,393	0.1%	0.2%	255	0.0%	0.0%	0.1%	446.3%
EBITDA	**127,262**	**13.5%**	**14.9%**	**71,081**	**10.4%**	**12.0%**	**2.9%**	**79.0%**
+Share option expense	9,235	1.0%	1.1%	9,232	1.3%	1.6%	-0.5%	0.0%
+Net foreign exchange loss (gain)	363	0.0%	0.0%	0	0.0%	0.0%	0.0%	NA
+Allowance of doubtful debts	1,880	0.2%	0.2%	2,001	0.3%	0.3%	-0.1%	-6.0%
Non-GAAP Operating Profit**	**138,740**	**14.7%**	**16.3%**	**82,314**	**12.0%**	**13.8%**	**2.5%**	**68.5%**

* Non-GAAP Net Profit represents net profit excluding the changes in fair value of redeemable convertible preferred shares.
** Non-GAAP Operating Profit represents EBITDA excluding share option expenses, net foreign exchange loss(gain) and allowance for doubtful debts.

Service Revenue by Contract Model

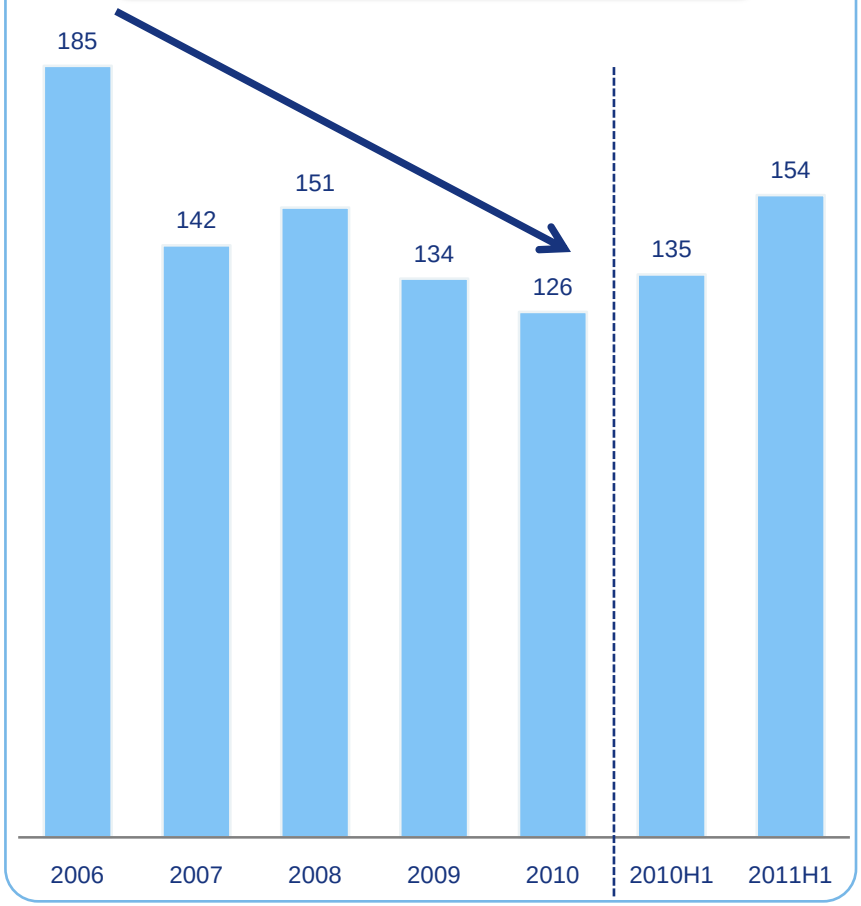
RMB'000	2011 H1		2010 H1		Growth
Fixed Price	422,101	49.5%	293,366	49.3%	43.9%
T&M	398,310	46.7%	270,902	45.6%	47.0%
Volume Base	31,971	3.8%	30,471	5.1%	4.9%
Total	**852,382**	**100%**	**594,739**	**100%**	**43.3%**

Operating Cash flow

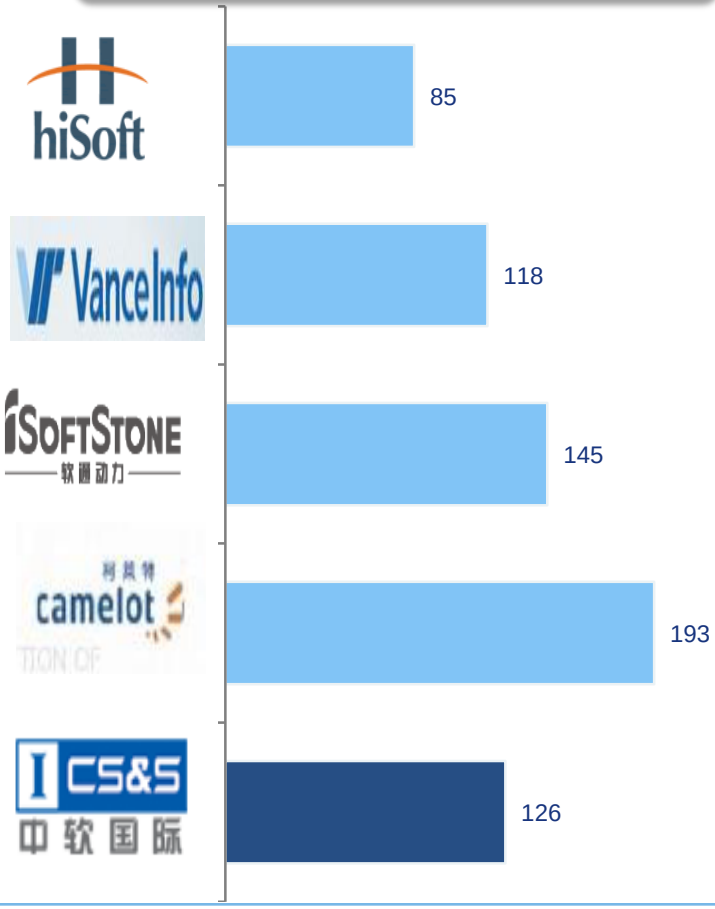


Days Receivable Comparison with Peers

Days Outstanding of AR



Days of AR Comparison for 2010



Aging Analysis of Accounts Receivables

5 0 % ¶	(Unaudited) 30 Jun,2011	%	(Audited) 31 Dec,2010	%	2011 Jun v ersu s 2010 Dec	
Within 90 days	417,148	66.70%	370,973	81.50%	46,175	12%
Between 91-180 days	103,223	16.50%	40,565	8.90%	62,658	154%
Between 181-365 days	71,466	11.40%	16,347	3.60%	55,119	337%
Between 1-2 years	28,484	4.60%	26,073	5.70%	2,411	9%
Over 2 years	4,778	0.80%	1,053	0.20%	3,725	354%
Billed AR	625,099	68.50%	455,011	64.40%	170,088	37%
Unbilled AR	288,018	31.50%	251,278	35.60%	36,740	15%
Total AR	913,117	100%	706,289	100%	206,828	29%