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中软国际

CHINASOFT INTERNATIONAL LIMITED

中軟國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 354)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

The board (the “Board”) of directors (the “Directors”) of Chinasoft International Limited (“Chinasoft” or the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2015, together with the comparative audited consolidated figures for the year ended 31 December 2014 are as follows:

HIGHLIGHTS			
Results for the year ended 31 December 2015			
Income statement highlights	2015	2014	Growth rate
	<i>RMB'000</i>	<i>RMB'000</i>	
Turnover	5,129,111	4,429,202	15.8%
Revenue from service	4,831,722	4,147,015	16.5%
Profit attributable to owners of the Company	280,056	200,038	40.0%
Earnings per share (cents)	14.05	10.72	31.1%
Net cash generated from operating activities	259,561	74,796	247.0%

- The Board does not recommend the payment of a final dividend for the year ended 31 December 2015.
- In order to ascertain the right to attend the forthcoming annual general meeting, the Register of Member will be closed from Friday, 13 May 2016 to Wednesday 18 May 2016, both dates inclusive, during which period no share transfer shall be registered.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	<i>NOTES</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Turnover	3	5,129,111	4,429,202
Cost of sales and services		(3,605,903)	(3,080,046)
Gross profit		1,523,208	1,349,156
Other income		46,259	60,492
Other gains or losses		(17,625)	(1,304)
Selling and distribution costs		(178,581)	(219,789)
Administrative expenses		(744,516)	(664,752)
Research and development costs expensed		(78,066)	(64,161)
Allowance for doubtful debts		(62,055)	(27,103)
Other expenses		(91,961)	(80,676)
Fair value change on derivative financial instruments		(1,074)	1,074
Finance costs	4	(92,509)	(84,385)
Share of results of associates		1,907	1,429
Gain on disposal of available-for-sale investments		–	27,568
Gain on disposal of subsidiaries		111,724	–
Gain (loss) arising from changes in fair value of contingent consideration payable on acquisition of a subsidiary		3,283	(310)
Profit before taxation		419,994	297,239
Income tax expense	5	(87,010)	(42,183)
Profit for the year	6	332,984	255,056
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– exchange differences arising on translation of foreign operations		10,236	(1,766)
– fair value gain on hedging instruments in cash flow hedge		–	425
– reclassification to profit or loss upon discontinue of cash flow hedge		–	(1,074)
– reclassification to profit or loss upon disposal of a subsidiary		3,355	–

	<i>NOTES</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Other comprehensive income (expense) for the year, net of tax		<u>13,591</u>	<u>(2,415)</u>
Total comprehensive income for the year		<u>346,575</u>	<u>252,641</u>
Profit for the year attributable to:			
Owners of the Company		<u>280,056</u>	200,038
Non-controlling interests		<u>52,928</u>	<u>55,018</u>
		<u>332,984</u>	<u>255,056</u>
Total comprehensive income attributable to:			
Owners of the Company		<u>293,548</u>	197,624
Non-controlling interests		<u>53,027</u>	<u>55,017</u>
		<u>346,575</u>	<u>252,641</u>
Earnings per share			
Basic	8	<u>RMB0.1405</u>	<u>RMB0.1072</u>
Diluted		<u>RMB0.1360</u>	<u>RMB0.1054</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	NOTES	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment		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 receivable		11,688	–
Derivative financial instruments		–	1,074
Deferred tax assets		6,516	11,519
		2,002,101	1,750,511
Current assets			
Inventories		30,260	31,991
Trade and other receivables	9	1,429,127	1,315,781
Bills receivable		8,828	–
Prepaid lease payments		893	1,009
Amounts due from customers for contract work	10	1,516,660	1,410,425
Amounts due from related companies		49,862	944
Pledged deposits		44,891	22,370
Bank balances and cash		1,265,831	811,435
		4,346,352	3,593,955
Current liabilities			
Amounts due to customers for contract work	10	87,750	212,205
Trade and other payables	11	940,372	771,852
Bills payable		2,120	35,791
Amounts due to related companies		34,667	16,708
Dividend payable		78	73
Taxation payable		87,353	52,651
Convertible loan notes		89,622	–
Borrowings	12	1,297,016	1,240,190
		2,538,978	2,329,470
Net current assets		1,807,374	1,264,485
Total assets less current liabilities		3,809,475	3,014,996

	<i>NOTES</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Non-current liabilities			
Deferred tax liabilities		20,504	19,294
Consideration payable on acquisition of a subsidiary		39,205	38,900
Convertible loan notes		–	193,771
Borrowings	12	263,496	62,000
		<u>323,205</u>	<u>313,965</u>
		<u>3,486,270</u>	<u>2,701,031</u>
Capital and reserves			
Share capital		95,645	88,014
Share premium		2,106,029	1,654,687
Reserves		1,045,531	754,678
		<u>3,247,205</u>	<u>2,497,379</u>
Equity attributable to owners of the Company		3,247,205	2,497,379
Non-controlling interests		239,065	203,652
		<u>3,486,270</u>	<u>2,701,031</u>
Total equity		<u>3,486,270</u>	<u>2,701,031</u>

Notes:

1. GENERAL INFORMATION OF THE COMPANY

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 16 February 2000 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The shares of the Company were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 20 June 2003.

On 29 December 2008, the listing of the shares of the Company was transferred to the Main Board of the Stock Exchange.

The consolidated financial statements are presented in Renminbi, which is same as the functional currency of the Company.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the Group) are development and provision of information technology (“IT”) solutions services, IT outsourcing services, IT emerging services and training services.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Application of new and revised HKFRSs

The Group has applied for the first time in the current year the following amendments to HKFRSs.

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ²
Amendments to HKAS 1	Disclosure Initiative ²
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ²
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 10, HKFRS12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ²

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for annual periods beginning on or after 1 January 2016.

³ Effective for annual periods beginning on or after a date to be determined.

3. TURNOVER AND SEGMENT INFORMATION

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

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.

In the prior year, the Group had four operating divisions which represent four reportable operating segments, namely, (a) professional services business; (b) outsourcing services business; (c) emerging services business and (d) training business. In the current year, the Group reorganised its internal reporting structure to two new divisions called "technical professional services group" and "internet IT services group", following an reorganisation of the prior divisions' activities and identification of new segment managers. Subsequent to the change of the internal reporting structure, the Group has two reportable operating segments, which are (a) technical professional services group and (b) internet IT services group. Prior period segment disclosures have been represented to conform with the current year's presentation.

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

1. Technical professional services group ("TPG") – development, provision of solutions, emerging and IT outsourcing services for banks and other financial institutions, telecommunication carriers and other large-scale multinational companies, including sale of products.
2. Internet IT services group ("IIG") – development, provision of solutions and IT outsourcing services for government, tobacco industry and other small-scaled companies and training business, including sale of products.

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:

	Segment revenue		Segment results	
	2015 <i>RMB'000</i>	2014 <i>RMB'000</i> (Represented)	2015 <i>RMB'000</i>	2014 <i>RMB'000</i> (Represented)
Technical professional services business	3,780,692	3,237,830	300,814	246,551
Internet IT services business	1,348,419	1,191,372	128,574	97,645
	<u>5,129,111</u>	<u>4,429,202</u>	<u>429,388</u>	<u>344,196</u>

Reconciliation of segment results to profit before taxation:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Segment results	429,388	344,196
Other income, gains and losses unallocated	86,329	27,370
Interest charge on convertible loan notes	(8,736)	(13,250)
Corporate expenses	(75,559)	(44,935)
Share option expenses	(13,637)	(16,906)
Fair value change on derivative financial instruments	(1,074)	1,074
Gain (loss) arising from changes in fair value of contingent consideration payable on acquisition of a subsidiary	3,283	(310)
Profit before taxation	<u>419,994</u>	<u>297,239</u>

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

Segment results represent the profit earned by each segment without allocation of corporate expenses, share option expenses, gain (loss) 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.

Segment assets and liabilities

Information reported to the CODM for the purposes of resources allocation and performance assessment does not include any assets and liabilities. Accordingly, no segment assets and liabilities are presented.

Geographical information

The Group's operations are mainly located in its country of domicile (i.e. the PRC) and to a lesser extent, USA and Japan.

The Group's revenues from external customers (based on location of the signing party of the sales/ service contract) by geographical location are detailed below:

	Revenues from external customers	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
PRC	4,571,517	3,803,039
USA	524,057	577,264
Japan	33,537	48,899
	<u>5,129,111</u>	<u>4,429,202</u>

Segment revenue by products and services:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Sale of software and hardware products	<u>297,389</u>	<u>282,187</u>
Provision of services		
Technical professional services	3,578,708	3,049,725
Internet IT services	1,253,014	1,097,290
	<u>4,831,722</u>	<u>4,147,015</u>
	<u>5,129,111</u>	<u>4,429,202</u>

Information about major customers

Revenues from customer of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Customer A	<u>1,953,094</u>	<u>1,337,463</u>

No other single customers contributed 10% or more to the Group's revenue for both 2015 and 2014.

4. FINANCE COSTS

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Interest on borrowings wholly repayable within five years	78,995	63,734
Interest on borrowings not wholly repayable within five years	13,133	1,051
Imputed interest on consideration payable		
on acquisition of a subsidiary	1,287	2,954
Imputed interest on consideration payable		
on acquisition of a business	–	2,090
Effective interest on convertible loan notes	8,736	13,250
Loss on derecognition of trade receivables	3,491	2,357
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Total borrowing cost	105,642	85,436
Less: amounts capitalised in construction in progress (<i>Note</i>)	(13,133)	(1,051)
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	92,509	84,385
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Note: The amount represents the actual borrowing costs incurred on the specific borrowings for the purpose of constructing a property.

5. INCOME TAX EXPENSE

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Tax charge comprises:		
PRC Enterprise Income Tax		
– current year	84,916	52,520
– over-provision in prior years	(9,129)	(4,641)
	<hr/>	<hr/>
	75,787	47,879
The US Federal and State Income taxes	4,727	1,727
Japan Corporate Income Tax	283	442
	<hr/>	<hr/>
	80,797	50,048
Deferred tax	6,213	(7,865)
	<hr/>	<hr/>
	87,010	42,183
	<hr/> <hr/>	<hr/> <hr/>

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards unless subject to tax exemption set out below.

Chinasoft International Information Technology Limited (“Chinasoft Beijing”) was recognised as a Key Software Enterprise (“KSE”) under the State Plan in 2013 and 2014 by National Development Reform Commission in December 2013. Accordingly, Chinasoft Beijing was entitled to a reduced income tax rate of 10% as compared to the unified tax rate of 25% for the year ended 31 December 2014. Pursuant to a certificate issued by Beijing Municipal Science and Technology Commission dated 30 October 2014, Chinasoft Beijing had been designated as a High and New Technology Enterprise (“HNTE”) till the end of 2017. As a result, Chinasoft Beijing is subject to the income tax rate of 15% for the year ended 31 December 2015.

Pursuant to certificates issued by Beijing Municipal Science and Technology Commission dated 28 October 2011 and 30 October 2014, Chinasoft Resources International Technology Services Limited (“Chinasoft Resources Beijing”) had been designated as a HNTE till the end of 2014 and extended for another three years till the end of 2017. As a result, Chinasoft Resources Beijing is subject to the income tax rate of 15% for both years.

Pursuant to certificates issued by Shanghai Municipal Science and Technology Commission dated 19 November 2013, Shanghai Chinasoft Resources Information Technology Services Limited (“Chinasoft Resources Shanghai”) had been designated as a HNTE for three years till the end of 2016. Accordingly, the income tax rate of Chinasoft Resources Shanghai was 15% for both years.

Shanghai Huateng Software Systems Co., Ltd. (“Shanghai Huateng”) was recognised as a KSE under the State Plan in 2013 and 2014 by National Development Reform Commission in December 2013. Accordingly, Shanghai Huateng was entitled to the reduced income tax rate of 10% as compared to the unified tax rate of 25% for the year ended 31 December 2014. Pursuant to a certificate issued by Shanghai Municipal Science and Technology Commission dated 23 October 2014, Shanghai Huateng had been designated as a HNTE till the end of 2017. As a result, Shanghai Huateng is subject to the income tax rate of 15% for the year ended 31 December 2015.

Pursuant to a certificate issued by the Industry and Information Technology Department of Shanxi Province dated 25 December 2012, Chinasoft International Technology Services Limited (“CSITS”) had been designated as a software enterprise for a period up to 25 December 2017. As such, CSITS was entitled to the two years’ exemption from income tax followed by three years of 50% tax reduction with effect from 2012. As a result, CSITS is entitled a 50% tax reduction for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax charge for the year can be reconciled to profit before taxation as follows:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	<u>419,994</u>	<u>297,239</u>
Tax at PRC Enterprise Income Tax rate of 25% (2014: 25%)	104,999	74,310
Tax effect of share of results of associates	(477)	(357)
Tax effect attributable to tax		
concessions granted to PRC subsidiaries	(67,650)	(71,159)
Tax effect of expenses not deductible for tax purpose	37,839	29,650
Tax effect of income not taxable for tax purpose	(3,932)	(9,423)
Over-provision in prior years	(9,129)	(4,641)
Tax effect of utilisation of tax losses previously		
not recognised	(2,336)	(3,092)
Tax effect of tax losses not recognised	28,850	26,556
Effect of different tax rates of subsidiaries	(1,154)	339
Income tax expense for the year	<u>87,010</u>	<u>42,183</u>

6. PROFIT FOR THE YEAR

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration	8,411	6,001
Other staff costs	3,285,933	2,476,343
Retirement benefits costs (excluding those for directors)	209,036	195,511
Share option expenses	11,875	15,262
	<hr/>	<hr/>
Total staff costs	3,515,255	2,693,117
Less: Staff costs capitalised as development costs	(59,194)	(79,436)
	<hr/>	<hr/>
	3,456,061	2,613,681
	<hr/>	<hr/>
Research and development costs expensed	81,173	66,653
Less: Government grants	(3,107)	(2,492)
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	78,066	64,161
	<hr/>	<hr/>
Depreciation of property, plant and equipment	50,647	60,137
Amortisation of intangible assets	91,810	80,527
Amortisation of prepaid lease payments	1,011	1,009
	<hr/>	<hr/>
	143,468	141,673
Less: Amortisation of prepaid lease payments capitalised in construction in progress	(860)	(860)
	<hr/>	<hr/>
	142,608	140,813
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Auditor's remuneration	5,850	5,780
Cost of inventories recognised as an expense	244,044	220,725
Loss on disposal of property, plant and equipment	436	193
Minimum lease payments in respect of buildings	129,849	125,337
Net foreign exchange loss	17,189	1,111
Interest income from pledged deposits and bank balances	(4,316)	(2,847)
Government grants	(34,881)	(53,120)
Value added tax refund	(1,235)	(1,761)
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7. DIVIDEND

No dividend was paid or proposed during 2014 and 2015, nor has any dividend been proposed since the end of the reporting period.

8. EARNINGS PER SHARE

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	280,056	200,038
Effect of dilutive potential profit attributable to owners of the Company:		
Interest on convertible loan notes	8,736	–
	<u>288,792</u>	<u>200,038</u>
Earnings for the purpose of diluted earnings per share	288,792	200,038
Number of shares		
	2015 <i>'000</i>	2014 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,992,602	1,866,438
Effect of dilutive potential ordinary shares:		
Share options	55,838	31,919
Convertible loan notes	74,659	–
	<u>2,123,099</u>	<u>1,898,357</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,123,099	1,898,357

The computation of diluted earnings per share for the year ended 31 December 2014 did not assume the conversion of the Company's outstanding convertible loan notes because the assumed conversion would result in an increase in earnings per share.

9. TRADE AND OTHER RECEIVABLES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade receivables	618,621	667,518
Less: Allowance for doubtful debts	<u>(151,431)</u>	<u>(124,696)</u>
	467,190	542,822
Trade receivables from related companies (<i>Note i</i>)	<u>687,009</u>	<u>460,551</u>
	1,154,199	1,003,373
Advances to suppliers	81,208	85,830
Deposits, prepayments and other receivables	205,408	207,334
Loans to staff (<i>Note ii</i>)	<u>–</u>	<u>19,244</u>
	<u>1,440,815</u>	<u>1,315,781</u>
Analysed for reporting purposes as:		
Non-current assets	11,688	–
Current assets	<u>1,429,127</u>	<u>1,315,781</u>
	<u>1,440,815</u>	<u>1,315,781</u>

Notes:

- i. The balances principally arose from provision of services by the Group to certain related companies. The balances included an amount of RMB679,982,000 (2014: RMB458,699,000) due from the group of Huawei Technology Company Limited and its subsidiaries (“Huawei Group”) which became a related party following the establishment of CSITS in April 2012.
- ii. The amounts were unsecured, interest-bearing at 2.5% per annum and repayable within eight months. The amounts were fully settled for the year ended 31 December 2015.

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:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within 90 days	749,704	734,190
Between 91 – 180 days	226,564	105,568
Between 181 – 365 days	164,307	153,906
Between 1 – 2 years	9,773	6,383
Between 2 – 3 years	3,851	3,326
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	1,154,199	1,003,373
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Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by each customer. Limits attributed to customers are reviewed each time. 61% (2014: 66%) of the trade receivables that are neither past due nor impaired have the best credit quality assessed by the Group.

Included in the Group's trade receivables balance are debtors with an aggregate carrying amount of RMB363,592,000 (2014: RMB264,200,000) which are past due at the reporting date for which the Group has not provided for an impairment loss as the Group is satisfied with the subsequent settlement and the credit quality of these customers had not been deteriorated. Accordingly, the Group does not consider these balances impaired. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within 90 days	56,483	10,946
Between 91 – 180 days	129,178	89,639
Between 181 – 365 days	164,307	153,906
Between 1 – 2 years	9,773	6,383
Between 2 – 3 years	3,851	3,326
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Total	363,592	264,200
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The Group has provided full impairment losses for all receivables aged over 3 years because historical experience is such that receivables that are past due beyond 3 years are generally not recoverable.

Movement in the allowance for doubtful debts

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Balance at beginning of the year	132,198	118,599
Impairment losses recognised on receivables	62,060	27,941
Amounts recovered during the year	(5)	(838)
Amounts written-off as uncollectible	(4,281)	(13,510)
Disposal of subsidiaries	(4,769)	–
Exchange adjustments	299	6
	<u>185,502</u>	<u>132,198</u>

10. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Contracts in progress at the end of the reporting period		
Contract costs incurred plus recognised profits less recognised losses	3,451,205	3,155,285
Less: Progress billings	(2,022,295)	(1,957,065)
	<u>1,428,910</u>	<u>1,198,220</u>
Analysed for reporting purposes as:		
Amounts due from contract customers for contract work	1,516,660	1,410,425
Amounts due to contract customers for contract work	(87,750)	(212,205)
	<u>1,428,910</u>	<u>1,198,220</u>

There are no advances received from customers for contract work at the end of 2015 and 2014.

11. TRADE AND OTHER PAYABLES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade payables	473,040	336,422
Deposits received from customers	33,170	65,486
Other payables and accrued charges	434,162	369,944
	<u>940,372</u>	<u>771,852</u>

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Within 90 days	366,278	111,143
Between 91 – 180 days	23,706	26,588
Between 181 – 365 days	21,568	19,213
Between 1 – 2 years	24,579	138,117
Over 2 years	36,909	41,361
	473,040	336,422

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that sufficient working capital is maintained to meet its obligations when they fall due.

12. BORROWINGS

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Unsecured bank loans (<i>Note (i)</i>)	1,248,250	1,287,073
Secured bank loans (<i>Note (ii)</i>)	312,262	15,117
	1,560,512	1,302,190
	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Carrying amount repayable:		
Within one year	1,036,831	628,544
More than five years	263,496	62,000
	1,300,327	690,544
Carrying amount of bank borrowings that are repayable on demand due to breach of loan covenants	260,185	611,646
Less: Amounts due within one year shown under current liabilities	(1,297,016)	(1,240,190)
Amounts shown under non-current liabilities	263,496	62,000

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Total borrowings		
At fixed interest rates (<i>Note (iv)</i>)	624,265	478,624
At floating interest rates (<i>Note (iii)</i>)	936,247	823,566
	<u>1,560,512</u>	<u>1,302,190</u>
	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Analysis of borrowings by currency		
Denominated in RMB	1,142,208	613,444
Denominated in USD	418,304	688,746

Notes:

- (i) Guaranteed by the Company and certain subsidiaries of the Company.
- (ii) Trade and bill receivables with a net carrying value of approximately RMB125,662,000 (2014: RMB3,117,000) are pledged to secure certain bank loans granted to the Group. The remaining bank loans amount to RMB186,600,000 (2014: RMB12,000,000) 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 year is 5.18% (2014: 5.89%) per annum. Interest on USD borrowings are mainly charged at LIBOR plus 2.95% for both years.
- (iv) Interests on fixed interest rates borrowings are charged at interest rates ranged from 4.6% to 7% (2014: 5.7% to 7.5%).

In respect of bank borrowings with a carrying amount of RMB260,185,000 (2014: RMB611,646,000) as at 31 December 2015, the banks have the following requirements: (i) any fund or affiliate of Hony Capital Management Limited ("Hony Capital Parties") must legally and beneficially, directly or indirectly, own at least 12% of the issued ordinary shares of the Company that are traded on the Stock Exchange, and Hony Capital Parties remain, legally and beneficially, directly or indirectly, the single largest shareholder of the Company; and (ii) the Company must adhere to certain financial covenants. As at 31 December 2014, the Group cannot fulfil certain requirement of the financial covenants, which is primarily related to ratio of consolidated total debt to consolidated tangible net worth of the Group ("Breach of Financial Covenants"). Therefore, the borrowings have been classified as current liabilities as at 31 December 2014.

With reference to the announcement of the Company dated 23 April 2015 that the Company was notified that Hony Capital Management Limited (“Hony Capital Parties”) had disposed of an aggregate of 335,076,453 shares (“Disposal of Shares”, together with the Breach of Financial Covenants, collectively referred to as the “Non-Compliances”) of the Company, which represents approximately 17.29% of the total number of shares issued on 23 April 2015. Upon the Disposal of Shares, Hony Capital Parties ceased to hold any of the Company’s Shares. The Disposal of Shares is not consistent with the requirements of the banks. Therefore, the borrowings have been classified as current liabilities as at 31 December 2015.

The banks are aware of the Non-Compliances and have not requested the Company for an immediate repayment of the amount borrowed. As at 31 December 2015, the Company is working closely with the banks to renegotiate the terms of the bank borrowings.

On 17 February 2016, the Company made full repayment of the total outstanding bank borrowings relating the Non-Compliances amounting to RMB260,185,000 and obtained all necessary waivers from the banks regarding the Non-Compliances.

MANAGEMENT DISCUSSION AND ANALYSES

In 2015, the Group's businesses grew steadily. The turnover, service revenue, profit attributable to the owners of the Company, and EPS increased by 15.8%, 16.5%, 40.0%, and 31.1% YoY respectively. The operating cash flow increased from RMB74.796 million in 2014 to RMB259.561 million in 2015.

	2015	2014	Growth rate
	RMB'000	RMB'000	
Turnover	5,129,111	4,429,202	15.8%
Service revenue	4,831,722	4,147,015	16.5%
Profit for the year attributable			
to the owners of the Company	280,056	200,038	40.0%
Basic earnings per share (cents)	14.05	10.72	31.1%
Net cash generated from operating activities	259,561	74,796	247.0%

KEY OPERATING DATA

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>	% Increase (decrease) over the same period last year
Turnover	5,129,111	4,429,202	15.8%
Service revenue*	4,831,722	4,147,015	16.5%
Cost of sales and services	(3,605,903)	(3,080,046)	17.1%
Gross profit	1,523,208	1,349,156	12.9%
Other income	46,259	60,492	(23.5%)
Other gains or losses	(17,625)	(1,304)	1,251.6%
Selling and distribution costs	(178,581)	(219,789)	(18.7%)
Administrative expenses	(744,516)	(664,752)	12.0%
Research and development costs expensed	(78,066)	(64,161)	21.7%
Allowance for doubtful debts	(62,055)	(27,103)	129.0%
Other expenses	(91,961)	(80,676)	14.0%
Share of results of associates	1,907	1,429	33.4%
Gain on disposal of available-for-sale investments	–	27,568	(100.0%)
Gain on disposal of subsidiaries	111,724	–	N/A
Fair value change on derivative financial instruments	(1,074)	1,074	(200.0%)
Gain (loss) arising from changes in fair value of contingent consideration payable on acquisition of a subsidiary	3,283	(310)	(1,159.0%)
EBIT	512,503	381,624	34.3%
Finance costs	(92,509)	(84,385)	9.6%
Profit before taxation	419,994	297,239	41.3%
Income tax expense	(87,010)	(42,183)	106.3%
Profit for the year	332,984	255,056	30.6%
Profit attributable to owners of the Company	280,056	200,038	40.0%
Basic earnings per share (cents)	14.05	10.72	31.1%

PROFITABILITY

In 2015, the adjusted profit attributable to the owners of the Company was RMB251.283 million, representing a YoY growth of 32.3% (2014: RMB189.954 million). Below is the reconciliation from profit for the year attributable to the owners of the Company to adjusted profit for the year attributable to the owners of the Company, after deducting the non-recurring items:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>	Growth rate
Profit for the year attributable to the owners of the Company	280,056	200,038	40.0%
Gain on disposal of subsidiaries	(111,724)	–	N/A
Gain on disposal of available-for-sale investments*	–	(26,919)	(100.0%)
Tax on the gain on disposal of subsidiaries	17,195	–	N/A
Allowance for doubtful debts for other receivables relating to disposal of available-for-sale investments*	25,944	–	N/A
Share option expenses	13,637	16,906	(19.3%)
Fair value change on derivative financial instruments	1,074	(1,074)	(200.0%)
(Gain)/Loss arising from changes in fair value of contingent consideration payable on acquisition of a subsidiary	(3,283)	310	(1,159.0%)
Exchange loss arose from loan in USD	28,384	693	40.0%
Adjusted profit for the year attributable to the owners of the Company	<u>251,283</u>	<u>189,954</u>	<u>32.3%</u>

* After deducting the impact of non-controlling interests.

GENERAL OVERVIEW

The revenue, service revenue, and results of the Group's different business segments in 2015 are as follow:

	Turnover			Service revenue			Results		
	2015 RMB'000	2014 RMB'000	Growth rate	2015 RMB'000	2014 RMB'000	Growth rate	2015 RMB'000	2014 RMB'000	Growth rate
Technical and Professional Services Group (TPG)	3,780,692	3,237,830	16.8%	3,578,708	3,049,725	17.3%	300,814	246,551	22.0%
Internet ITS Group (IIG)	1,348,419	1,191,372	13.2%	1,253,014	1,097,290	14.2%	128,574	97,645	31.7%
Total	5,129,111	4,429,202	15.8%	4,831,722	4,147,015	16.5%	429,388	344,196	24.8%

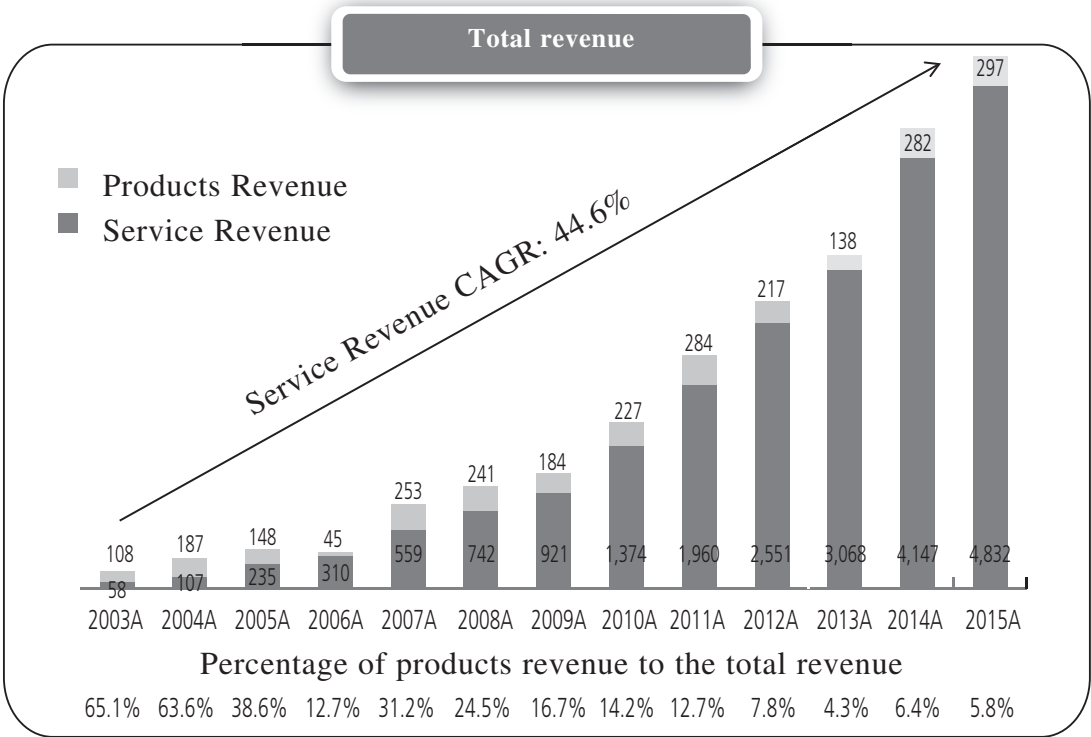
In 2015, the Group restructured to an online and offline business model in order to face the challenges and capture opportunities in Internet, cloud computing, and big data. The IIG will focus on the online IT businesses while the TPG will focus on the traditional technical and professional offline businesses. The IIG is centered around the Jointforce platform in traditional long tail markets including government and manufacturing. Its competitive advantage will come from its ability to organize businesses online to achieve cost-effective and high quality IT services for small to mid-size companies and individuals. In 2015, the excellent training center was also incorporated into the IIG. The TPG will focus on going global and on large customers and big industries including BFSI, telecommunications, Internet, transportation, energy, and etc.. It will provide a full chain of high quality, efficient, and safe IT services and offer solutions specific to different industries.

For service revenue, the TPG and IIG achieved YoY growths of 17.3% and 14.2% respectively. The IIG achieved a 13.2% YoY revenue growth due to the steady increase of business volume from the government and manufacturing industry and Jointforce. In addition, the training business, which is included in IIG, grew steadily. The high growth of Huawei business became the driving growth factor for the TPG.

For segments results, the IIG achieved a YoY growth of 31.7%, much higher than that of its revenue (13.2% YoY) and service revenue (14.2% YoY) mainly because of the utilization of Jointforce that increased employee utilization rate and decreased project costs. The TPG achieved a YoY growth of 22.0%, higher than that of its revenue (16.8% YoY) and service revenue (17.3% YoY). The margin's steady increase was due to the decrease of selling expense because of the Group's established relationships with large customers and industries.

The Group believes that the driving factors for its revenue and margins growth will be when Jointforce scales and becomes more widely used, and when the Group takes on more cloud computing and big data (high margins) businesses.

Since listing on the GEM board in 2003, the Group has maintained a high revenue and service revenue growth, recording a CAGR of 33.1% and 44.6% respectively from 2003-2015. The details are as follow:



CUSTOMERS

The Group's customers include large enterprises headquartered in China, Europe, United States, and Japan. In the high growth China market, the Group has acquired a larger market share in the government and manufacturing, finance and banking, telecommunication, and hi-technology industry. In 2015, the service revenue from the top five and ten customers are 52.7% and 60.1%.

In 2015, the Group has 1,662 active customers and 79 large customers (contributed more than RMB6 million of service revenue within the past 12 months). The new large customers include a leading logistic enterprise, a mobile communication enterprise, and a number of state own enterprises.

MARKET

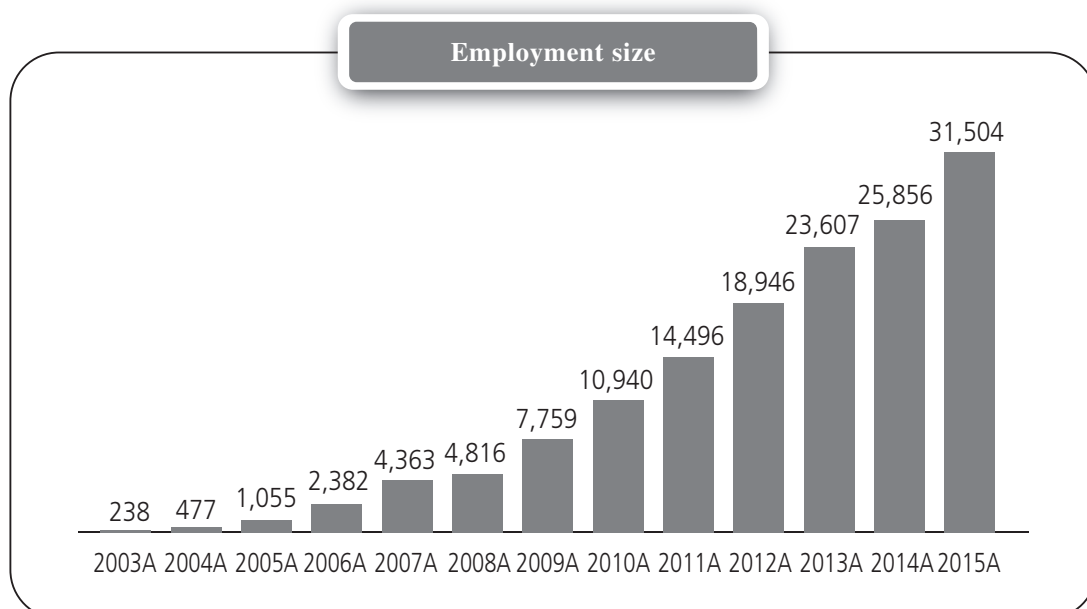
The Group's businesses are concentrated in the Greater China Region. In 2015, the Group continued to set Greater China market as an important area of development. China's strong economic growth and market potentials give rise to long-term growth opportunities for the Group. In addition, the Group continued to expand oversea through Catapult Systems, a Microsoft cloud integration service provider.

HUMAN RESOURCES

As of the end of 2015, the Group has a total of 31,504 employees, representing YOY increase of 21.8% (in 2014: 25,856).

As of the end of 2015, the Group employs 29,753 technical staff (94.4% of total employees). Of which, 8,897 technical staffs are project managers and consultants (core talents), accounting for 29.9% of the technical staff.

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



OPERATING RESULTS

The Group's consolidated income statements in 2014 and 2015 are as follow:

	2015 RMB'000	Percentage of turnover	Percentage of service revenue	2014 RMB'000	Percentage of turnover	Percentage of service revenue
Revenue	5,129,111			4,429,202		
Service Revenue	4,831,722			4,147,015		
Cost of sales and services	(3,605,903)	(70.3%)	(74.6%)	(3,080,046)	(69.5%)	(74.3%)
Gross profit	1,523,208	29.7%	31.5%	1,349,156	30.5%	32.5%
Other income	46,259	0.9%	1.0%	60,492	1.4%	1.5%
Other gains or losses	(17,625)	(0.3%)	(0.4%)	(1,304)	(0.03%)	(0.03%)
Selling and distribution expenses	(178,581)	(3.5%)	(3.7%)	(219,789)	(5.0%)	(5.3%)
Administrative expenses	(744,516)	(14.5%)	(15.4%)	(664,752)	(15.0%)	(16.0%)
Research and development costs expensed	(78,066)	(1.5%)	(1.6%)	(64,161)	(1.4%)	(1.5%)
Allowance for doubtful debts	(62,055)	(1.2%)	(1.3%)	(27,103)	(0.6%)	(0.7%)
Other expenses	(91,961)	(1.8%)	(1.9%)	(80,676)	(1.8%)	(1.9%)
Finance costs	(92,509)	(1.8%)	(1.9%)	(84,385)	(1.9%)	(2.0%)
Share of results of associates	1,907	0.04%	0.04%	1,429	0.03%	0.03%
Gain on disposal of available-for- sale investments	-	-	-	27,568	0.6%	0.7%
Gain on disposal of subsidiaries	111,724	2.2%	2.3%	-	-	-
Fair value change on derivative financial instruments	(1,074)	(0.02%)	(0.02%)	1,074	0.02%	0.03%
Gain (loss) arising from changes in fair value of contingent consideration payable on acquisition of a subsidiary	3,283	0.06%	0.07%	(310)	(0.007%)	(0.007%)
Profit before taxation	419,994	8.2%	8.7%	297,239	6.7%	7.2%
Income tax expense	(87,010)	(1.7%)	(1.8%)	(42,183)	(1.0%)	(1.0%)
Profit for the year	332,984	6.5%	6.9%	255,056	5.8%	6.2%
Profit for the year attributable to the owners of the Company	280,056	5.5%	5.8%	200,038	4.5%	4.8%

Comparison of the annual results between 2015 and 2014.

REVENUE

In 2015, the Group's revenue was RMB5,129.111 million, representing a YoY growth of 15.8% (in 2014: RMB4,429.202 million). The Group's service revenue was RMB4,831.722 million, representing a YoY growth of 16.5% (in 2014: RMB4,147.015 million). The growth came from the growing customer base, maintaining the core business, and diversifying services.

In 2015, TPG and IIG represented 73.7% and 26.3% of the Group's total revenue (in 2014: 73.1%, 26.9%). The segments' growths are as follow:

	2015 <i>RMB'000</i>	Weight	2014 <i>RMB'000</i>	Weight	Growth rate
TPG	3,780,692	73.7%	3,237,830	73.1%	16.8%
IIG	1,348,419	26.3%	1,191,372	26.9%	13.2%
Total	<u>5,129,111</u>	<u>100%</u>	<u>4,429,202</u>	<u>100%</u>	<u>15.8%</u>

In 2015, TPG and IIG represented 74.1% and 25.9% of the Group's service revenue (in 2014: 73.5%, 26.5%). The segments' growths rates are as follow:

	2015 <i>RMB'000</i>	Weight	2014 <i>RMB'000</i>	Weight	Growth rate
TPG	3,578,708	74.1%	3,049,725	73.5%	17.3%
IIG	1,253,014	25.9%	1,097,290	26.5%	14.2%
Total	<u>4,831,722</u>	<u>100%</u>	<u>4,147,015</u>	<u>100%</u>	<u>16.5%</u>

COST OF SALES AND SERVICES

In 2015, the Group's cost of sales and services were RMB3,605.903 million, representing a YoY growth of 17.1% (in 2014: RMB3,080.046 million). The Group's cost of sales and services expenses accounted for 70.3% of the revenue, representing a YoY growth of 0.8% (in 2014: 69.5%).

GROSS PROFIT

In 2015, the Group's gross profit was RMB1,523.208 million, representing a YoY growth of 12.9% (in 2014: RMB1,349.156 million). The Group's gross margin was 29.7%, representing a YoY decrease of 0.8% (30.5%). The declined gross margin was because during the reporting period the Huawei business, which has lower margins, outgrew the other businesses. Taking that out of consideration, the Group's margin improved.

In the future, the Group will use the following measures to increase margins:

1. Continue to focus on next generation technology and high margin businesses like cloud computing, mobile Internet, and big data analytics.
2. Fully utilize the Jointforce platform to increase operational efficiency and employee utilization.
3. Actively expand into the oversea market.

OTHER INCOME

In 2015, the Group's other income was RMB46.259 million, representing a YoY decrease of 23.5% (in 2014: RMB60.492 million). The decrease was mainly due to the drop in the government subsidy during the reporting year.

OTHER GAINS OR LOSSES

In 2015, the Group's other gains or losses were RMB17.625 million, representing a YOY increase of 1,251.6% (in 2014: RMB1.304 million). The increase was mainly due to the exchange loss caused by the significant fluctuation in the exchange rate between USD and RMB for the syndicated loan.

GAIN ON DISPOSAL OF SUBSIDIARIES

In 2015, the gain on disposal of subsidiaries was RMB111.724 million, which mainly represented the gain on disposal of a subsidiary for training business.

OPERATING EXPENSES

In 2015, the Group's selling and distribution expenses were RMB178.581 million, representing a YoY decrease of 18.7% (in 2014: RMB219.789 million). The Group's selling and distribution expenses accounted for 3.5% of the revenue, representing a YoY decrease of 1.5% (in 2014: 5.0%). The Group's selling and distribution expenses accounted for 3.7% of the service revenue, representing a YoY decrease of 1.6% (in 2014: 5.3%). This shows that the Group has increased its marketing management efficiency.

In 2015, the Group's administrative expenses were RMB744.516 million, representing a YoY growth of 12.0% (in 2014: RMB664.752 million). The Group's administrative expenses accounted for 14.5% of the revenue, representing a YoY decrease of 0.5% (in 2014: 15.0%). The Group's administrative expenses accounted for 15.4% of the service revenue, representing a YoY decrease of 0.6% (in 2014: 16.0%). This shows that the Group's administrative management efficiency improved.

In 2015, the Group's research and development costs expensed were RMB78.066 million, representing a YoY growth of 21.7% (in 2014: RMB64.161 million). The Group's research and development costs expensed accounted for 1.5% of the revenue, representing a YoY growth of 0.1% (in 2014: 1.4%).

Finance costs and Income Tax

In 2015, the Group's finance costs were RMB92.509 million, representing a YoY growth of 9.6% (in 2014: RMB84.385 million). The Group's finance costs accounted for 1.8% of the revenue, representing a YoY decrease of 0.1% (in 2014: 1.9%). The Group believes that the finance costs growth is reasonable because it is less than the growth in the Group's revenue.

In 2015, the Group's income tax was RMB87.010 million, representing a YoY growth of 106.3% (in 2014: RMB42.183 million). The effective tax rate was 20.7% (in 2014: 14.2%). This increase is because a special tax amount of RMB17.195 million aroused from the gain on disposal of a subsidiary during the reporting year. Also, the actual tax rate of Beijing and Shanghai entities increased when compared to last year. Thus, the tax refund and the tax benefits reduced and resulted in an increase in the income tax expense.

Other Non-Cash Expenses

In 2015, the Group's depreciation of property, plant, and equipment (PPE) were RMB50.647 million, representing a YoY decrease of 15.8% (in 2014: RMB60.137 million). The Group's depreciation of PPE accounted for 1.0% of the revenue, representing a YoY decrease of 0.4% (in 2014: 1.4%).

In 2015, the Group's other expenses which mainly includes amortization of intangible assets and prepaid lease payments were RMB91.961 million, representing a YoY growth of 14.0% (in 2014: RMB80.676 million). This increase is lower than the increase of the revenue. The Group's other expenses accounted for 1.8% of the revenue, the same as that of 2014.

In 2015, the Group's share option expense was RMB13.637 million, representing a YoY decrease of 19.3% (in 2014: RMB16.906 million). The Group's share option expense accounted for 0.3% of the revenue, representing a YoY decrease of 0.1% (in 2014: 0.4%).

In 2015, the Group's allowance for doubtful debts was RMB62.055 million (in 2014: RMB27.103 million) representing a YOY growth of 129%. The Group's allowance for doubtful debts accounted for 1.2% of the revenue, representing a YoY increase of 0.6% (in 2014: 0.6%). The increase is due to the one time impact of the allowance for doubtful debts provided for the available-for-sale investment.

Profit for the Year and Earnings Per Share

In 2015, the Group's profit for the year was RMB332.984 million, representing a YoY growth of 30.6% (in 2014: RMB255.056 million). The Group's profit for the year accounted for 6.5% of the revenue, representing a YoY growth of 0.7% (in 2014: 5.8%). The Group's profit for the year accounted for 6.9% of the service revenue, representing a YoY growth of 0.7% (in 2014: 6.2%).

Excluding the profit for the year attributable to the non-controlling interests in 2015, the Group's profit for the year attributable to the owners of the Company was RMB280.056 million, representing a YoY growth of 40.0% (in 2014: RMB200.038 million).

In 2015, the Group's basic earnings per share (EPS), based on the profit for the year attributable to the owners of the Company, was RMB14.05 cents, representing a YoY growth of 31.1% (in 2014: RMB10.72 cents).

CORPORATE GOVERNANCE PRACTICES

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 2015 to 31 December 2015, except that (i) the Chairman of the Board was not able to attend the annual general meeting of the Company held on 18 May 2015 (the "2014 AGM") and extraordinary general meeting held on 10 December 2015 (the "EGM") (deviated from code provision E.1.2 of the CG Code) due to other business commitment. However, one of the independent non-executive Directors attended and acted as the Chairman of the 2014 AGM and the EGM; (ii) the roles of chairman and chief executive officer were performed by the same individual (deviated from code provision A.2.1 of the CG Code).

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") as set out in Appendix 10 to the Listing Rules relating to dealings in securities. In response to a specific enquiry by the Company, the Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2015.

COMPETING INTERESTS

As at 31 December 2015, 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.

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

Neither the Company nor any of its subsidiaries purchases, sold or redeemed any listed securities of the Company during the year under review.

AUDIT COMMITTEE

The Company established an audit committee on 2 June 2003 and amended its written terms of reference on 31 December 2015 to comply with the requirements in the CG Code. During the year ended 31 December 2015, the audit committee comprised of three independent non-executive Directors, 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 met at least on a semi-yearly basis during the year ended 31 December 2015.

The Group's unaudited interim results and audited annual results during the year ended 31 December 2015 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure has been made. The audit committee reports to the Board and is delegated by the Board to assess matters related to the financial statements.

FINAL DIVIDEND AND CLOSURE OR REGISTER OF MEMBERS

The Board do not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil).

In order to ascertain the right to attend the forthcoming annual general meeting, the register of members of the Company will be closed from Friday, 13 May 2016 to Wednesday, 18 May 2016, both days inclusive, during which period no transfer of shares will be effected.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company is proposed to hold on Wednesday, 18 May 2016. Notice of the Annual General Meeting will be published and despatched to the shareholders in due course.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinasofti.com). The annual report for the year containing all the information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Chinasoft International Limited
Dr. CHEN Yuhong
Chairman and Chief Executive Officer

Hong Kong, 21 March 2016

As at the date of this announcement, the Board comprises three executive Directors, namely Dr. Chen Yuhong (Chairman), Dr. Tang Zhenming and Mr. Wang Hui, one non-executive Director, namely Dr. Zhang Yaqin, and three independent non-executive Directors, namely Mr. Zeng Zhijie, Dr. Leung Wing Yin Patrick and Dr. Lai Guanrong.

* *For identification purposes only*