

**SINOCOM SOFTWARE GROUP LTD:
OUTSOURCING DOES CREATE JOBS, AFTER ALL**

The concept of outsourcing, made popular during the past year or so by Senator John Kerry and President George W. Bush, both of whom want, desperately, to sit in the White House for the next 4 years, is considered a very dirty word in the US, today.

This is because quite a number of US workers have been made redundant over the past few years as US corporate entities look elsewhere in order to obtain their services and products at cheaper prices than can be obtained in the US.

And, very often, the products and services, obtained by US corporations by employing offshore, third-party outsourcers, located in other continents, are superior to those that their US counterparts can produce.

There is nothing dirty with the concept of outsourcing and, in fact, as this financial analysis will make only too clear, this concept is, also, a creator of a vast of number jobs, the results of which is benefiting the US economy.

Certainly, Management of publicly listed SinoCom Software Group Ltd would attest to this statement.

In fact, SinoCom Software (Code: 299, Main Board, The Stock Exchange of Hongkong Ltd), is making millions of Hongkong dollars, annually, by being in the business of '*outsourcing software development services to customers in the information technology sector of Japan.*' (Page 48 of the Placing and Public Offer Prospectus, dated April 20, 2004)

SinoCom Software is, in fact, one of those companies, which Senator John Kerry and President George W. Bush is berating.

It is a company, which will write computer software for anybody, willing to pay the freight, as well as offering technical services to companies, which do not want to employ computer engineers, in-house.

And SinoCom Software is doing very nicely, thank you very much.

On August 16, 2004, SinoCom Software released its Interim Results for the period, ended June 30, 2004.

The results were a record for the Company:

	Six Months, ended June 30	
	2004	2003
	All Figures are Denominated in Hongkong Dollars (except where otherwise stated)	
Turnover	81,074,138	49,785,173
Cost of Sales	(39,406,342)	(26,028,201)
Gross Profit	41,667,796	23,756,972
Gross Profit Margin*	51.39 percent	47.72 percent

Other Operating Income	174,829	302,854
Selling Expenses	Nil	(22,375)
Administrative Expenses	(12,987,584)	(7,831,757)
Profit before Taxation	28,855,041	16,205,694
Taxation	(3,425,980)	(2,049,597)
Profit before Minority Interests	25,429,061	14,156,097
Minority Interests	(72,771)	(63,600)
Net Profit Attributable to Shareholders	25,356,290	14,092,497
Net Profit Margin*	31.28 percent	28.31 percent

* These are **TARGET**'s calculations

It is noted that there is no inclusion in the above table for financing costs.

This is because the Company is flush with cash: Bank balances and cash stood at about \$HK218.17 million, as at June 30, 2004.

For the like period in the 2003-Year, bank balances and cash stood at about \$HK92.52 million.

It is, also, noted that about 98 percent of the total revenues of SinoCom Software were derived from outsourcing software development on behalf of customers, with the other 2 percent of total revenue, coming from technical support services.

It is, also ... [CLICK TO ORDER FULL ARTICLE](#)

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to editor@targetnewspapers.com or targnews@hkstar.com. TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.

