



[Press Release]

For immediate release

Kingdee International Announces 2020 Interim Results Cloud Business Revenue Achieved Rapid Growth of 45% YoY

(18 August 2020, Hong Kong) **Kingdee International Software Group Company Limited** (“Kingdee” or the “Group”; stock code: 00268.HK) today announces its interim results for the Period ended June 30, 2020 (the “Reporting Period”). The Group continued to accelerate Kingdee’s strategic cloud transformation, and remained fast growth of cloud service business with a focus on subscription-based cloud products. During the Reporting Period, the Group’s revenue decreased by 6.6% year-on-year (yoy), while revenue from cloud business grew by 45.1% yoy, accounting for 57.5% of total revenue.

During the Reporting Period, the Group recorded total revenue of RMB1,387 million, representing a yoy drop of 6.6%. Cloud services business maintained fast growth of 45.1% yoy to RMB798 million. Cloud subscription business delivered strong growth, reflected in cloud related contract liabilities increased significantly by 96.8% yoy to RMB711 million. Meanwhile, ERP business realized revenue of approximately RMB589 million, down by 37.0% yoy, due to the Group’s strategic cloud transformation and termination the sales of partial ERP software licensed products. Loss attributable to owners of the Company was RMB224 million, compared to a profit of RMB110 million attributable to owners of the Company in the same period last year. The loss was mainly due to the adjustment of business model; increasing R&D for cloud business, especially Kingdee Cloud Cosmic. In addition, the outbreak of COVID-19 had a negative impact on SME businesses.

As a leading innovative technology company in China's enterprise service market, Kingdee has retained the largest share in the enterprise application software sector for fast-growing enterprises for 16 consecutive years according to IDC report and has grasped the biggest share in the enterprise-grade SaaS ERM (Cloud ERP) and Financial Cloud services industry for



4 consecutive years. Kingdee was also selected into Gartner's Global High-Productivity PaaS vendor list and HCM (Human Capital Management) Market guide. Recently, the Group became one of the Top-10 (4.47% weighting) major constituent of Hang Seng Tech Index, which was newly established by Hang Seng Indexes Company Limited ("Hang Seng Indexes") and launched on 27 July 2020.

Kingdee Cloud Cosmic accelerated SaaS development and strengthened platform ecosystem, gained significant attractions in large enterprise market

As the first domestic cloud service platform for large enterprises with high-level of localization and cloud-native architecture, Kingdee Cloud Cosmic's latest version V2.0 introduced a few major upgrades and optimized the system openness. As of current version, Kingdee Cloud Cosmic has released over 140 business modules on 20 cloud services to cover 15 solutions. During the Reporting Period, Kingdee Cloud Cosmic application market commenced its online operation, joined by over 220 ISV partners and 120 products which cover nine major industries including pharmaceutical distribution, architecture, steel, etc. Kingdee Cloud Cosmic is fully compatible with mainstream local solutions and Huawei Kunpeng ecosystem. During the Reporting Period, Kingdee Cloud Cosmic recorded RMB62.7 million in revenue, an increase of 310.3% yoy. Kingdee signed 106 total customers including 78 new Cosmic customers and remaining as Cosmic upsell customers. Total contract value exceeded RMB150 million. New customers in SOE and large enterprise were SPIC, TravelSky Technology, CRRC Tangshan, ENN Energy, Guangzhou Aoyuan, OPPEIN Home, SF Express, TongCheng, etc. In addition, Kingdee Cloud Cosmic won a number of localization projects such as Hisense and China United Cement Corporation.

Kingdee Cloud Galaxy led the restructuring of industry value chain, recognized as the star product in medium enterprise market

Based on the strong cloud technology, Kingdee Cloud Galaxy innovated in remote customer engagement and marketing and upgraded online implementation platform, which efficiently helped customers to resume production and operation. Kingdee Cloud Galaxy continued to bring new insights into its marketing leading solutions such as Smart Accounting, Smart Manufacturing and Omni-channel, and completed a milestone project for local system

substitution and restructuring of industry value chain in the New Construction area. Along with model customers in 18 major industries, Kingdee unveiled the Smart Growth Plan for Micro, Small and Medium (SME) Businesses to support their healthy business growth. During the reporting period, Galaxy maintained robust revenue growth of 30.4% yoy to RMB501 million. Dollar retention rate was 87%. Having total customer number reaching over 15,700, Galaxy gained new customers including MEGVII, Yanjin Shop Food, Iflytek, Huanghe S&T, etc.

Kingdee Jingdou Cloud launched new generation product, supported the healthy growth of small and micro enterprises

During the reporting period, the Group released the new generation Jingdou Cloud focusing on New Accounting & Taxation, New Marketing and New Business Model, which would be the growth service platform for small and micro enterprises. The Group also implemented several beneficial measures during the COVID-19 pandemic, to support customers' digitalization and business recovery. Jingdou Cloud recorded revenue growth of 48.0% yoy, with over 137,000 customers cumulatively and 72% dollar retention ratio.

Kingdee Cloud developed strong presence in multiple fields for a diverse ecosystem

Kingdee EAS Cloud continued to support cloud transformation for large enterprises, and signed contracts with China Top 500 enterprises and Fortune Global 500 enterprises such as Dalian Metro, Chow Tai Fook, Kweichow Moutai, etc. Kingdee Taxation and Invoice Cloud mainly focused on electronic invoices to realize paperless accounting and taxation and digital business innovation. Customer number and cloud subscription revenue both achieved over 50% growth yoy. Kingdee Guanyi Cloud's customer's dollar retention ratio achieved 84%, a reflection of product optimization and improving competitiveness. CloudHub won the 2020 China SaaS Technology Innovation Award with innovative OTA (Over-the-Air Technology). Kingdee Finance was awarded as the CB Insights China Fintech Company in June. Automotive cloud Cargeer's active user increased by 50% yoy. Wojia Cloud, property management cloud product, recorded revenue growth of 586.0% yoy. Xinnong Interconnection Technology, a digital agricultural platform, has completed the R&D of general function module on Kingdee Cloud Cosmic platform for daily livestock management. Yundee, an industrial Internet platform, has developed its Industrial Internet solutions for regional industry clusters.



Robert Xu, Chairman and CEO of Kingdee, said, “Enterprise cloud transformation is the prevailing trend in China. New infrastructure projects will drive a new round of growth in the digital economy. Contactless business scenarios and deep industrial internet applications are emerging. Localization has become a structural trend. The Group will embrace the golden opportunity to grow and prosper. The Group will also further deepen the cloud transformation, based on the core strategy of “Platform + Finance & HR Application + Ecosystem”. The Group will stay focus on cloud product development and enhance our competitiveness, in order to uplift product competitiveness and solidify the leadership in the enterprise SaaS sector. The Group will embrace crisis as an opportunity for growth, and start a new chapter in the everchanging environment.

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About Kingdee

Kingdee International Software Group Company Limited (“Kingdee International” or “Kingdee”) was established in 1993. It is listed on the Main Board of the Hong Kong Stock Exchange (stock code: 0268.HK) and headquartered in Shenzhen, the PRC. Adhering to the core values of “Acting in all Conscience, with Integrity and Righteousness”, the Company is committed to helping businesses achieve their growth targets and let the sun shine on every company through dedicated services. It strives to provide them with the most trusted enterprise service platform.

Through persistent efforts to explore China's Cloud enterprise service market, Kingdee has retained the largest share in the enterprise application software sector for fast-growing enterprises for 16 consecutive years, and has grasped the biggest share in the enterprise-grade SaaS Cloud services industry for the third year · held the largest market share in SaaS ERM (Cloud ERP) and Financial Cloud for four consecutive years. Kingdee is currently the only SaaS cloud service provider of Chinese enterprises selected into Gartner's market guide · and was selected into Gartner's Global High-Productivity PaaS vendor list and HCM (Human Capital Management) Market guide.

In addition, Kingdee's diverse Cloud services and products are the preferred choices of leading enterprises. They include “Kingdee Cloud Cosmic” (a Cloud service platform for large enterprises), “Kingdee Cloud Galaxy” (a digital innovative Cloud service platform for medium and large enterprises and fast-growing enterprises), “Kingdee Jingdou Cloud” (one-stop Cloud services platform for micro and small-sized enterprises), “Cloud-Hub” (intelligent Cloud office), “Guanyi Cloud” (Cloud services for E-commerce operators). With its strengths in management software and Cloud services, Kingdee provides services and products to more than 6.8 million enterprises, government agencies and other organizations around the world.

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