Kingdee Becomes Market Leader in China's Enterprise-Grade SaaS Market

Becoming the First Chinese Software Vendor to Overtake Overseas Rivals

(11 December 2017, Hong Kong) **Kingdee International Software Group Company Limited** ("Kingdee International" or the "Company", stock code: 00268.HK), a leading enterprise Cloud services provider, is pleased to announce that it maintained its position as the leading enterprise SaaS provider in China in the first half of 2017, according to the "China Semi-annual Public Cloud Services Tracker" released by IDC. The Company ranked first in IDC's study on the country's SaaS market share in 2016. Moreover, it became the leader in China's SaaS ERP and SaaS Financial Cloud markets, with market shares of 18.25% and 46%, respectively, surpassing more established overseas peers. These achievements clearly reflected Kingdee's strengthening of its leadership in China's enterprise-grade SaaS application market.
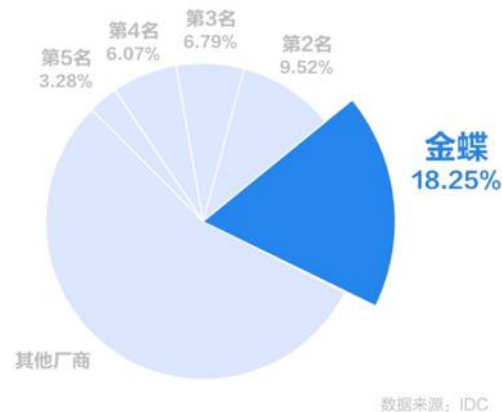
It is the first time for a Chinese software brand to overtake overseas peers in the enterprise-grade SaaS Cloud services sector. Ms. Grace Xu, analyst at IDC, said, "The phenomenal growth of the SaaS market has just started and is expected to grow 10 times faster than the traditional packaged software market. In China, the SaaS market is forecast to expand at a compound annual growth rate of more than 40% from 2017-2021." The domestic SaaS market is thriving on its fast-growing Internet industry and unique online ecosystem, and enterprises are looking for more complicated, higher quality and more flexible B2B services from their vendors.

These remarkable feats are attributable to the Company's technological expertise and determination to innovate for more than two decades, as well as its profound insight into China's Internet business. Its four Cloud products: Kingdee Cloud, CloudHub, Jingdou Cloud and Guanyi Cloud address the diverse needs of enterprises and are highly regarded by users.

As the Company's flagship Cloud product, Kingdee Cloud focuses on serving medium and large-sized enterprises, with customer retention rates of over 90%. These figures are well above those of similar products and traditional ERP products. Underpinned by the Internet Plus policy and the development of digital economy, more well-known Chinese enterprises are opting for Cloud services. Currently, 80% of Kingdee Cloud customers are fast-growing emerging enterprises, such as OfO, EHang Drones, Bliss Cake and Makeblock, with another 12% of its customers being innovative business segments of large conglomerates such as Huawei's retail business, Tencent, Coca-Cola Culiangwang and ZTE Nubia. These two categories of enterprises are the most vibrant parts of the Chinese economy. Their most distinguishing feature is their desire to fully utilize Cloud computing and mobile Internet technologies to realize the concept of "Business as IT and IT-as-a-Service". This enables them to drive business innovations, and to closely follow changes in consumers' behavior and make adjustments accordingly.

As the first domestic software provider to transition towards Cloud services, Kingdee is the first SaaS Cloud service provider in China to obtain ISO27001 security standard certification. Moreover, it is the only Chinese SaaS services provider to receive corporate membership from the Cloud Security Alliance (CSA), the world's leading organization dedicated to help ensure a secure Cloud computing environment. The Company has forged close cooperation in different areas with various top-ranked IaaS services providers, including Amazon Web Services, Tencent Cloud, JD Cloud, Huawei Cloud and Kingsoft Cloud, which allows it to provide customers with reliable and secure Cloud services. Significant achievements have been made in its product innovations, as the company launched a number of AI, Big Data and Cloud-based products such as facial and speech recognition, and big data analytics. Furthermore, the company's first AI assistant, known as "Little K", was launched in October 2017. Guanyi Cloud also exhibited its technological leadership in the e-commerce market as it helped E-commerce operators handle significant volumes of online transactions on November 11 ("Double Eleven").

Kingdee capitalized on its first-mover advantage to establish itself as the leading vendor of SaaS Cloud services in 2016 and the first half of 2017. Commanding the largest shares in the Enterprise SaaS, SaaS ERP and SaaS Financial Cloud segments simultaneously, the Company became the first domestic software brand to overtake more established international software vendors. As Mr. Xu Shaochun, the founder and chairman of Kingdee International, said at the beginning of this year, "Kingdee's software business is gone, Cloud is our future. Kingdee Cloud is determined to be No.1 in the market." Kingdee International will never forget where it came from and is determined to move forward. The Company is dedicated to providing more than 6.8 million corporate customers and over 80 million users throughout the world with the most trustworthy products and services.

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About Kingdee

Kingdee International Software Group Company Limited ("Kingdee International") was established in 1993. It is listed on the Main Board of the Hong Kong Stock Exchange (stock code: 268.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 serving enterprises and strives to provide them with the most trustworthy services platform.

As a leading enterprise Cloud services provider in China, Kingdee International has commanded the largest share in the ERP sector for fast-growing enterprises for 13 consecutive years and grasped the biggest share in enterprise-grade SaaS Cloud services industry. Its Cloud services and products are the most preferred choices in the market. They include Kingdee Cloud (Cloud management services for medium and large-sized enterprises), Kingdee Jingdou Cloud (one-stop Cloud services platform for micro and small-sized enterprises) and Guanyi Cloud (Cloud services for E-commerce operators). With its strengths in management software and Cloud services, it provides services and products to more than 6.8 million enterprises, government agencies and other organizations around the world.

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