



Kingdee IR Newsletter

4Q 2017

Summary of Operating Activities during the Period



IDC Affirms Kingdee's Leadership in China's Enterprise SaaS Market in 2017

Kingdee retained its position as the largest 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 also ranked first in IDC's study of the Chinese SaaS market in 2016. Moreover, it outpaced domestic and overseas peers to become

the leader in China's SaaS ERP and SaaS Financial Cloud markets and commanded 18.25% and 46% market shares in the respective markets. These achievements clearly reflected Kingdee's undisputed leadership in China's enterprise-grade SaaS application market. The milestones not only highlighted the Company achievement in becoming the first domestic software vendor to overtake more established international counterparts, but also exemplified its technology leadership. As Mr. Xu Shaochun, the founder and chairman of the board of Kingdee, said at the beginning of 2017, "Kingdee's software business is gone, Cloud business is our future. Kingdee Cloud is determined to be No.1 in the market."



Kingdee's Unveils New Logo and Business Strategies



On 15 October, the 2017 Chinese Management-World Forum and Kingdee Customers Day commenced in Shanghai. During the event, Kingdee officially unveiled its new logo, corporate image and new development strategies. While maintaining Kingdee's long-term vision, the new logo incorporates several new designs. Four colorful spots in different sizes, which symbolize the basic element of Cloud – water droplets denote unlimited possibilities and great flexibility of nature and the inexhaustible potential of the Company and its individual members.

Kingdee's Unveils New Logo and Business Strategies (Cont'd)

The new logo reflects an energetic and open image and a win-win situation in the Cloud Age. The four spots also stand for its customers, staff, partners and stakeholders. Each spot represents the combined efforts of the Company and its staff, their interactions and enormous potential. Mr. Xu Shaochun stressed at the ceremony to mark the release of its new logo that Kingdee is determined to help enterprises unleash their potential and create an ecosystem for its users, partners and stakeholders to pursue their common interests..



Chinese Management World Forum & Kingdee Customers Day 2017 opens in Shanghai

On 15 October, the 2017 Chinese Management World Forum and Kingdee Customers Day was held in Shanghai. More than 3,000 political, business and academic leaders as well as industry leaders attended the events. On 15 October, the 2017 Chinese Management World Forum and Kingdee Customers Day was held in Shanghai. More than 3,000 political, business and academic leaders as well as industry leaders attended the events.



They included Mr. Long Yongtu, Chief Negotiator for China's accession to the World Trade Organization and Chairman of Chinese Management World Forum; Ms. Chen Chun Hua, Professor of National School of Development at Peking University; Mr. Xu Zhijun, Rotating CEO of Huawei; and Mr. Xu Shaochun, the founder and Chairman of Kingdee. During the event, the Kingdee unveiled its new corporate logo and launched its AI financial assistant based on Cloud computing technology. Going forward, it will create a Cloud-based ecosystem through Cloud and AI technology.



2017 Award Presentation Ceremony for CMMR Held in Shanghai

The 10th Award Presentation Ceremony for Chinese Management Model Research (CMMR) was grandly held in Shanghai in the afternoon on October 14. Mr. Long Yongtu, Chief Negotiator for China's accession to the World Trade Organization; Ms. Chen Chunhua, Co-initiator and first Rotating Chairperson of Chinese Management Model 50 Forum (C50 Forum), Professor of National School of Development at Peking University; and Mr. Xu Shaochun, Co-founder and first Entrepreneur Convener of C50 Forum, the founder and chairman of the board of Kingdee, attended the ceremony. They were joined by the management scholars from top business schools such as Peking University, Renmin University of China, Fudan University, Nankai University, Central University of Finance and Economics, Southeast University, as well as more than 1,000 representatives from various enterprises. This year's event featured the theme of "Digitalization for Survival and Redefining Management". Eight out of 73 enterprises were singled out and presented

2017 Award Presentation Ceremony for CMMR Held in Shanghai (Cont'd)

various awards. UBTECH, Guangzhou EHang Intelligent Technology, Makeblock and Mobike Technology received the awards for Chinese management model with highest potential. Meanwhile, Beijing Jingdong Financial Technology, Royole, iFLYTEK and OPPLE Lighting won the awards for Chinese management model with outstanding performance.



Kingdee Joins Series A+ Funding in PerceptIn

PerceptIn, a startup in Silicon Valley focusing on the provision of solutions for robotization, announced that it had secured a new round of funding from Kingdee, a leading enterprise Cloud services provider in China, following those from Walden International, Matrix Partners China and Samsung. Established in March 2016, PerceptIn leverages SLAM technology to provide visual intelligence solutions for robotization, including various state-of-the-art autonomous mobility functions such as mapping, simultaneous localization, path planning, object recognition, multi-sensor information fusion and obstacle avoidance. In the next five years, PerceptIn aims to become a core robotic technology services provider to Kingdee and support the development and promotion of its AI assistant known as “Little K”, exemplifying the company’s progress towards robotic process automation. The platform of enterprise Cloud management services will hence be extended from PC and mobile terminals to autonomous mobile terminals, and allow users to seek advice and guidance anytime and anywhere to resolve problems. “Little K” will be able to initiate and offer services to the users, making it the standard for enterprise Cloud management tools and customized assistants for users at different management roles.



Kingdee Wjia Cloud Becomes the First Domestic Property SaaS Cloud Services Provider to Get ISO 27001 Certification, Setting New Information Security Standards for the Sector

Kingdee Wjia Cloud recently obtained the ISO27001 certification for its information security management system from the British Standards Institute (BSI), an internationally renowned and authoritative assessment organization. It became the first domestic property SaaS Cloud services provider to obtain the new version of ISO27001: 2013 certification. As the internationally recognized standard for information security management system, ISO27001 attaches great importance to risk management for protecting the information of enterprises and their customers. Through regular risk assessments and effective control measures, ISO27001 ensures the sustainability of information security management system. The ISO27001 certification reflects that Kingdee Wjia Cloud not only attaches great importance to customers’ information security and its service commitment, but also showcases its capability in maintaining the information security of its customers and service availability.



The Sky's The Limit - Kingdee Drives Digitalization of Real Estate Industry

The “CIO Seminar on Digitalization of Real Estate Industry – Big Data and Cloud Technology Drive the Future” was held at Kingdee Software Park in Shenzhen. More than 40 CIOs of real estate enterprises throughout China came to exchange their views on the digitalization of the sector with product directors from Kingdee’s Real Estate Division, the next generation of Kingdee Cloud platform and CloudHub.



Mr. Sun Yanfei, President of Kingdee Software (China) delivered speech on the occasion and noted that the current business and enterprises management model was undergoing a major change, with digital technology being widely applied during their transformation. Digitalization has become an increasingly indispensable tool to maintain enterprises’ vitality.



Kingdee’s Four Intelligent “Black” Technologies Demonstrated at Internet Conference of Yunnan

The 3rd Internet Conference of Yunnan featuring the theme of a “New Start, New Opportunities and New Functionalities” kicked off at the China Pavilion of the Kunming World Expo. Numerous senior government officials, business leaders in the Internet sector, leading entrepreneurs from different industries in Yunnan and top-notch tech talents attend the event. The participants shared their insights on the digitalization of enterprises in the province and explored ways to implement intelligent applications of technology. As a leading player of China’s software industry, Kingdee was invited to attend the conference. The Company introduced four “black” technologies for intelligent enterprise management to the visitors and demonstrated how Big Data technology has helped its customers to successfully run their businesses. During the demonstration, visitors were shown the demo of Kingdee Cloud in a local production facility and the application scenario for intelligent manufacturing in the future. Kingdee also showcased how its EAS system could be used to help an enterprise group to implement digitalization, deploy Kingdee’s AI Financial Assistant 2.0 and launch new services of CloudHub Mobile Office. Visitors also saw the simulated services offered by the one-stop, integrated intelligent invoicing Cloud based on Big Data technology.



Dialogue between Bai Yansong and Xu Shaochun: Smashing the Old for the New, Eliminate False Accounting



On 19 December, the New Year Gala for Entrepreneurs and Municipal Government Officials in Shenzhen and the Award Presentation Ceremony of Top 100 Market Leaders in Shenzhen was held at Shenzhen Stadium. The events attracted senior officials of Shenzhen Municipal Government and the CPC Shenzhen Municipal Committee, the management of Shenzhen Enterprise

Confederation, and thousands of entrepreneurs and guests from different walks of life to attend. Mr. Bai Yansong, a well-known commentator from CCTV, hosted the events and had an exciting dialogue with Mr. Xu Shaochun, the founder and chairman of the board of Kingdee, on the topic of “Innovative Entrepreneurship”. When Mr. Bai asked the entrepreneurs how they saw entrepreneurship, Mr. Xu used a hammer to interpret Kingdee’s development over the past 24 years and said he hoped the Company would strive hard to eliminate false accounting.

Selected New Contracts Signed in Q4

Customers	Products	Industry/Sector
Shenzhen Textile (Holdings) Co., Ltd.	EAS	Manufacturing
China Merchants Port Holdings Co., Ltd	EAS	Social Services
Shenghui Logistics Group Co., Ltd.	EAS	Transportation
Guo Shi Group Co., Ltd.	EAS	Construction and Real Estate
OTAX Electronics (ShenZhen) Co., Ltd	Kingdee Cloud	Others
AVIC-Tech (Xiamen) Electric Power Technology Co., Ltd.	Kingdee Cloud	Manufacturing
Quanzhou Hengyi Machine Co., Ltd	Kingdee Cloud	Manufacturing
WETEC	Kingdee Cloud	Others
The Economic Daily	K/3 WISE	Public Utility

Analyst Reports

Date	Institutions	Rating	Target Price
Oct 2017	Guosen Securities	Buy	HKD 5.83
Oct 2017	Guotai Junan	Overweight	HKD 5.30
Oct 2017	Nomura Securities	Buy	HKD 5.00
Oct 2017	Jefferies Group LLC	Buy	HKD 4.80
Oct 2017	Everbright Securities	Buy	HKD 4.70

Investor Conference Calendar

Date	Event	Location
Oct 14-15, 2017	Kingdee Customers Day 2017 & Chinese Management-World Forum	Shanghai
Oct 16-18, 2017	Roadshow Organized by Everbright Securities	Shanghai
Oct 26, 2017	GF Securities Investor Conference	Shenzhen

Date	Event	Location
Oct 31, 2017	Citi China Investor Conference	Macau
Nov 1-2, 2017	Jefferies Investor Conference	Hong Kong
Nov 8, 2017	Gelonghui Hong Kong Stocks Investment Summit	Shenzhen
Nov 9-10, 2017	Daiwa Investment Conference	Hong Kong
Nov 13-14, 2017	J.P. Morgan Investor Conference	Hong Kong
Nov 16-17, 2017	Morgan Stanley Investor Conference	Singapore
Nov 20-22, 2017	Roadshow Organized by Tianfeng Securities	Beijing
Nov 21, 2017	Gelonghui "Battles in HK Market" Strategy Conference	Shanghai
Nov 23, 2017	Guotai Junan Investor Conference	Shenzhen
Nov 23, 2017	Shenwan Hongyuan Securities Investment Summit	Shanghai
Nov 29, 2017	Industrial Securities Investment Summit	Shanghai
Dec 04-12, 2017	Non-deal Roadshow	Northern America
Dec 06, 2017	CCB International Internet and Financial Technology Conference	Hong Kong
Dec 07, 2017	Guoyuan Securities Investment Summit	Shenzhen
Dec 10, 2017	Huaan Securities Investment Summit	Xiamen
Dec 19-20, 2017	Guoyuan Securities Investment Summit	Hefei
Dec 22, 2017	China Securities Investment Summit	Shenzhen

(0268.HK) Information

Closing Price (19/01/2018)	HKD 4.74
52 Week Range	HKD 2.92 – 4.94
Market Cap	HKD 13.76 Billion
Shares Outstanding	2.905 Billion Shares
Listing Date (Main Board)	20/07/2005

2017 Interim Results Review

Revenue (RMB' mil)	1,054.66	% of Turnover
-ERP business	771.84	73.18%
-Cloud services business	282.82	26.82%
Gross Profit Margin	80.1%	
R&D Costs of Total Revenue	16.97%	
Net Profit	106.44	
Cash and Cash Equivalents	1,175.93	

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