



Kingdee IR Newsletter

4Q 2018

Summary of Operating Activities during the Period

Kingdee was selected as an authorized platform services provider for SMEs in Shaanxi to promote enterprise Cloud adoption in the province.

After more than three months of on-site investigations, expert reviews and the publication of public notices, the Shaanxi Provincial SME Services Center has picked Kingdee Software (China) Co., Ltd. ("Kingdee") as an authorized platform services provider for SMEs in Shaanxi Province. It became the only nationwide enterprise management software vendor in IT consulting sector. The Shaanxi Provincial Department of Industry and Information Technology, the Shaanxi Provincial SME Promotion Bureau and the Shaanxi Provincial Department of Finance have issued the "Measures for the Administration of Service Subsidy Vouchers for Micro and Small-sized Enterprises ("MSEs") in Shaanxi Province". Pursuant to them, the local government will procure pre-agreed social services through contracted service providers from MSEs with a subsidy cap of RMB20,000 for each service item. This initiative is aimed at accelerating the promotion of business innovations and management reform, thereby driving Cloud adoption and digitalization of local enterprises. Being an authorized platform services provider for the SMEs in Shaanxi Province, Kingdee will provide IT consulting services to local SMEs, helping them to implement digital transformation and to pursue further growth. In order to achieve these goals, we will strength our service functions, further enhance our service capabilities, and innovate our services and products so as to deliver the best services to them.

Robert Xu was named the Most Influential Shenzhen Entrepreneur in China in recognition of his contributions to the country's economic reform and opening-up over the past 40 years.

While China celebrated the 40th anniversary of its economic reform and opening-up, the Federation of Shenzhen Commerce, the Shenzhen General Chamber of Commerce and the Shenzhen Economic Daily jointly hosted a grandiose event to pay tribute to Shenzhen businessmen who had made significant contributions to the country's economic reform and opening-up over the past 40 years. It was aimed at expressing appreciation to Shenzhen entrepreneurs for their dedication, entrepreneurship and achievements, and encouraging other businessmen in the city to pursue innovations and strive for excellence. Robert Xu, the founder and chairman of Kingdee, was named the outstanding business leader in Shenzhen, along with Ren Zhengfei, the president of Huawei Technologies; Wang Shi, the founder of China Vanke; and Ma Huateng, the chairman and CEO of Tencent Holdings.



Kingdee teamed up with HBIS Group and Huawei and signed a cooperation framework agreement with them for joint development of an industrial Internet platform.

On 19 December, HBIS Group, Huawei and Kingdee signed a framework agreement in Shenzhen for joint development of an industrial Internet platform. They will leverage their respective strengths to create an industrial Internet platform for steel industry, thereby driving the digital transformation of the sector. The signing ceremony was attended by Yu Yong, the secretary of CPC committee and chairman of HBIS Group; Xu Zhijun, the rotating chairman of Huawei; and Robert Xu, the founder and Chairman of Kingdee. This strategic cooperation will combine their respective resource leadership and core competence in digital solutions for steel industry, communication technology for intelligent equipment, and IT applications, thus enabling them to jointly create new competitive edges in industrial Internet. Meanwhile, the three companies will also give full play to their respective technological leadership to facilitate the adoption of Cloud technology in HBIS Group's IT platform and improve the intensive utilization level of its IT resources.



Kingdee signed strategic cooperation agreement with Appotronics, helping the latter to showcase its strengths in international market.



Kingdee Software (China) Company Limited ("Kingdee") and Shenzhen Appotronics Corporation Limited ("Appotronics") signed a strategic cooperation agreement on 4 December 2018. Pursuant to it, Kingdee will help Appotronics to develop market benchmarks for the laser display industry which are comparable with international standards, hence leading the digital transformation and strategic upgrading of domestic LD enterprises. Both parties will

conduct in-depth research on enterprise digitalization and explore its applications. In addition, they will engage in a series of collaborations to develop and share with each other a comprehensive digital platform of international standards and help domestic enterprises to implement digital transformation.

Wens Group makes use of Kingdee Cloud Cosmic to pursue digital transformation and ensure its long-term growth.

Kingdee Software (China) Company Limited ("Kingdee") and Wens Foodstuff Group Company Limited ("Wens") entered into an agreement at the latter's headquarter on 14 December for a strategic cooperation between Wens and Kingdee Cloud Cosmic. The signing ceremony was attended by Lin Jianxing, the CFO and general manager of IT center at Wens; Sun Yanfei, the CEO of Kingdee China; Yang Ming, the senior vice president and general manager of Guangdong operations at Kingdee China; and Li Xuchang the vice president and general manager of commercial services at Kingdee China. Kingdee Cloud Cosmic will help this giant with a market capitalization of more than RMB100 billion to carry out digital transformation. Based on the unique management model of Wens' agricultural operations and Kingdee Cloud Cosmic platform, both parties will jointly explore and develop the management, business and service system to help Wens transforming into a modern agricultural enterprise. Moreover, they will explore how to make use of the "Internet Plus" initiative to further Wens' business reform.



Robert Xu called on the Shenzhen Accounting Association to serve its members wholeheartedly.

On 11 December, the fifth meeting of the first session of the board of the Shenzhen Accounting Association was held in Kingdee Software Park. Senior management from a number of famous enterprises, including Kingdee, China Vanke and ZTE, gathered together to exchange views on the development of the association. They summarized the progress and achievements of the association's work since its establishment and discussed its development direction and major tasks for the future. Robert Xu, the president of the Shenzhen Accounting Association and the chairman of



Kingdee, delivered a speech to the audience after being briefed on the work report. He pointed out that it is necessary to create value for the association and improve its management level. "Similar to business management, if internal management is executed well, external competitiveness will be enhanced and management will become more competitive." In addition, it is important to remain true to our aspirations and serve our members wholeheartedly.

Kingdee teamed up with Alibaba Cloud to expand industrial Internet business after its Digital Factory had been named the latter's partner.



Kingdee was named a partner of Alibaba Cloud's Industrial Internet Platform at the 2018 Guangdong Computing Conference held on 22 November in Guangzhou. Hence, the Company's K/3 Digital Factory has been incorporated in Alibaba Cloud's IoT ecosystem. Both of Kingdee and Alibaba Cloud will work together to develop the application standards for industrial Internet. In view of the rapid development of IoT, Alibaba Cloud strives to develop the most comprehensive integrated Cloud enablement platform in the market and an IoT market with the most extensive value chain. Moreover, it will

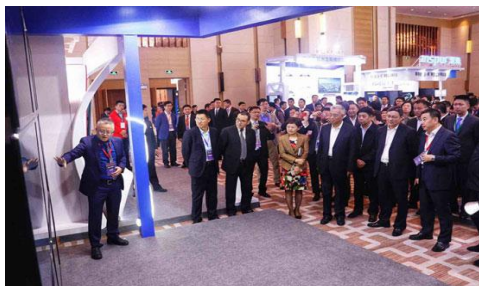
team up with its partners to formulate the most open IoT standards. The incorporation of Kingdee K/3 Digital Factory into the Link Market of Alibaba IoT will enable the Company to offer enterprises one-stop solutions for their products and applications. We can make use of Alibaba Cloud IoT's platform to help customers to integrate application layer, platform layer, edge layer and bottom layer. Both of us can hence create a complete ecosystem for industrial Internet, jointly explore the ways to realize smart manufacturing and set examples for Chinese enterprises in this regard.

Kingdee Finance grasped the "2018 Financial Innovation Award" in recognition to its contributions to improvements in the financial efficiency of privately-owned micro and small-sized enterprises.

The "2018 China Financial Annual Conference" jointly organized by the Shenzhen Municipal Government Financial Services Office and the Southern Daily was held in Shenzhen on 27 November. Kingdee Internet Finance ("Kingdee Finance") outperformed more than 100 participating financial institutions in technological innovation capabilities and grasped the "2018 Financial Innovation Award" along with China UnionPay.



Kingdee' s "digital twin" applications unveiled at the China Industrial Internet Conference drew the attention of the vice governor of Guangdong.



Kingdee unveiled K/3 Digital Chemical Factory at the China Industrial Internet Conference held in Guangzhou Province on 23 November. A day ago, it was named a cooperation platform of Alibaba's Feilong Industrial Internet Platform. Chen Liangxian, the vice governor of Guangdong Province, visited Kingdee's exhibition booth before the opening of the China Industrial Internet Conference. He was briefed on the applications of the Company's "digital twin" products, including K/3 Digital Chemical Factory, and showed great

appreciation of the achievements made by Kingdee in digital transformation.

Strategic investment in Xinren Xinshi helps Kingdee to accelerate its expansion into HR Cloud services market.

Kingdee International Software Group Company Limited ("Kingdee") announced on 21 November that it had made a strategic investment in Xinren Xinshi, a HR Cloud services provider. This marks another important milestone for the Company's development of enterprise Cloud services ecosystem following its strategic investment in FXiaoKe, the top brand in China's CRM market. "Xinren Xinshi is a dark horse in the HR Cloud services market for SMEs. It experienced phenomenal growth in a short span of three years with great potential to grow, as its founding team is driven by a strong sense of mission coupled with a deep understanding of HR requirements by SMEs. They stay dedicated and committed to the provision of enterprise Cloud services. The strategic investment in Xinren Xinshi will reinforce Kingdee's leadership in Cloud services industry and accelerate our transformation towards Cloud services," said Robert Xu, the founder and chairman of Kingdee. Due to the great potential for large-scale delivery of its products, Xinren Xinshi has received wide recognition in the capital market. Since its establishment in 2015, Xinren Xinshi has completed more than three rounds of financings, including those from Sequoia Capital and Alpha Startups.

Kingdee and Tsingshan formed a strategic partnership to create a benchmark for digital transformation in stainless steel industry.



Kingdee International Software Group Company Limited ("Kingdee") entered into a comprehensive strategic cooperation agreement with Tsingshan Holding Group Co., Ltd. ("Tsingshan"), a globally leading stainless steel company, on 16 November. Kingdee will help Tsingshan to implement digital transformation and develop a global control and services platform at its headquarters, thereby creating a benchmark for digital transformation in the industry.

Kingdee and JA SOLAR signed strategic cooperation agreement to drive the digital transformation of PV industry.

On 19 November, Kingdee and JA SOLAR signed a strategic cooperation agreement at the latter's headquarter in Beijing. The Company will lend full support to JA SOLAR's digital transformation initiative. Both parties will conduct in-depth research on the digitalization of photovoltaic industry, and jointly build a digital platform to help the domestic photovoltaic sector to meet international standards and implement digital transformation. Kingdee will leverage its technological leadership to help JA SOLAR to improve its management standards through digitalization. The two sides will cooperate with each other in various aspects, including group management, operational management, digitization of production base, intelligent manufacturing, and the unification of mobile office portals, with an aim of making informatization as a major means to implement JA SOLAR's five strategies.





Kingdee signed strategic cooperation agreement with Fantasia to help the latter realizing the digitalization of finance.



On 12 November, Kingdee Software (China) Company Limited signed a strategic cooperation agreement with Fantasia Holdings Group at Kingdee Software Park in Shenzhen. Pursuant to it, Kingdee EAS' finance shared service center will provide system solutions to Fantasia for the sharing of the latter's financial data and the digitalization of its finance. Both companies will carry out in-depth cooperation in different areas, and Kingdee will help Fantasia to realize informatization and business

transformation of the entire group, customized integration of data and services. We will jointly develop and share with the market more trustworthy informatization solutions, thereby strengthening Fantasia's market leadership.



Robert Xu: The key to the integration of traditional business and digital business rests in entrepreneurs' adherence to their original aspirations.

"Remaining true to one's original aspirations and the determination to achieve them determine whether a traditional enterprise can succeed in the digitalization of its business," said Mr. Robert Xu, the founder and chairman of Kingdee International, at the Entrepreneur Summit of the World Internet Conference held on 8 November in Wuzhen. While small and medium-sized enterprises in western countries earmarked 1%-1.5% of their income for IT spending, their counterparts in China spent less than 0.5% of their income on IT. In his speech delivered at a forum featuring "Digitalized Economy in the New Age", he stressed that no matter whether a company goes digital or not, it is still a business. Therefore, the key to its success rests in people, and ultimately in our mind. Our original aspiration is to let our customers have the best user-experience."



Zero misorder and zero undelivered order! E-commerce transactions handled by Guanyi Cloud on 11 November 2018 surged 24.2% year-on-year to 267 million.

2018 saw the 10th anniversary of the establishment of Guanyi Cloud, an arm of Kingdee specializing in E-commerce SaaS business. Over the past decade, it has grown together with customers by helping them innovating their businesses. On 11 November 2018, it supported E-commerce sites to handle 267 million orders worth RMB54.9 billion, representing a year-on-year growth of 20.4% and 24.2% respectively. According to the estimate by Tmall, China's total online transactions on that day exceeded 1 billion, which were roughly equivalent to the total number of parcels delivered in the United States for 20 days or the total number of parcels delivered in the United Kingdom for four months. If they were lined up, they would have circled the Earth more than seven times. It is noteworthy that two out of ten parcels had been processed by Guanyi Cloud before they were delivered.



Fifty SaaS business founders gathered at Kingdee' s headquarters to explore the ways to jointly create an open ecosystem for enterprise Cloud services.



On 25 October, Kingdee International Software Group Company Limited ("Kingdee") and Cuiniuhui cosponsored the "Walk into Kingdee" forum. Fifty 2B SaaS business founders visited the headquarters of Kingdee and exchanged views with each other on the ways to jointly create a customer-centric and open ecosystem for enterprise Cloud services. In response to this initiative, Kingdee will open up its Cloud services platform and forge extensive cooperation with other SaaS enterprises. They will not only combine each others' respective specialties and resource advantages, but will

also complement with each other in terms of products, technologies and resources and make joint promotional efforts to achieve this goal.

Robert Xu aims to share his WeChat Subscription account with 6.8 million entrepreneurs.

On 30 October, Robert Xu, the founder and chairman of Kingdee, delivered a speech featuring “Sunshine on every enterprise” at the “Yanqi Lake Entrepreneurs Forum 2018”. His 20-minute speech met with more than 10 times of ovations. Meanwhile, he disclosed his WeChat Subscription account to the audience with an aim to establish heart-to-heart connection with 6.8 million entrepreneurs. Robert Xu said that Kingdee’s original aspiration is to serve the enterprise wholeheartedly, to become the most trustworthy enterprise platform, and let the sunshine shine on every enterprise and light up each other’s heart.

Kingdee and China Unicom signed a strategic cooperation agreement

Kingdee International Software Group Company Limited (“Kingdee”) signed a strategic cooperation agreement with China United Network Communications Corporation Limited (“China Unicom”) in Beijing. Senior management from both companies, including Liang Baojun, the vice general manager of China Unicom; Lin Feng, the senior vice president of Kingdee; attended the signing ceremony and exchanged views with each other on the future cooperation in enterprise Cloud adoption and industrial Internet. Li Guangju, the senior manager at China Unicom’s Government and Enterprise Customer Unit; and



Zhang Haijun, the vice president of Kingdee China and general manager of Kingdee Cloud ERP Business Unit; signed the cooperation agreement. Pursuant to it, China Unicom and Kingdee will establish a strategic partnership with each other and integrate their respective expertise and strengths to forge in-depth and extensive cooperation in promoting enterprise Cloud adoption throughout China. The cooperation includes the development of the platform for enterprise Cloud adoption, Cloud applications and services, access to customer data on Cloud platform, Cloud infrastructure collaboration and the sharing of customer resources.

Selected New Contracts Signed in Q4

Customers	Products	Industry
Ping An Tradition International Money Broking Co., Ltd.	EAS	Finance
Yonggao Co., Ltd.	EAS	Manufacturing
Yiling (Shanghai) Information Technology Co.,Ltd	EAS	Others
Bank of Chongqing Co.,Ltd	EAS	Finance
Shenzhen Shenhuitong Investment Holdings Co.,Ltd	Kingdee Cloud	Conglomerate
Shenzhen Jindaoyuan Leji Food & Beverage Co., Ltd	Kingdee Cloud	Others
Dalian Betta Trading Company	Kingdee Cloud	Wholesaling and Retailing
Shanghai Lanxi Health Service Co., Ltd	Kingdee Cloud	Manufacturing
Beijing Wangyoujuzhong Network Technology Co., Ltd.	K/3 WISE	Social Services

Analyst Reports

Date	Institutions	Rating	Price Target (HKD)
December 2018	Nomura	Buy	10.20
December 2018	Guangzheng Hang Seng	Recommend	8.48
November 2018	Orient Securities	Overweight	8.40
November 2018	Merrill Lynch	Buy	12.00
November 2018	CICC	Hold	7.10

Investor Conference Calendar

Date	Event	Location
21 December 2018	Hong Kong Commentator Luncheon	Hong Kong
17-18 December 2018	Nomura Roadshow	Japan
13 December 2018	Haitong Securities Strategy Conference	Shanghai
13 December 2018	GF Securities Annual Strategy Conference	Chengdu
11 December 2018	Gelonghui Hong Kong Stocks Investment Summit	Shenzhen
6 December 2018	Essence International Strategy Conference	Shanghai
6 December 2018	CCBI Investor Strategy Conference	Hong Kong
3 December 2018	Changjiang Securities Investor Conference	Hong Kong
29-30 November 2018	Huatai Securities Investment Strategy Conference	Shenzhen
22 November 2018	SWS Investment Strategy Conference	Shenzhen
16 November 2018	Citibank Investor Conference	Macau
15 November 2018	JP Morgan Investment Strategy Conference	Hong Kong
13 November 2018	CITIC Securities Investment Strategy Conference	Shenzhen
8 November 2018	Jefferies International Investment Strategy Conference	Hong Kong
3-11 October 2018	Jefferies International Roadshow	American

Closing Price (31/12/2018)	HKD 6.92
52 Week Range	HKD 3.72 – 11.34
Market Cap	HKD 23.54 Billion
Shares Outstanding	3.297 Billion Shares
Listing Date (Main Board)	20/07/2005

2018 Interim Results Review

Revenue (RMB' mil)	1,279.10	+21.3% Y-O-Y	% of Turnover
-ERP business	923.96	+19.7% Y-O-Y	72.24%
-Cloud services business	355.15	+25.6% Y-O-Y	27.76%
Gross Profit Margin	80.2%		
R&D Costs of Total Revenue	15.59%		
Net Profit	169.77		
Basic earnings per share	RMB 5.54 cents		
Cash and Cash Equivalents	744.05		

Contact Us**Kingdee International Software Group Investor Relations & Securities Dept.**

Fredrick Law	Director	Email : fredrick_law@Kingdee.com
Summer Gan	Director	Email : summer_gan@kingdee.com
Yoriko Huang	Manager	Email : yanni_huang@kingdee.com

PRChina Limited

Rachel Kwok David Shiu Aggie Fang	Email: kingdee@prchina.com.hk Tel: +852 2522 1838
--	--

