

【Press release】

For Immediate Release

Kingdee International (00268.HK) Announces 2018 Annual Results Revenue from Kingdee Cloud Surged 49.5% Y-o-Y

(13 March 2019, Hong Kong) **Kingdee International Software Group Company Limited** ("Kingdee" or the "Group", stock code: 00268.HK) today announces its annual results for the year ended 31 December 2018 (the "Reporting Period"). During the Reporting Period, the Group accelerated its efforts to promote technological innovation with recorded 21.9% year-on-year revenue growth. The Group's Kingdee Cloud business achieved substantial growth with revenue from Kingdee Cloud surged 49.5% year-on-year. The Group took steady steps towards Cloud transformation and further improved Cloud business ecology.

During the Reporting Period, the Group recorded total revenue of RMB 2.809 billion, representing a year-on-year increase of 21.9%. Cloud service continued to improve with revenue from Cloud service reached RMB 849 million, representing a year-on-year increase of 49.5%, accounted for 30.2% of the Group's total revenue; management software business maintained steady development, with revenue amounted to RMB 1.959 billion, up 12.9% year-on-year; the Group recorded gross profit of RMB 2.294 billion, up approximately 22.3% from a year ago. Its gross profit margin was approximately 81.7%; the Group recorded operating profit of RMB 453 million, representing a 7.7% year-on-year growth; profit attributable to the shareholders of the Company grew by 32.9% from a year ago to RMB 412 million; net cash inflow generated from operating activities was RMB 906 million, representing an increase of 9.9% year-on-year.

According to the sales revenue report on the Chinese enterprise-grade SaaS service providers for the first half of 2018 issued by IDC, Kingdee surpassed both of its domestic and foreign peers and ranked the first in the market. Moreover, it retained the largest market shares of enterprise-grade SaaS, SaaS ERM and financial Cloud sectors in terms of revenue for two consecutive years. In addition, Kingdee became the first Chinese enterprise SaaS Cloud service provider to be included in Gartner's "Market Guide for Cloud ERP for Product-Centric Companies".

In 2018, Kingdee was selected as the constituent of the Morgan Stanley Capital International ("MSCI") China Index. In addition, Kingdee was included in the Hang Seng Composite LargeCap & MidCap Index ("HSLMI") and the Hang Seng High Beta Index ("HSHBI") by Hang Seng Indexes in its latest quarterly review. Thus, Kingdee will be included in the eligible securities list of Shanghai Connect which reflects that Kingdee's investment value has been widely recognized by the market.

Revenue of “Kingdee Cloud Galaxy” surged 53.8% year-on-year, stellar product “Kingdee Cloud Cosmic” was launched

During the Reporting Period, revenue of “Kingdee Cloud Galaxy” increased by 53.8% year-on-year to RMB 605 million with a retention rate of customers continuing to maintain a high level that exceeded 95%. In addition to its deep cooperation with Huawei Cloud, JD Cloud and other IaaS service providers, Kingdee also signed contracts with Samsung, Han’s Laser, NetEase and other well-known enterprises. The Group responded to and took advantage of the opportunities arising from the government’s initiative to promote Cloud adoption by one million enterprises. Furthermore, it was included into the lists of recommended service providers by 15 provincial governments and 22 municipal governments.

In line with the trend of Industrial Internet, Kingdee has been working together with leading enterprises in different industries to further explore the reconstruction of value chains and gradually formed a unique cooperation model and Industrial Internet digital solutions. On 8 August, 2018, Kingdee launched epochal Cloud service platform for large enterprises, “Kingdee Cloud Cosmic”, the first domestically-developed enterprise-grade Cloud service platform in China based on Cloud-native infrastructure. Within half year after the product was launched, Kingdee has won contracts from Huawei, C&D, PetroChina International, Wens Group and other large conglomerates.

During Reporting Period, “Kingdee Jingdou Cloud” achieved revenue growth of 104.9%. In response to customer needs, it successively launched various WeChat mini-programs such as Cloud Accounting, Cloud Housekeeper and Cloud Inventory Management. The installation volume of Jingdou Cloud APP was over 100,000 in one year.

Cloud product for E-commerce platform “Kingdee Guanyi Cloud” continued to promote further integration with Kingdee’s products. The transaction flow handled by the system for the year exceeded RMB 140 billion. During the Double Eleven Shopping Festival in 2018, the orders processed by Guanyi Cloud accounted for approximately 20% of the entire network with “zero disorder and zero undelivered order”.

More than 7000 large scale enterprises including Haier, Hisense has subscribed to “Kingdee Cloud-Hub”, Cloud for intelligent collaboration. Cloud-Hub has gained the largest share of mobile office service market for large and medium-sized enterprises for three consecutive years. Indispensable to Kingdee Cloud's transformation strategy, Cloud-Hub undertakes important tasks such as internal collaboration, external connectivity and mobile portal.

During Reporting period, Cloud product for property management - “Wojia Cloud” strived to helping property enterprises to carry out digital transformation. By

integrating the resources of various businesses, it helped property service enterprises to provide more value-added services and to innovate and expand their operations. Nearly 1,000 new projects were added, which spread across 97 cities in China. It signed contracts with top 100 enterprises from different sector, including Shum Yip Holdings, Juhe Property and Financial Street Holdings. The services they offered ranged from residential properties, commercial properties, industrial properties, hotel apartments, innovative industrial parks, and cultural and creative communities.

With dual-mode IT as core driver, EAS revenue increased by 19.3% year-on-year

Focusing on "dual-mode IT, smart transformation", Kingdee EAS utilized 8 growth engines, i.e., intelligent sharing, global treasurer, tax management, s-HR, smart manufacturing, digital marketing, digital sourcing and large enterprise hybrid Cloud, to reach out to customers and help them to implement digital transformation, keep improving customers' stickiness.

In 2018, fruitful results were made in Kingdee EAS business for large enterprises and the industry market with revenue increased by 19.3%. The Company successfully signed contracts with Tsingshan Holding Group, Fantasia, SANY Group, and other leading enterprises. Kingdee EAS will continue to deepen cooperation with enterprises and expand Industrial Internet operation.

A number of strategic investments were made in tandem with each other, accelerating the incubation of the Group's business ecosystem

Up to now, Kingdee has participated in a number of investments in the Cloud sector, thereby further consolidating its leading position in enterprise Cloud services market. The Group made strategic investments in "FXiaoKe ", "Xinren Xinshi" to improve SaaS rollout; jointly established "Xinnong Hulian" with Wens Group, and invested in CRRC's subsidiary "GuoChuang Track Company" to conduct layout in Industrial Internet. Besides, the Group continued to incubate its business ecosystem, with Kingdee Auto Network received A-round financing from Souche Automotive Services Co., Ltd. These strategic investments were of great significance for facilitating the construction of Kingdee Cloud service ecosystem and accelerating Kingdee's transformation towards Cloud services.

According to Mr. Robert Xu, founder and chairman of the board of Kingdee, the next decade will witness a boom of the Industrial Internet. Making the most out of Robert Xu's Official Account, Kingdee will accelerate Cloud transformation, reach out to customers and power their success. Working with traditional business to shape the new advantages of Internet Plus and restructure industrial value chain, Kingdee will strives to provide them with the most trusted enterprise service platform.

~ The End ~

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: 00268.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 14 consecutive years, and has grasped the biggest share in the enterprise-grade SaaS Cloud services industry for the second year. In addition, Kingdee's diverse Cloud services and products are the preferred choices of leading enterprises. They include "Kingdee Cloud Cosmic" (an epochal Cloud service platform for large enterprises), "Kingdee Cloud Galaxy" (a digital innovative Cloud service platform for 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) and "Cargeer" (Cloud services for auto dealers). 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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