



# Kingdee IR Newsletter

3Q 2017

## Summary of Operating Activities during the Period

### Kingdee Announces 2017 Interim Results; Revenue from Kingdee Cloud Surges 70% Y-o-Y

(16 August, 2017) Kingdee International Software Group Company Limited (“Kingdee”; stock code: 268.HK) announced its unaudited interim results for the six months ended 30 June 2017 (the “Period”). During the Period, the Group capitalized on emerging opportunities brought about by China’s digital transformation to accelerate its transition towards Cloud services, while driving steady growth of its management software business. The Company achieved significant milestones in the development of its Cloud services business, with revenue from Kingdee Cloud for the Period growing 70% year-on-year and revenue from overall Cloud services (including Kingdee Cloud, Jingdou Cloud and Guanyi Cloud) climbing 45.1% from the same period last year (revenue from continuing operations grew 60.3% year-on-year). Contribution of Cloud services to the Group’s total revenue advanced to 26.8%.



During the Period, the Group recorded total revenue of approximately RMB1.055 billion, representing an increase of 15.5% year-on-year (excluding effects of disposed business, revenue from continuing operations would have increased 20.3% year-on-year). Of which, revenue from the Management Software business grew 7.5% to approximately RMB 772 million from a year ago (revenue from continuing operations increased 10.2% year-on-year). Revenue from Cloud services surged 45.1% year-on-year to approximately RMB 283 million (excluding effects of disposed businesses, revenue from continuing operations increased 60.3% year-on-year). The Group’s operating profit for the Period amounted to approximately RMB126 million, up 22.3% year-on-year. Profit attributable to owners of the Company for the Period was approximately RMB106 million and net profit margin attributable to parent company for the Period was approximately 10.1%. Basic earnings per share were RMB 3.715 cents. During the Period, net cash inflow generated from operating activities reached approximately RMB 234 million, representing an increase of 14.7% year-on-year.



## Kingdee Remains No.1 SME Application Software Provider for 13 Consecutive Years

Kingdee remained the No.1 application software provider for China's small and medium-sized enterprises ("SME") for 13 consecutive years, according to the China Semi-annual Sub-Regional Enterprise Applications Tracker (2H 2016) released by IDC, an authoritative international research agency.



The Company commanded the largest market shares in various segments, including enterprise resources management ("ERM"), customer relations management ("CRM") and supply chain management ("SCM")



## Donation of A Thousandth of Income from Kingdee Cloud to "Teach For China"



On 8 July 2017, Kingdee formed a partnership with "Teach For China" by signing a memorandum of cooperation with the charitable project in Shenzhen. Kingdee will donate 0.1% of revenue from Kingdee Cloud in the coming two years to support "Teach For China". On top of that, it will leverage the technical and resource advantages of its Cloud services to promote basic education in the areas lacking sufficient educational resources.



## Kingdee WoJia Cloud Named One of "Top 10 IT Service Providers for China's Property Management Sector"

The 16th China Property Management Annual Meeting and Forum, co-organized by China Property Management magazine, was recently grandly held in Chongqing. The event was attended by Mr. Steven Hoffman, a Silicon Valley entrepreneur, Mr. Shen Jianzhong, President of China Property Management Association, Mr. Wang Peng, Vice President and Chief Secretary of China Property Management Association,



Mr. Luo Yuling, President of Chongqing Property Management Association, together with nearly 1,000 guests from 34 local property management associations and property enterprises. Kingdee, China's leading enterprise Cloud services provider, was named one of the "Top 10 IT Service Providers for China's Property Management Sector". Mr. Xing Wenji, General Manager of Real Estate Division at Kingdee Software, attended the meeting.



## Mr. Robert Xu Makes Donation to Fund the Building of A Teaching Complex for His Alma Mater, Hoping the Students Aim High



A brand-new teaching complex, which was donated by Mr. Robert Xu, the founder of Kingdee and Chairman of the Board, stood on Yuanjiang Gonghua County Center Primary School. As Mr. Wang Yangming's motto goes, "No aspirations, no achievements." The complex was named by Mr. Robert Xu as "Li Zhi Building", which means the students should aim high and dedicate themselves to their goals.

He hoped they could contribute their efforts to realize the Chinese Dream. Yuanjiang Gonghua County Center Primary School is Mr. Robert Xu's "Alma Mater". While visiting it previously, Mr. Robert Xu found that the teaching complex to be obsolete and worried about the learning environment for teachers and students. Therefore, he decided to make donation to fund the building of the new teaching complex. The newly built teaching complex has 16 classrooms which can accommodate a total of 720 students. The teachers and students highly anticipate the completion of the new teaching complex. In addition to improving its educational facilities, Mr. Robert Xu is also concerned about teacher trainings. He said Kingdee will launch three plans to promote the extension of innate knowledge: (1.) Kingdee's education support program; (2.) Kingdee's nurturing the young scientist plan; (3.) Kingdee's teacher enhancement plan. They are aimed to promote the sustainable long-term educational development of his "Alma Mater".

## Selected New Contracts Signed in Q3

Customers	Products	Industry / Sector
Shenzhen Zhongran Technology Company Limited	EAS	Conglomerate
Guangdong Eastone Century Technology Co., Ltd.	EAS	Manufacturing
Beijing Outsell Health Product Development Co., Ltd.	EAS	Manufacturing
Chongqing Doyen Holdings Limited	EAS	Conglomerate
Sichuan Baixin Kangpin Trading Co., Ltd.	Kingdee Cloud	Wholesale and Retail Trade
Shenzhen Gomtels Science & Technology Co., Ltd	Kingdee Cloud	Others
Anhui Shiny-Horse Technology Co., Ltd.	Kingdee Cloud	Manufacturing
Shanghai Hongyi Industries Co., Ltd	Kingdee Cloud	Manufacturing
Shenzhen Qiaohua Industries Limited	K/3 WISE	Energy



## Analyst Reports

Date	Institutions	Rating	Target Price
Sep 2017	TF Securities	Buy	HKD 4.70
Aug 2017	CICC	Buy	HKD 4.0
Aug 2017	Everbright Securities	Buy	HKD 4.0
Aug 2017	Haitong Securities	Buy	HKD 3.88
Aug 2017	CCB International	Overweight	HKD 3.85
Aug 2017	Oriental Patron	Buy	HKD 3.8
Aug 2017	Nomura Securities	Buy	HKD 3.7
Aug 2017	TF Securities	Overweight	HKD 3.7
Aug 2017	Shenwan Hongyuan Securities	Hold	HKD 3.4

## Investor Conference Calendar

Date	Event	Location
17 Aug, 2017	2017 Interim Results Analyst Briefing	Hong Kong
17-18 Aug, 2017	CICC Roadshow	Hong Kong
21 Aug, 2017	Jefferies Roadshow	Hong Kong
29-30 Aug, 2017	Haitong Securities Roadshow	Beijing
31 Aug, 2017	Morgan Stanley Investor Conference	Beijing
6-8 Sep, 2017	Credit Suisse Investor Conference	Taiwan
12 Sep, 2017	Haitong Securities Investor Strategic Conference	Shanghai
13 Sep, 2017	China Securities International Investor Conference	Shanghai
13 Sep, 2017	TF Securities Roadshow	Shenzhen
22 Sep, 2017	China Securities International Investor Conference	Guangdong

## (0268.HK) Information

Closing Price (23/10/2017)	HKD 4.33
52 Week Range	HKD 2.78 – 4.48
Market Cap	HKD 12.62 Billion
Shares Outstanding	2.914Billion 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 Equivalent	1,175.93	

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