

Kingdee

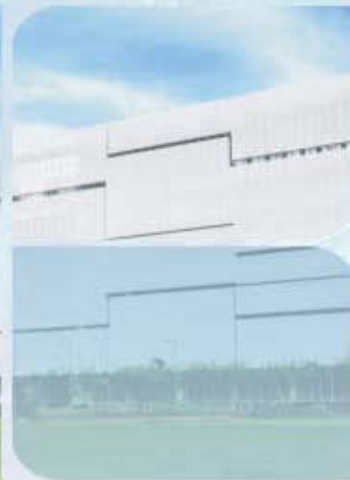
金蝶, 企业管理专家

Transformation, Integration and High Value

2010 Annual Results

金蝶国际软件集团有限公司

2011-3-16



A photograph of a modern building facade with a grid-like pattern of windows. The Kingdee logo, consisting of the word 'Kingdee' in blue and '金蝶' in black, is visible on the upper left side of the building. The sky is blue with some white clouds.

Agenda

- 2010 Financial and Business Review

- Industry Outlook & Future Development

- Appendix

- Q&A

2010 Results:

Total Revenue, up 44.1%

Service Revenue, up 51.5%

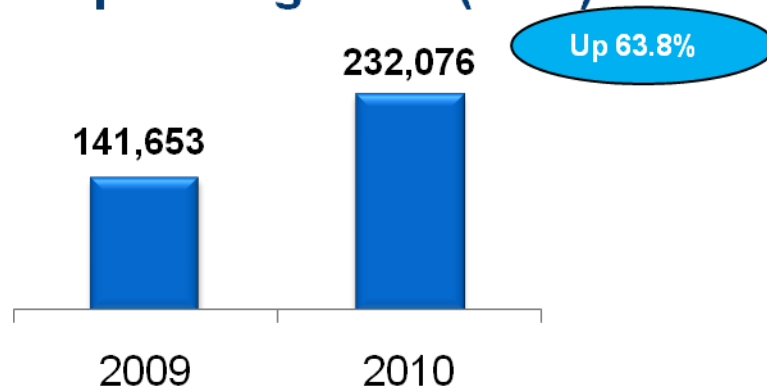
Operating Profit (excluding revaluation gains), up 63.8%

Total Assets, up 28.1%

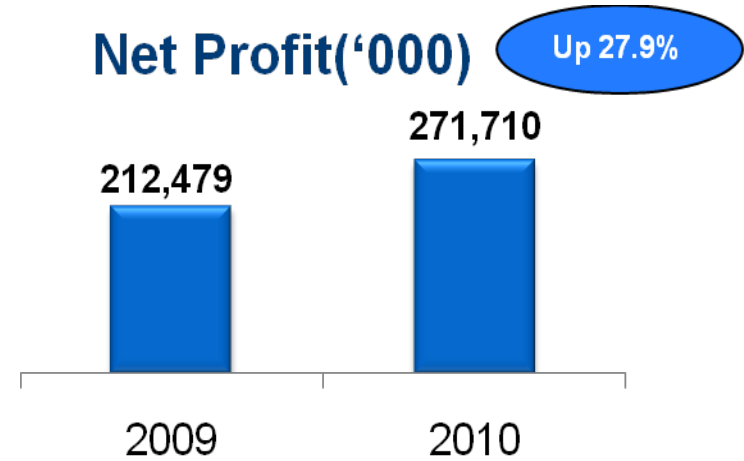
Proposed Dividend: HKD\$0.034/share, up 54.5%

Outstanding Performance in Earnings

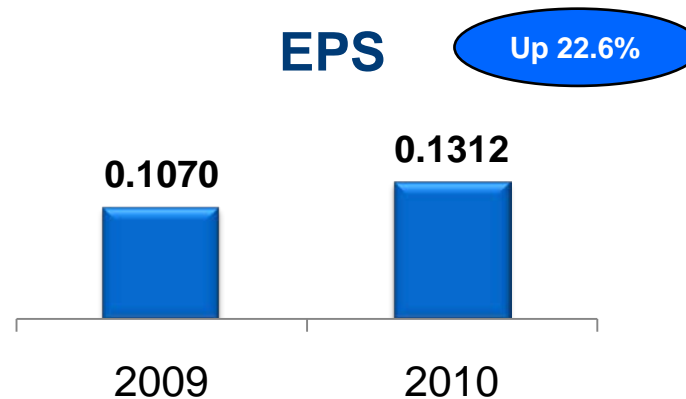
Operating Profit('000)



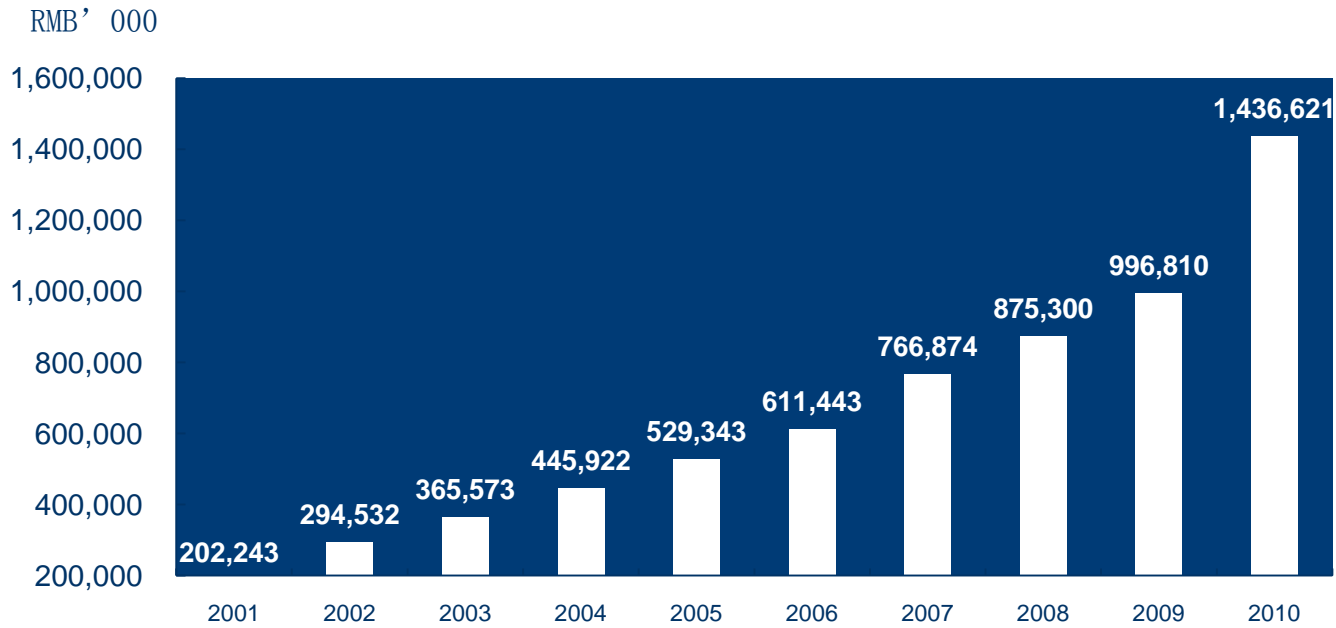
Net Profit('000)



EPS



Sustainable High Growth For A Decade



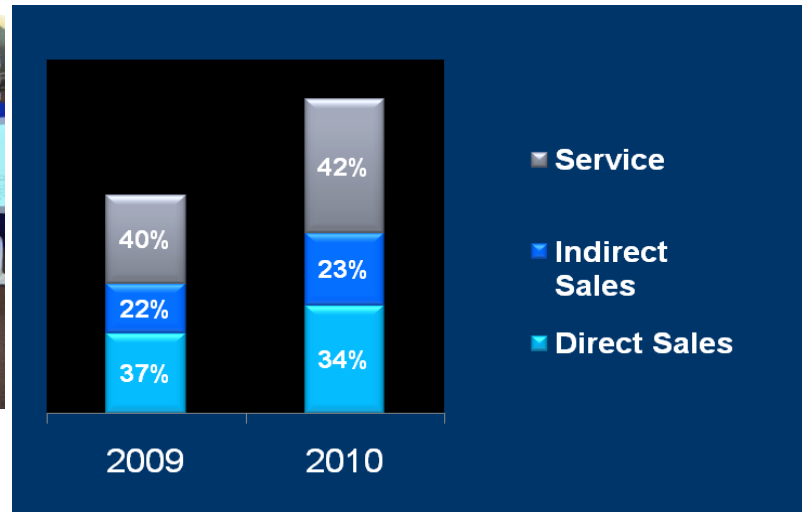
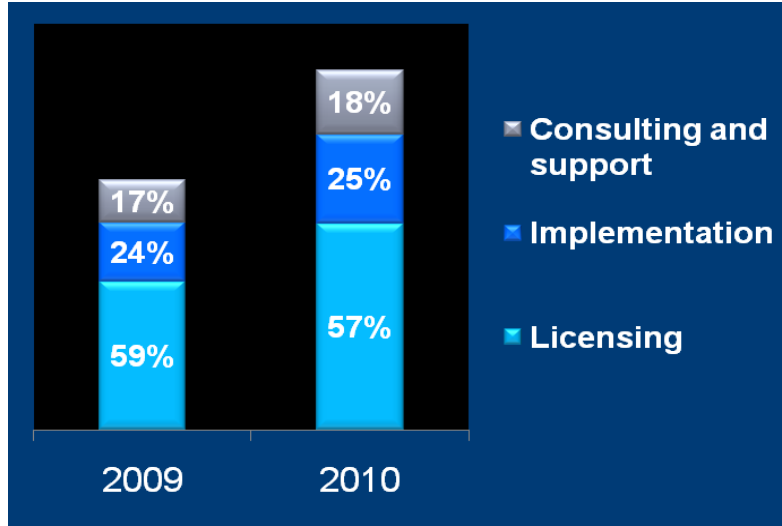
Annual growth rate

23% 46% 24% 22% 19% 16% 25% 14% 14% 44%

2001 - 2010 CAGR

Turnover
24.3%

Net Profit
28.8%



All Product Lines Achieved High Growth

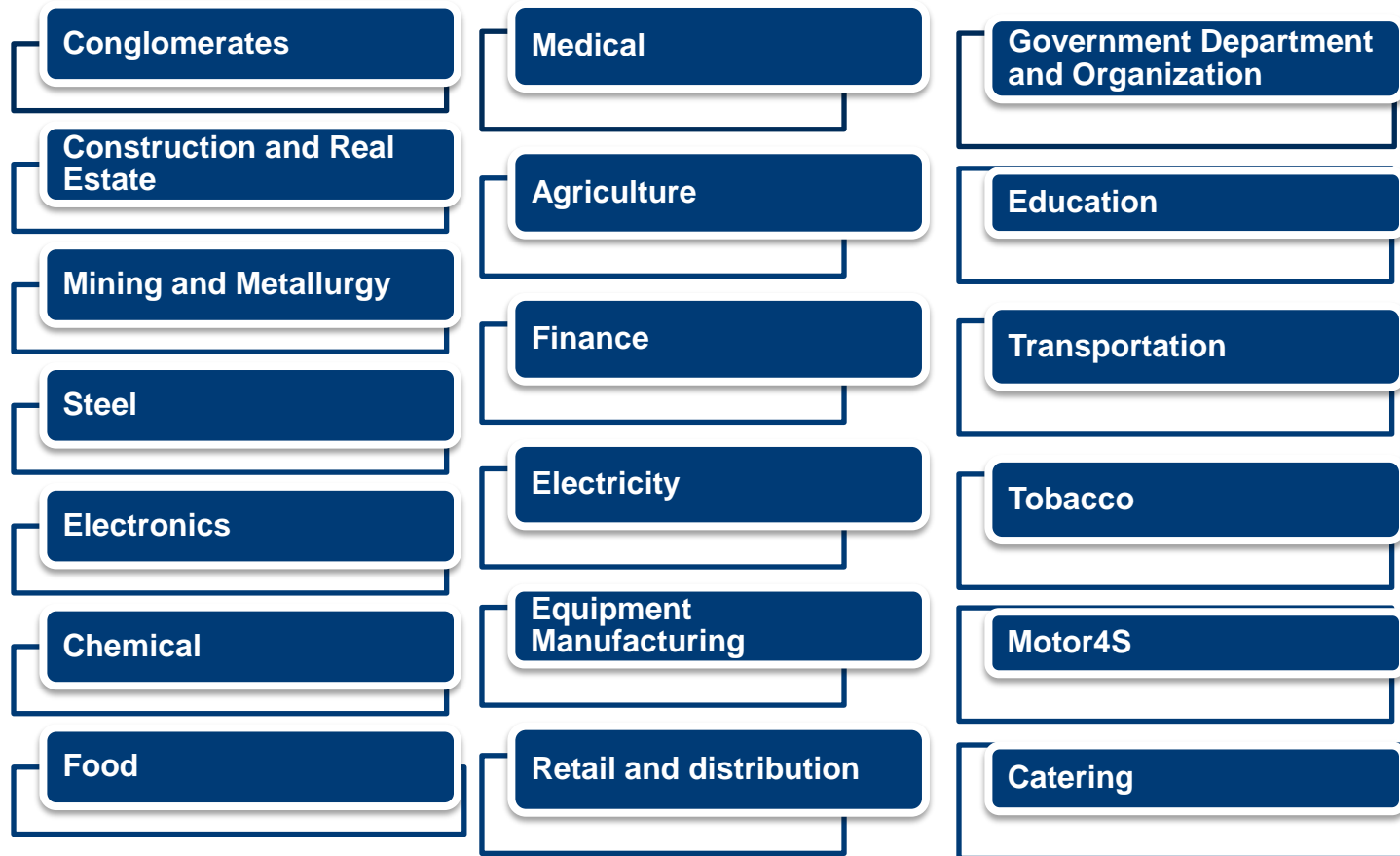
	2010 (RMB'000)	2009 (RMB'000)	%Change
KIS	132,895	96,485	37.7%
K/3	501,589	383,440	30.8%
-Software	288,878	226,906	27.3%
-Implementation	212,711	156,535	35.9%
EAS	408,534	263,808	54.9%
-Software	268,937	185,266	45.2%
-Implementation	139,596	78,542	77.7%
Apusic	63,959	36,391	75.8%
Consulting	18,405	9,292	98.1%
Total	1,125,382	789,416	42.6%

1. *Transform into a Management and IT Integrated Service Provider*

2. *Strengthen Frontline Competencies*

3. *Penetrate into Main Industries*

4. *Continue Strategic Investment and Acquisitions*

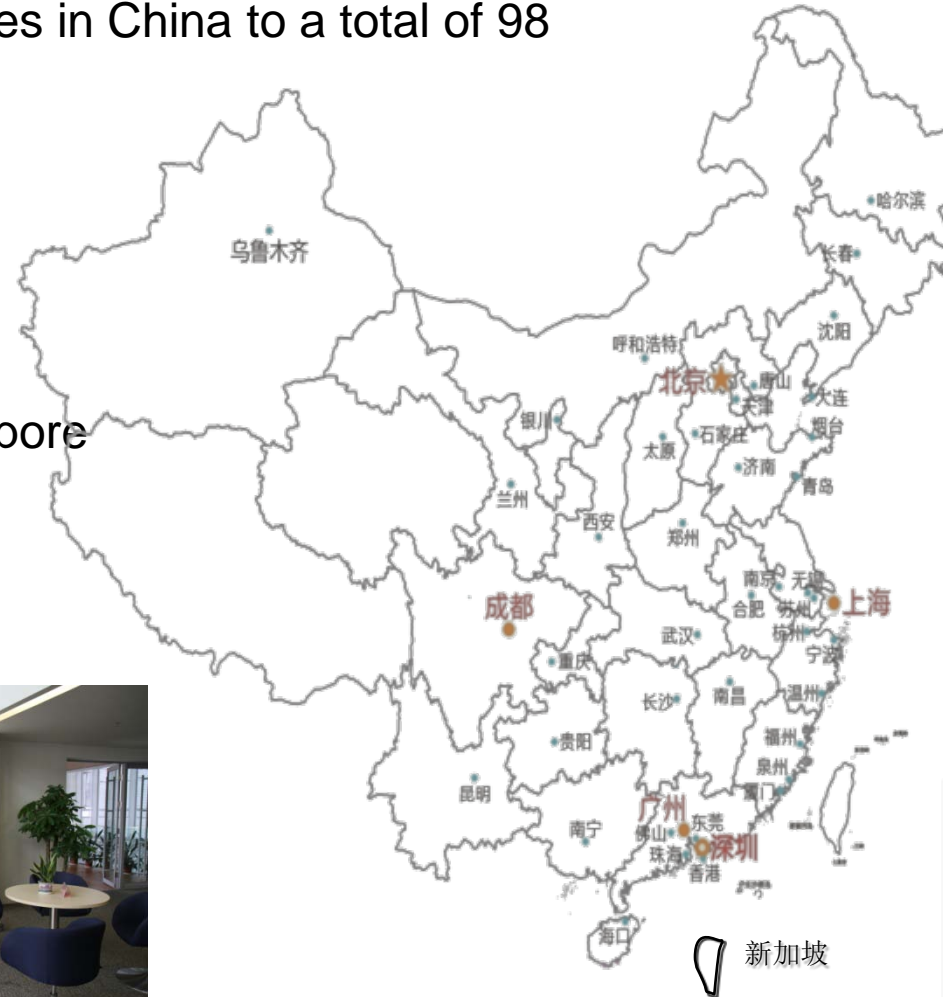


■ China

- Aggressively opened 46 new offices in China to a total of 98
- Over 1900 distribution partners

■ Asia Pacific

- Enhanced its business operation in Southeast Asia region
- Set up a new R&D centre in Singapore



■ Co-operation with IBM Global Business Service

- “Kingdee Software+ IBM Implementation Service”
- Kingdee Implementation Team under IBM GBS

■ Medical and Hospital Management Application Software Program

- Offering comprehensive solutions and a non-stop information management system for Chinese public medical and hospital system
- Clients include: Guangzhou Red Cross Hospital, Beijing Chao Yang Hospital, etc.

- In 2006, 2 acquisitions in Manufacturing industry and Online ERP
- In 2007, 1 acquisition in Taxation industry
- In 2009, 4 acquisitions in Retail, Fashion and Taxation industries and ERP channel
- In 2010, 5 acquisitions and 6 other small vendors
- Synergy effects have been created and will intensify over time

Year	Acquired Company	Industry	Integrated Product
2010	Jiama	Property Industry ERP	K/3 & EAS Property Solution
2010	Puwei	Manufacturing PLM	K/3
2010	Yiruan	Office & Administration	EAS, K/3
2010	Shishen	Catering	K/3
2010	Luoyang Kingdee	ERP Channel	ERP Solution

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Industry

1, **Chinese enterprises are under the stage of transformation**

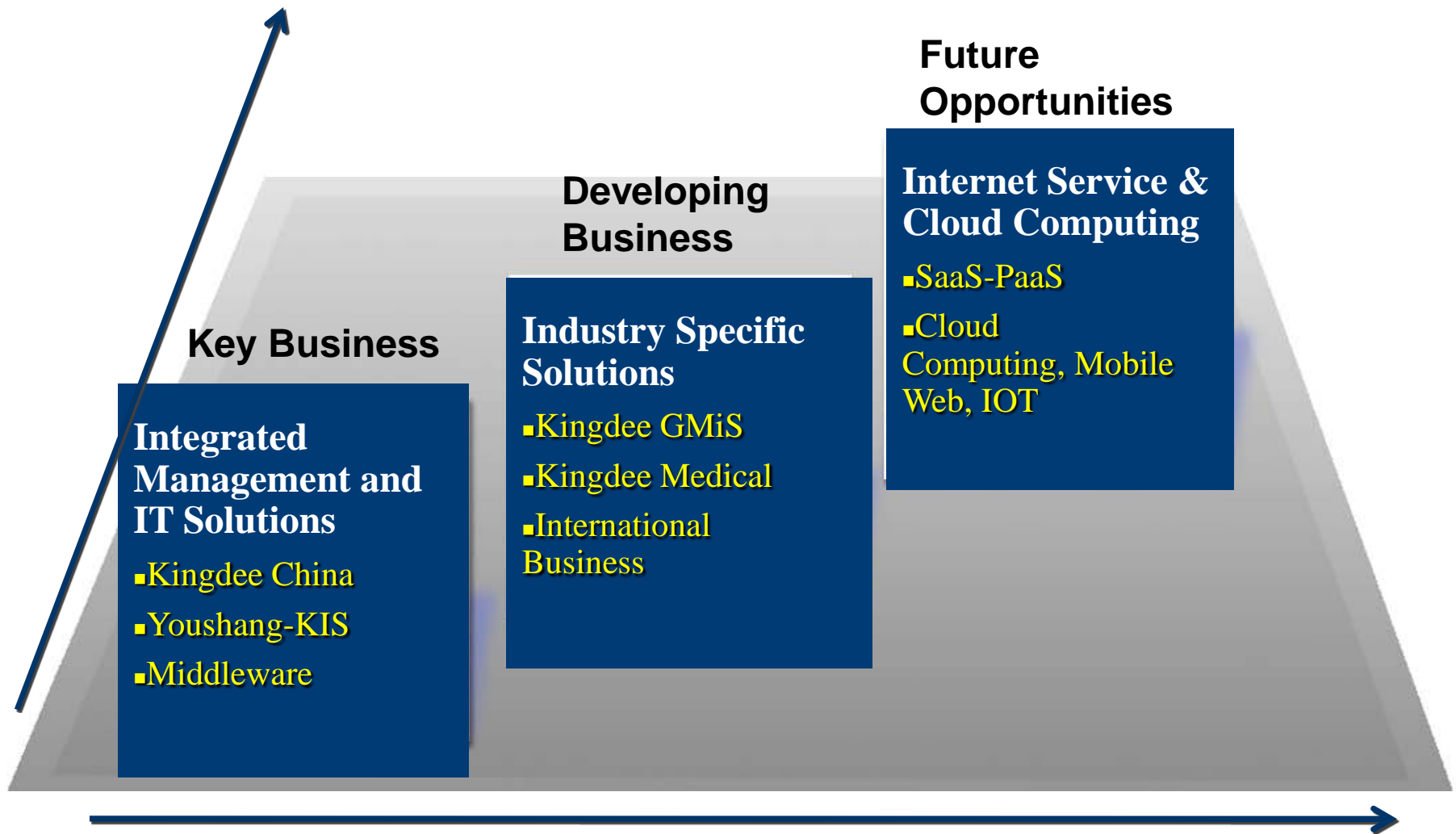
- Strategy : Intuitive Thinking→ Systematic Strategic Philosophy
- Operating : Extensive Management→ Delicacy Management
- IT: Role of an Instrument→ Strategic Asset
- Culture: Paternalistic→ Brotherhood
- Entrepreneur: Practical Worker →Thought Leader

2, **“The Twelfth Five-Year Plan” and “The New No.18 Government Document” stimulated the development of IT industry**

3, **Increasing demand for integrated management and IT consulting**

4, **Under-penetration in SME market and high proportion of new customers**

5, **Industry-specific products and services meet the demand of Chinese companies**



Providing Integrated IT Service Leveraged by Consulting

Developing New Industries through Acquisitions

Breaking through the SaaS for Small Enterprises

Expanding International Business (FDI, ODI, OS)



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<i>(RMB'000)</i>	2010	2009	Change (%)
Revenue	1,436,621	996,810	44.1%
Gross Margin	76.5%	78.1%	-1.6pts
Net Profit	271,710	212,479	27.9%
Operating Profit Excluding Revaluation Gains	232,076	141,653	63.8%
Operating Margin Excluding Revaluation Gains	16.2%	14.2%	2pts

Appendix - Strong Balance Sheet

<i>(RMB'000)</i>	2010	2009	Change (%)
Cash and Deposits	753,543	631,455	19.3%
Total Assets	2,258,258	1,763,123	28.1%
Borrowings/ Equity	12.3%	4.6%	7.7pts
Net Assets	1,548,325	1,252,060	23.7%

Appendix - Turnover by Sales Channel

	2010 (RMB'000)	% of Turnover	2009 (RMB'000)	% of Turnover	% Change
Direct sales	486,174	33.8%	363,862	36.5%	33.6%
In-direct sales	326,380	22.7%	220,113	22.1%	48.3%
Services	605,994	42.2%	400,118	40.1%	51.5%
- Consulting	18,405	1.3%	9,292	0.9%	98.1%
- Implementation	352,307	24.5%	235,077	23.6%	49.9%
- Training	11,295	0.8%	7,030	0.7%	60.7%
- Maintenance	223,987	15.6%	148,719	14.9%	50.6%
Others	18,073	1.3%	12,717	1.3%	42.1%
Total	1,436,621	100.0%	996,810	100.0%	44.1%

Appendix - Turnover by Segments

	2010 (RMB'000)	% of Turnover	2009 (RMB'000)	% of Turnover	% Change
Sales of software license	812,554	56.5%	583,975	58.5%	39.1%
Implementation service	352,307	24.5%	235,077	23.6%	49.9%
Consulting, training and maintenance service	253,687	17.7%	165,041	16.6%	53.7%
Others	18,073	1.3%	12,717	1.3%	42.1%
Total	1,436,621	100.0%	996,810	100.0%	44.1%

	2010 (RMB'000)	% of Turnover	2009 (RMB'000)	% of Turnover	% Change
Cost of sales	337,793	23.5%	218,785	21.9%	54.4%
Selling and marketing expenses	785,715	54.7%	523,219	52.5%	50.2%
Administrative expenses	162,161	11.3%	125,249	12.6%	29.5%
R & D expenses	121,325	8.4%	90,581	9.1%	33.9%

- Growth of large projects, expansion of sales force and recruitment of talents

	2010 (RMB'000)	2009 (RMB'000)	% Change
Advertising	134,546	86,519	55.5%
Sales promotion	62,846	47,824	31.4%
Sales commission expenses	94,869	66,972	41.7%
Salary of sales person	271,929	184,600	47.3%
Outsourcing service fee	82,709	48,439	70.7%
Rental and utilities	45,301	32,751	38.3%
Traveling	48,429	29,284	65.4%
Others	45,086	26,830	68.0%
Total	785,715	523,219	50.2%
% of Turnover	54.7%	52.5%	

	2010 (RMB'000)	2009 (RMB'000)	% Change
Salaries & staff welfare	179,488	146,969	22.1%
Provision for doubtful debts	1,782	2,896	-38.5%
Rental and utilities	10,130	9,765	3.7%
Depreciation	26,999	12,087	123.4%
Professional services	16,429	11,429	43.7%
Option expense	21,830	15,859	37.7%
Others	26,829	16,824	59.5%
Total	283,486	215,830	31.3%
% of Turnover	19.7%	21.7%	

Appendix - Other Gains

	2010 (RMB'000)	2009 (RMB'000)	% Change
VAT refund	151,605	88,463	71.4%
Fair value gains on investment properties & intangible assets	68,542	77,587	-11.7%
Others	50,844	14,214	257.7%
Total	270,991	180,264	50.3%

Q&A



Thank You!



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