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KINGDEE INTERNATIONAL SOFTWARE GROUP COMPANY LIMITED

金蝶國際軟件集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 268)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Sole Placing Agent

J.P.Morgan

On 21 August 2020 (before trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as agent for the Company, to procure places to subscribe for, or failing which to subscribe as principal, the Placing Shares at the Placing Price of HK\$17.82 per Placing Share.

The number of Placing Shares represent approximately 4.00% of the existing issued share capital of the Company as at the date of this announcement and approximately 3.85% of the enlarged issued share capital of the Company immediately following completion of the Placing (assuming there is no change in the issued share capital of the Company between the date of this announcement and completion of the Placing other than the allotment and issue of the Placing Shares).

The Placing Price of HK\$17.82 per Placing Share was determined on an arm's length basis between the Company and the Placing Agent and represents (a) a discount of approximately 7.6% to the closing price of HK\$19.28 per Share as quoted on the Stock Exchange on the Last Trading Day; and (b) a discount of approximately 7.4% to the average closing price of approximately HK\$19.25 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The Placing Shares are to be allotted and issued under the General Mandate. As such, the allotment and issue of the Placing Shares is not subject to additional Shareholders' approval.

Upon completion of the Placing, the gross proceeds to be raised from the Placing will be approximately HK\$2,375.1 million and the net proceeds (after deducting the placing commission and other related costs and expenses and professional fees) arising from the Placing are estimated to be approximately HK\$2,353.0 million. On this basis, the net price per Placing Share will be approximately HK\$17.65.

Application will be made to the Stock Exchange for the approval for the listing of, and permission to deal in, the Placing Shares. The Placing is conditional upon (among others) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Placing Shares).

As completion of the Placing is subject to the satisfaction or, if applicable, waiver of the conditions under the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

THE PLACING AGREEMENT

Date

21 August 2020 (before trading hours)

Parties

Issuer: The Company

Placing Agent: J.P. Morgan Securities plc

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent is a third party independent of the Company and its connected persons.

Placing

The Placing Agent has conditionally agreed to place, or procure the placing of, the Placing Shares at the Placing Price of HK\$17.82 per Placing Share, failing which it shall purchase the Placing Shares itself as principal, and will receive a placing commission in connection with its role as a placing agent. The placing commission payable to the Placing Agent under the Placing Agreement was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market commission rate for similar transactions. The Directors are of the view that the placing commission is fair and reasonable.

Placees

The Placing Agent will place the Placing Shares to not less than six professional, institutional or other investors who, together with their respective ultimate beneficial owners, will be third parties independent of the Company and its connected persons. It is expected that none of the Placees will become a substantial shareholder (within the meaning of the Listing Rules) of the Company immediately upon completion of the Placing.

Number of Placing Shares

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing (other than the allotment and issue of the Placing Shares), the number of Placing Shares under the Placing represents (i) approximately 4.00% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.85% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$3,332,000.

Placing Price

The Placing Price is HK\$17.82 per Placing Share, which represents:

- (a) a discount of approximately 7.6% to the closing price of HK\$19.28 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (b) a discount of approximately 7.4% to the average closing price of approximately HK\$19.25 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined on an arm's length basis between the Company and the Placing Agent and with reference to the prevailing market price of the Shares. The Directors consider that the Placing Price is fair and reasonable based on the current market conditions.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Board at the AGM held on 12 May 2020, pursuant to which the Board is authorised to allot, issue and deal with up to 665,829,314 Shares. As at the date of this announcement, the Company has not utilised the General Mandate and the Placing Shares under the Placing represents approximately 20.02% of the entire General Mandate.

The allotment and issue of the Placing Shares is not subject to any additional Shareholders' approval.

Ranking of the Placing Shares

The Placing Shares will be allotted and issued fully paid and rank *pari passu* in all respects with the existing Shares in issue on the date of the allotment and issue of the Placing Shares.

Application for listing of the Placing Shares

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Conditions precedent

Completion of the Placing Agreement is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Placing Shares) (the “**Listing Condition**”); and
- (b) the Placing Agent having received an opinion of its U.S. legal counsel on or prior to the Closing Date (as defined below), to the effect that the offer and sale of the Placing Shares by the Placing Agent as set forth in the Placing Agreement are not required to be registered under the U.S. Securities Act (the “**Opinion Condition**”).

If the Listing Condition is not fulfilled at or prior to 8:00 a.m. (Hong Kong time) on 3 September 2020 (or such other time and date as the parties may agree in writing) or the Opinion Condition is not fulfilled or waived by the Placing Agent at or prior to 8:00 a.m. (Hong Kong time) on the Closing Date (as defined below), the Placing will not proceed and the Placing Agent and the Company shall have no obligations or liabilities to each other under the Placing and neither the Company nor the Placing Agent shall have any claim against the other save for antecedent breaches and liabilities under the Placing Agreement.

Completion

Completion of the Placing will take place on the second Business Day after the Listing Condition is satisfied or such other time and/or date as the Placing Agent and the Company may agree in writing (the “**Closing Date**”).

Termination

The Placing Agent may in its sole discretion, following prior consultation with the Company, terminate the Placing Agreement without liability to the Company, by giving notice in writing to the Company at any time prior to 8.00 a.m. (Hong Kong time) on the Closing Date, if at any time prior to such time on the Closing Date, among other things, (i) there develops or occurs or comes into force, certain events as set out in the Placing Agreement which, in the sole opinion of the Placing Agent is or is likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed with the Placing or would materially prejudice trading of the Placing Shares in the secondary market; or (ii) a breach of any of the Company’s representations, warranties and undertakings in the Placing Agreement comes to the knowledge of the Placing Agent, or there is a breach of, or failure to perform, any other provision of the Placing Agreement in any material respect on the part of the Company. The Placing Agent’s sole discretion to terminate the Placing Agreement pursuant to the terms thereunder shall not be affected in any way by the outcome of such prior consultation.

Lock-up arrangements of the Company

Pursuant to the Placing Agreement, the Company has undertaken that, for a period from the date of the Placing Agreement up to 90 days after the Closing Date, other than the issue of the Placing Shares under the Placing Agreement or the issue of new Shares pursuant to the exercise of options which have been or may be granted under the share option schemes adopted by the Company on 11 July 2005 and 8 May 2015, pursuant to the grant of share awards under the share award scheme adopted by the Company on 4 December 2015, or the grant of any share options or share awards (as the case may be) pursuant to any of the foregoing, neither the Company nor any person acting on its behalf will (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with similar economic effect as any of the transactions described in (i) above whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise, in each case, without first having obtained the written consent of the Placing Agent.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Directors consider that the Placing will raise capital for the Company to maintain the cash flow position of the Group, enhance the capital base of the Company and prepare for any future potential investments, including to support the Company's cloud transformation, and the Placing is in the interests of the Group and the Shareholders as a whole.

The estimated gross proceeds and net proceeds (after deducting the placing commission and other related costs and expenses and professional fees) from the Placing will amount to approximately HK\$2,375.1 million and approximately HK\$2,353.0 million respectively. The net price per Placing Share will be approximately HK\$17.65.

The Company intends to apply the net proceeds from the Placing towards research and development funding, future potential investments (including to support the Company's cloud transformation) and general working capital of the Group.

The Directors are of the view that the terms of the Placing Agreement are fair and reasonable, and the Placing will strengthen the Group's financial position, broaden the Company's shareholder base and is in the interests of the Company and the Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing (assuming there is no change in the share capital of the Company from the date of this announcement up to the completion of the Placing other than the allotment and issue of the Placing Shares) are set out as follows:

Shareholders	(i) As at the date of this Announcement		(ii) Immediately upon completion of the Placing	
	<i>Number of Shares held</i>	<i>Approximate % of total issued Shares</i>	<i>Number of Shares held</i>	<i>Approximate % of total issued Shares</i>
Xu Shao Chun (<i>Note 1</i>)	731,283,384	21.95	731,283,384	21.10
Other Directors (<i>Note 2</i>)	3,367,004	0.10	3,367,004	0.10
Public				
– Placees	–	–	133,280,000	3.85
– Other Public Shareholders	<u>2,597,366,183</u>	<u>77.95</u>	<u>2,597,366,183</u>	<u>74.95</u>
Total	<u>3,332,016,571</u>	<u>100.00</u>	<u>3,465,296,571</u>	<u>100.00</u>

Notes:

- (1) Of the 731,283,384 Shares, 18,684,760 Shares were held directly by Mr. Xu Shao Chun, 414,312,000 shares were held through Oriental Gold Limited and 295,886,624 shares were held through Billion Ocean Limited, and 2,400,000 shares are the awarded shares granted to Mr. Xu Shao Chun and held by the trustee to the Share Award Scheme – Bank of Communications Trustee Limited. Easy Key Holdings Limited is wholly owned by Mr. Xu Shao Chun, which wholly owns Oriental Gold Limited and Billion Ocean Limited.
- (2) Of the 3,367,004 Shares held by Directors (other than Mr. Xu Shao Chun), 1,984,004 were held by Mr. Lin Bo, 1,183,000 were held by Mr. Gary Biddle and 200,000 were held by Mr. Liu Chia Yung.

EQUITY FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activity in the twelve (12) months immediately preceding from the date of this announcement.

As completion of the Placing is subject to the satisfaction or, if applicable, waiver of the conditions under the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meaning set out below unless the context requires otherwise:

“AGM”	the annual general meeting of the Company held on 12 May 2020
“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday, Sunday and public holidays in Hong Kong) on which licensed banks are generally open for business in Hong Kong and the Stock Exchange is generally open for trading of securities in Hong Kong
“Company”	Kingdee International Software Group Company Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Hong Kong Stock Exchange (Stock Code: 268)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to the resolutions of the Shareholders passed at the AGM to allot, issue and deal with up to 20% of the then issued Shares (i.e., 665,829,314 Shares) as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	20 August 2020, being the last trading day of the Shares immediately preceding the date of the Placing Agreement
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other investor(s) procured by the Placing Agent or its agents to subscribe for any of the Placing Shares
“Placing”	the placing of the Placing Shares by the Placing Agent, failing which it shall purchase the Placing Shares itself as principal, pursuant to the terms of the Placing Agreement
“Placing Agent”	J.P. Morgan Securities plc
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 21 August 2020 in relation to the Placing
“Placing Price”	HK\$17.82 per Placing Share
“Placing Shares”	133,280,000 new Shares to be placed pursuant to the Placing Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares with par value of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
**Kingdee International Software
Group Company Limited**
Xu Shao Chun
Chairman

Shenzhen, the People’s Republic of China, 21 August 2020

As at the date of this announcement, the Board comprises Mr. Xu Shao Chun (Chairman of the Board and Chief Executive Officer) and Mr. Lin Bo as executive directors; Ms. Dong Ming Zhu and Mr. Zhou Bo Wen as non-executive directors; and Mr. Gary Clark Biddle, Mr. Cao Yang Feng and Mr. Liu Chia Yung as independent non-executive directors.