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Kingdee

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)

**GENERAL MANDATE FOR THE ISSUE AND REPURCHASE
BY THE COMPANY OF ITS OWN SECURITIES
AND RE-ELECTION OF DIRECTORS**

A notice convening the annual general meeting of the Company to be held at 4th Level, Zone B, Block W1, Hi-Tech Industrial Park, Shennan Highway, Nanshan District, Shenzhen, Guangdong Province, the PRC on Friday, 28 April, 2006 at 4:00 p.m. is contained in the 2005 Annual Report. A form of proxy for use at the AGM is also enclosed in the 2005 Annual Report. Whether or not you intend to attend the AGM, you are requested to complete the enclosed form of proxy and return it in accordance with the instructions printed thereon as soon as possible to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, and in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. The completion and delivery of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment if you so wish.

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: the information contained in this circular is accurate and complete in all material respects and not misleading; there are no other matters the omission of which would make any statement in this circular misleading; and all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

4th April, 2006

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“2005 Annual Report”	the annual report of the Company despatched to the Shareholders on or about 4th April 2006
“AGM”	the annual general meeting of the Company to be held at 4th Level, Zone B, Block W1, Hi-Tech Industrial Park, Shennan Highway, Nanshan District, Shenzhen, Guangdong Province, the PRC on Friday, 28th April, 2006 at 4:00 p.m.
“AGM Notice”	the notice convening the AGM
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“Company”	Kingdee International Software Group Company Limited, a company incorporated in the Cayman Islands with limited liability and which shares are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“GEM”	the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Latest Practicable Date”	31 March 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“PRC”	The People’s Republic of China
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

Kingdee

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)

Executive Directors:

Mr. Xu Shao Chun
Mr. Chen Deng Kun

Non-executive Directors:

Mr. James Ming King
Mr. Zhao Yong
Mr. Hugo Shong

Independent Non-executive Directors:

Ms. Yang Zhou Nan
Mr. Wu Cheng
Mr. Yeung Kwok On
Mr. Gary Clark Biddle

Registered Office:

Ugland House
P.O. Box 309
George Town
Grand Cayman
Cayman Islands
British West Indies

*Head Office and principal place of
business in the PRC:*

4th Level, Zone B, Block W1
Hi-Tech Industrial Park
Shennan Highway, Nanshan District
Shenzhen, Guangdong Province
PRC

*Principal place of business
in Hong Kong:*

1902 MassMutual Tower
38 Gloucester Road
Wanchai
Hong Kong

4 April 2006

To the Shareholders

Dear Sirs or Madam,

**GENERAL MANDATE FOR THE ISSUE AND THE REPURCHASE
BY THE COMPANY OF ITS OWN SECURITIES
AND RE-ELECTION OF DIRECTORS**

INTRODUCTION

At the AGM, the Shareholders will be asked to consider and approve: (i) the grant of general mandates to the Directors for the issue and repurchase of the securities of the Company up to 20% and 10% respectively of the aggregate nominal amount of the Company's issued share capital as at the date of passing such resolutions, and the extension of the general mandate to the Directors to issue securities to include the aggregate nominal amount of such securities repurchased under the repurchase mandate; and (ii) the re-election of retiring Directors.

LETTER FROM THE BOARD OF DIRECTORS

The purpose of this circular is to provide you details regarding each of the matters referred to above, to set out information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolutions and to convene the AGM at which such resolutions will be proposed.

GENERAL MANDATES TO ISSUE AND REPURCHASE SECURITIES

At the extraordinary general meeting of the Company convened on 11 July 2005, the Directors were granted general mandates authorizing the Directors (i) to allot, issue and deal with the shares in the share capital of the Company not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at that date (“Issue Mandate”), and (ii) to repurchase the shares of the Company on the Stock Exchange (“Repurchase Mandate”) not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at that date. The Issue Mandate and the Repurchase Mandate will expire at the conclusion of the AGM. At the AGM, resolutions will be proposed to renew the Issue Mandate and the Repurchase Mandate to enable the Directors to issue and repurchase the Company’s securities on the Stock Exchange.

New general mandates to allot, issue and deal with the securities of the Company up to 20% (“Proposed Issue Mandate”) and to repurchase securities up to 10% (“Proposed Repurchase Mandate”) respectively of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolutions as set out in Resolutions 5 (A) and 5(B) of the AGM Notice will be proposed at the AGM. A resolution authorising the extension of the general mandate (“Proposed Extension Mandate”) to the Directors to issue securities to include the aggregate nominal amount of such securities (if any) repurchased under the Proposed Repurchase Mandate (provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution) as set out in Resolution 5(C) of the AGM Notice will also be proposed at the AGM.

With reference to the proposed new general mandates, the Directors wish to state that they have no immediate plans to issue or repurchase any securities of the Company pursuant to the relevant mandates as at the date of this circular.

An explanatory statement containing the particulars required by the Listing Rules to enable the Shareholders to make an informed view on whether to vote for or against Resolution 5(B) to be proposed at the AGM in relation to the Proposed Repurchase Mandate is set out in the Appendix I to this circular.

RE-ELECTION OF DIRECTORS

The Board currently consists of nine Directors, namely Mr. Xu Shao Chun, Mr. Chen Deng Kun, Mr. James Ming King, Mr. Zhao Yong, Mr. Hugo Shong, Ms. Yang Zhou Nan, Mr. Wu Cheng, Mr. Yeung Kwok On and Mr. Gary Clark Biddle.

LETTER FROM THE BOARD OF DIRECTORS

According to Article 116 of the Articles of Association, at each annual general meeting, one third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation such that each Director (including those appointed for a specific term) will be subject to retirement by rotation at least once every three years at the annual general meetings. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. A retiring Director shall retain office until the close of the meeting at which he retires, and shall be eligible for re-election. Pursuant to Article 99 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election provided that any Director who so retires shall not be taken into account in determining the number of Directors who are to retire at such meeting by rotation pursuant to Article 116 of the Articles of Association.

Pursuant to Article 116 of the Articles of Association, Mr. Xu Shao Chun, Mr. Zhao Yong and Ms. Yang Zhou Nan shall retire at the AGM. In addition, Mr. Chen Deng Kun, being a Director appointed by the Board as an additional member of the Board on 4 November 2005, will hold office only until the AGM pursuant to Article 99 of the Articles of Association. All the retiring Directors are eligible for re-election.

A brief biographical details of the retiring Directors are set out in Appendix II to this circular. If a valid notice from a Shareholder to propose a person to stand for election as a Director at the AGM is received after the printing of this circular, the Company will issue a supplementary circular to inform Shareholders of the details of the additional candidate proposed.

RIGHT TO DEMAND A POLL

Pursuant to article 80 of the Articles of Association, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded or otherwise required under the Listing Rules. A poll may be demanded by:

- (i) the chairman of the meeting; or
- (ii) at least five Shareholders present in person or by proxy and entitled to vote;
or
- (iii) any Shareholder or Shareholders present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or

LETTER FROM THE BOARD OF DIRECTORS

- (iv) any Shareholder or Shareholders present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Unless a poll is so required or demanded and, in the latter case, not withdrawn, a declaration by the chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect made in the Company's book containing the minutes of proceedings of meetings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution.

RECOMMENDATION

The Directors believe that the grant of the Proposed Issue Mandate, Proposed Repurchase Mandate and Proposed Extension Mandate and re-election of Directors are each in the best interests of the Company and the Shareholders as a whole, and accordingly, recommend all Shareholders to vote in favour of these resolutions to be proposed at the AGM.

Yours faithfully,
On behalf of the Board
Xu Shao Chun
Chairman

This Appendix contains information required under Rule 10.06(1)(b) of the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the AGM in connection with the Proposed Repurchase Mandate.

1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules provide that all on-market share repurchases by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by specific approval of particular transaction or by a general mandate to the directors of the company to make such repurchases.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$44,523,990.8 with 445,239,908 Shares in issue. Subject to the passing of the ordinary resolution approving the Proposed Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Directors would be authorised to repurchase a maximum of 44,523,990 Shares, representing 10% of aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution, during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

3. REASONS FOR THE REPURCHASE

The Directors believe that the Proposed Repurchase Mandate is in the best interests of the Company and the Shareholders. An exercise of the Proposed Repurchase Mandate (if approved in the AGM) may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

4. SOURCE OF FUNDS

Repurchases of securities of the Company made pursuant to the Proposed Repurchase Mandate must be made out of funds which are legally available for such purpose in accordance with the memorandum and articles of association of the Company, the Listing Rules and the applicable laws of the Cayman Islands.

There could be adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the prospectus of the Company for the financial year ended 31 December 2005) in the event that the proposed share repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the general mandate to repurchase securities to such an extent as would, in the

circumstances, have a material adverse effect on the working capital of the Company or its gearing level. The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company and the Shareholders as a whole

5. SHARE PRICES

The following table shows the highest and lowest prices at which the Shares were traded on the GEM or the Stock Exchange (the Company withdrew its listing on the GEM and commenced listing on the Stock Exchange on 11 July 2005) in each of the previous twelve calendar months prior to the Latest Practicable Date:

	SHARES	
	Highest HK\$	Lowest HK\$
April 2005	1.610	1.470
May 2005	1.650	1.390
June 2005	1.770	1.520
July 2005	1.820	1.680
August 2005	1.780	1.500
September 2005	1.800	1.510
October 2005	1.800	1.660
November 2005	1.940	1.700
December 2005	1.850	1.650
January 2006	2.450	1.850
February 2006	2.575	2.225
March 2006 (up to the Latest Practicable Date)	2.550	2.250

6. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Proposed Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), currently intends to sell the Shares to the Company or its subsidiaries in the event that the Proposed Repurchase Mandate is approved by the Shareholders.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell the Shares to the Company, or has undertaken not to do so in the event that the Company is authorised to make repurchases of the Shares.

7. DISCLOSURE OF INTERESTS, TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any associates of the Directors currently intends to sell any Shares to the Company in the event that the proposal is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that they will exercise powers of the Company to make repurchases pursuant to the Proposed Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands and in accordance with the memorandum and articles of association of the Company.

Assuming that the substantial Shareholders do not dispose of their Shares, if the Proposed Repurchase Mandate were exercised in full, the percentage shareholdings of the substantial Shareholders before and after such repurchase would be as follows:

Substantial Shareholders	Before repurchase	After repurchase
Xu Shao Chun	33.77%	37.15%
Oriental Gold Limited	18.78%	20.66%
Billion Ocean Limited	13.10%	14.41%
Zhao Yong	11.23%	12.35%

If a Shareholder's proportionate interest in the voting rights of the Company increases when the Company exercises its powers to repurchase securities pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

On the basis of the shareholdings held by the substantial Shareholders named above, to the best of the knowledge and belief of the Directors, an exercise of the Proposed Repurchase Mandate in full will result in Mr. Xu Shao Chun and parties acting in concert with him incurring an obligation to make a mandatory general offer under Rule 26 of the Code. The Directors have no present intention to repurchase Shares to the extent that it will trigger the obligation of Mr. Xu Shao Chun and parties acting in concert with him to make a mandatory offer.

In the event that the Proposed Repurchase Mandate is exercised (whether in whole or in part), the Directors will not exercise it to the extent which would result in the number of Shares being held by the public falling below the relevant minimum prescribed percentage of the Company as required by the Stock Exchange, which is currently 25% of the entire issued share capital of the Company.

9. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not purchased any of the Shares (whether on the Stock Exchange or otherwise) during the previous six months.

LIST OF DIRECTORS FOR RE-ELECTION

The biographical details of the Directors eligible for re-election, at the AGM are set out below in alphabetical order.

Chen Deng Kun (陳登坤), aged 29, an executive Director, vice-president and chief financial officer of the Company. He is mainly responsible for financial and human resources management of the Company. Mr. Chen graduated from Anhui Institute of Finance and Trade (currently known as Anhui University of Finance and Economics) and a member of China Certified Public Accountant. Since Mr. Chen joined the Company in 2000, he has been responsible for audit, administration, human resources and financial matters of the Company.

Pursuant to the terms of a service agreement entered into between the Company and Mr. Chen, Mr. Chen will serve as an executive Director for 2 years with effect from 4 November 2005, subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Articles of Association. Mr. Chen's ordinary remuneration is fixed from time to time in accordance with the Articles of Association by the Shareholders at the Company's general meetings and his current remuneration is RMB50,000 per year. Mr. Chen is not entitled to any bonus in respect of his role as a Director. As at the Latest Practicable Date, Mr. Chen has personal interest in share options to subscribe for 552,000 Shares.

Save as disclosed above, Mr. Chen has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election nor is there any information required to be disclosed pursuant to Rule 13.51(2)(h)-(v) of the Listing Rules.

Xu Shao Chun (徐少春), aged 43, an executive Director, chairman, chief executive officer and founder of the Company. Mr. Xu has been awarded the Government Special Expert Allowance by the State Council and a senior economist of the PRC. Mr. Xu graduated from Southeast University in computer science and obtained Master of the Science and Research from Institute of Ministry of Finance and Master Business Administration from China Europe International Business School. Since the Company was founded by Mr. Xu in 1991, he has been devoted himself to the enterprise application software careers. He has profound comprehension in the strategy and management of enterprise operation. Moreover, he has led the company achieve three-time technology revolutions in Chinese management software by his advanced technological sensibility and accurate understanding in tendency of global management software industry. Mr. Xu has been highly awarded for his outstanding innovation as well as technological transform to the development of Chinese software industry.

Pursuant to the terms of a service agreement entered into between the Company and Mr. Xu, Mr. Xu will serve as an executive Director for 2 years with effect from 1 January 2005, subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Articles of Association. Mr. Xu's ordinary remuneration is fixed from time to time in accordance with the Articles of Association by the Shareholders at the Company's general meetings and his current remuneration is RMB50,000 per year. Mr. Xu is not entitled to any bonus in respect of his role as a Director. As at the Latest Practicable Date, Mr. Xu is holding 150,379,130 Shares representing 33.77% of the issued share capital of the Company and he has personal interest in share options to subscribe for 8,500,000 Shares.

Save as disclosed above, Mr. Xu has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election nor is there any information required to be disclosed pursuant to Rule 13.51(2) (h)-(v) of the Listing Rules.

Yang Zhou Nan (楊周南), aged 68, an independent non-executive Director of the Company, a professor of the graduate school of the Institute of Fiscal Science of the Ministry of Finance and a people's representative to the Ninth National People's Congress of the PRC. Ms. Yang graduated from Nan Kai University with a master degree in mathematics. After graduation, Ms. Yang worked in Beijing Computing Centre as a researcher. Ms. Yang has approximately 20 years of research and teaching experience in the areas of finance, accounting and taxation.

Pursuant to the terms of a letter of appointment entered into between the Company and Ms. Yang, Ms. Yang will serve as an independent non-executive Director for 2 years with effect from 1 January 2005, subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Articles of Association. Ms. Yang's ordinary remuneration is fixed from time to time in accordance with the Articles of Association by the Shareholders at the Company's general meetings and her current remuneration is RMB100,000 per year. Ms. Yang is not entitled to any bonus in respect of her role as a Director,

Save as disclosed above, Ms. Yang has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with her re-election nor is there any information required to be disclosed pursuant to Rule 13.51(2) (h)-(v) of the Listing Rules.

Zhao Yong (趙勇), aged 61, a non-executive Director of the Company. Mr. Zhao graduated from the Beijing Aviation and Airspace University in the PRC with a master degree. Mr. Zhao is an engineer and a senior economist. Before joining the Company in 1998, Mr. Zhao worked for Shekou Industrial Zone as an assistant to general manager and Guangdong Float Glass Company as a general manager.

Pursuant to the terms of a letter of appointment entered into between the Company and Mr. Zhao, Mr. Zhao will serve as a non-executive Director for 2 years with effect from 1 January 2005, subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Articles of Association. Mr. Zhao's ordinary remuneration is fixed from time to time in accordance with the Articles of Association by the Shareholders at the Company's general meetings and the current remuneration is RMB50,000 per year. Mr. Zhao is not entitled to any bonus in respect of his role as a Director.

Save as disclosed above, Mr. Zhao has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election nor is there any information required to be disclosed pursuant to Rule 13.51(2) (h)-(v) of the Listing Rules.