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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)**

## **PROPOSALS FOR SUBDIVISION OF SHARES AND CHANGE OF BOARD LOT SIZE**

### **PROPOSED SUBDIVISION OF SHARES AND CHANGE OF BOARD LOT SIZE**

The Board proposes that each of the existing issued and unissued Shares of par value of HK\$0.1 each in the share capital of the Company be subdivided into four shares of par value of HK\$0.025 each. The Share Subdivision will become effective upon (i) the passing of an ordinary resolution by the Shareholders at the EGM; and (ii) the Listing Committee granting the approval for the listing of, and permission to deal in, the Subdivided Shares.

The Shares are currently traded in board lots of 500 Shares. Upon the Share Subdivision becoming effective, the Subdivided Shares will be trade in board lots of 2,000 Subdivided Shares.

### **GENERAL INFORMATION**

A circular containing, amongst other things, further information on the Share Subdivision, the trading arrangements in respect of the Subdivided Shares, the procedure for the free exchange of Existing Share Certificates together with a notice convening the EGM, will be dispatched to the Shareholders as soon as practicable.

### **PROPOSED SUBDIVISION OF SHARES**

The Board proposes that each of the existing issued and unissued Shares of par value of HK\$0.1 each in the share capital of the Company be subdivided into four shares of par value of HK\$0.025 each. The Shares are currently traded in board lots of 500 Shares. Upon the Share Subdivision becoming effective, the Subdivided Shares will be traded in board lots of 2,000 Subdivided Shares. Based on the closing price of HK\$ 6.00 per Share as quoted on the Stock Exchange as at the date of this announcement, and the existing board lot size of 500 Shares, the prevailing board lot value is HK\$3,000. On the basis of the aforesaid closing price and the new board lot size of 2,000 Subdivided Shares, the new board lot value would be HK\$3,000. The Share Subdivision and the change of board lot size will not result in any change in the relevant rights of the Shareholders. The Share Subdivision will not result in any odd lots other than those already exist.

### **Conditions of the Share Subdivision**

The Share Subdivision is conditional, amongst other things, upon:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM for approving the Share Subdivision; and
- (ii) the Listing Committee granting the approval for the listing of, and permission to deal in, the Subdivided Shares.

### **Reason for the Share Subdivision**

The Board believes that the Share Subdivision will improve the liquidity in trading of the Shares, thereby enabling the Company to attract more investors and widen the Company's shareholder base. Given the prevailing market conditions, a more liquid market will provide more flexibility for investors to buy and sell the Shares. Accordingly, the Board considers the Share Subdivision to be in the best interests of the Company and its Shareholders as a whole.

Save for the costs to be incurred by the Company in implementing the Share Subdivision, the Share Subdivision will not alter the underlying assets, business operations, management or financial position of the Company or the proportional interests of the Shareholders. The Board considers that the Share Subdivision will not have any adverse effect on the financial position of the Company.

### **Shareholding structure**

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 1,000,000,000 Shares, of which 458,293,344 Shares are in issue and fully paid. Assuming that no further Shares will be issued or repurchased after the date of this announcement, the effect of the Share Subdivision on the share capital of the Company is set out as follows:

	<b>Before Share Subdivision (assuming no Share is issued or repurchased after the date hereof)</b>	<b>After Share Subdivision (assuming no Share is issued or repurchased after the date hereof)</b>
Par value of each share	HK\$0.1	HK\$0.025
Number of authorised shares	1,000,000,000	4,000,000,000
Authorised share capital	HK\$100,000,000	HK\$100,000,000
Number of shares in issue	458,293,344	1,833,173,376
Issued share capital	HK\$45,829,334.4	HK\$45,829,334.4
Number of unissued shares	541,706,656	2,166,826,624
Unissued share capital	HK\$54,170,665.6	HK\$54,170,665.6

The Subdivided Shares will rank *pari passu* in all respects with each other and the Share Subdivision will not result in any change in relevant rights of the Shareholders.

### **Adjustments to share options**

As at the date of this announcement, there are outstanding share options for subscription of up to 57,686,964 Shares under the Share Option Schemes. The Share Subdivision may lead to adjustments to the exercise price and the number of Subdivided Shares which may fall to be issued upon exercise of the outstanding share options. The Company will ascertain the required adjustments to the share options of which will be reviewed by the auditors or independent financial advisor of the Company pursuant to Rule 17.03 (13) of the Listing Rules and the rules of the Share Option Schemes, and the holders of the share options will be informed of the required adjustments as soon as practicable.

## Expected Timetable

It is currently expected that the Share Subdivision will become effective on 9 May 2008. The expected timetable for the implementation of the Share Subdivision and the associated trading arrangement are set out as follows:

	<b>Time</b>	<b>Date</b>
Latest time from lodging forms of proxy for the EGM	10:00 a.m.	<i>Tuesday, 6 May</i>
EGM	10:00 a.m.	<i>Thursday, 8 May</i>
Publication of further announcement for the effectiveness of the Share Subdivision		<i>Friday, 9 May</i>
Effective date of the Share Subdivision		<i>Friday, 9 May</i>
Dealings in the Subdivided Shares commence	9:30 a.m.	<i>Friday, 9 May</i>
Original counter for trading in existing Shares in board lots of 500 Shares temporarily closes	9:30 a.m.	<i>Friday, 9 May</i>
Temporary counter for trading in board lots of 2,000 Subdivided Shares (in the form of Existing Share Certificates) opens	9:30 a.m.	<i>Friday, 9 May</i>
First day of free exchange of Existing Share Certificate for the New Share Certificates		<i>Friday, 9 May</i>
Original counter for trading in Subdivided Shares in board lots of 2,000 Subdivided Shares (in the form of New Share Certificates) re-opens	9:30 a.m.	<i>Monday, 26 May</i>
Parallel trading in Subdivided Shares (in the form of New Share Certificates and Existing Share Certificates) commences	9:30 a.m.	<i>Monday, 26 May</i>
Temporary counter for trading in board lots of 2,000 Subdivided Shares (in the form of Existing Share Certificates) closes	4:00 p.m.	<i>Tuesday, 17 June</i>
Parallel trading in Subdivided Shares (in the form of New Share Certificates and Existing Share Certificates) ends	4:00 p.m.	<i>Tuesday, 17 June</i>
Last day for free exchange of Existing Share Certificates for New Share Certificates		<i>Friday, 20 June</i>

## Exchange of Certificates

The Existing Share Certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:00p.m. on Tuesday, 17 June 2008 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the Existing Share Certificates will continue to be good evidence of legal title to the Subdivided Shares on the basis of one Share for four Subdivided Shares and may be exchanged free of charge for the New Share Certificates for Subdivided Shares at any time between Friday, 9 May 2008 and Friday, 20 June 2008, and on payment of a prescribed fee of

HK\$2.50 at any time after Friday, 20 June 2008 at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. It is expected that the New Share Certificates will be available for collection within a period of 10 Business Days after the submission of the Existing Share Certificates.

## **GENERAL**

An application will be made to the Stock Exchange for the approval for the listing of, and permission to deal in, the Subdivided Shares.

A circular containing, amongst other things, further information on the Share Subdivision, the trading arrangements in respect of the Subdivided Shares, the procedure for the free exchange of Existing Share Certificates together with a notice convening the EGM, will be dispatched to the Shareholders as soon as practicable.

## **DEFINITIONS**

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

"2001 Scheme"	The share option scheme adopted by the Company on 30 January 2001
"2002 Scheme"	The share option scheme adopted by the Company on 26 April 2002
"2005 Scheme"	The share option scheme adopted by the Company on 11 July 2005
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	any day(s) (other than Saturday) on which commercial banks in Hong Kong are generally open for business
"Company"	Kingdee International Software Group Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"EGM"	the extraordinary general meeting of the Company to be convened and held on 8 May 2008
"Existing Share Certificate(s)"	existing form of certificates of the Shares
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Committee"	the listing sub-committee of the board for Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"New Share Certificate(s)"	form of certificates of the Subdivided Shares
"Old Share(s)"	old ordinary share(s) of HK\$0.10 each in the share capital of the Company before the Share Subdivision became effective on 9 May 2008
"Share Option Schemes"	collectively, 2001 Scheme, 2002 Scheme and 2005 Scheme
"Shareholders"	The holders of the Shares
"Shares"	Ordinary shares of HK\$0.10 each in the share capital of the Company, or if the Share Subdivision is approved at the EGM, ordinary shares of HK\$0.025 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Share Subdivision"	subdivision of every issued and unissued Old Share into four Shares
"Subdivided Share(s)"	ordinary share(s) of par value of HK\$0.025 each in the share capital of the Company upon completion of the Share Subdivision

By order of the Board  
**KINGDEE INTERNATIONAL SOFTWARE  
GROUP COMPANY LIMITED**  
**Xu Shao Chun**  
*Chairman*

*Hong Kong, 31 March 2008*

*As at the date of this announcement, the Board comprises Mr. Xu Shao Chun (Chairman of the Board), Mr. Ho Ching-hua (Chief Executive Officer) and Mr. Chen Deng Kun as executive directors; Mr. James Ming King and Mr. Charles Po-shun Wu as non-executive directors; and Ms. Yang Zhou Nan, Mr. Wu Cheng, Mr. Yeung Kwok On and Mr. Gary Clark Biddle as independent non-executive directors.*