

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES

Top-up Placing

On 10 April 2008, Billion Ocean, Mr. Xu and the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agreed to place on behalf of Billion Ocean, on a best efforts basis, and Billion Ocean agreed to sell up to 23,000,000 existing Shares at a price of HK\$6.90 per Placing Share. On the same day, Billion Ocean entered into a conditional Subscription Agreement with the Company for the subscription of up to 20,000,000 new Shares at the Placing Price.

The Placing Price represents (i) a discount of approximately 9.80% to the closing price of HK\$7.65 per Share as quoted on the Stock Exchange on 10 April 2008, being the last trading day prior to the entering of the Placing Agreement; (ii) a discount of approximately 7.38% to the average closing price of approximately HK\$7.45 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 10 April 2008; (iii) a discount of approximately 0.56% to the average closing price of approximately HK\$6.939 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 10 April 2008; and (iv) a premium of approximately 363.09% over the net asset value per Share of approximately RMB1.34 (equivalent to approximately HK\$1.49) based on the audited consolidated net asset value of the Group as at 31 December 2007 (based on the information as shown in the annual results announcement of the Company dated 31 March 2008 for the year ended 31 December 2007) and the number of Shares in issue as at that date.

As at the date of this announcement, the Placing Shares represent approximately 5.02% of the existing issued share capital of the Company, approximately 5.08% of the sum of the issued share capital of the Company as at the day the General Mandate was granted and approximately 4.81% of the issued share capital of the Company as enlarged by the Subscription.

The Placing Shares will be placed to independent professional, institutional and/or other investors. Assuming all the Placing Shares are placed under the Placing Agreement, the shareholding percentage of Billion Ocean and parties acting in concert with it in the

Company will decrease from approximately 32.38% to approximately 27.36% upon completion of the Placing but before completion of the Subscription, and will be increased to approximately 30.40% upon completion of the Placing and the Subscription.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares to be issued pursuant to the Subscription. Assuming all the Placing Shares are placed under the Placing Agreement, the net proceeds from the Subscription are estimated to be approximately HK\$155.13 million which will be applied as cash reserves for (i) acquisitions of vertical industry ERP and application service companies, on-line management and e-business companies when opportunities are identified (ii) research, development and promotion of high-end ERP and SaaS; (iii) recruitment of high ranking experts in application management consulting; (iv) sales and service channel expansion.

Completion of the Subscription is conditional upon, (i) the completion of the Placing; and (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the new Shares to be issued under the Subscription.

1. PLACING AGREEMENT DATED 10 APRIL 2008

Parties

- (a) Billion Ocean;
- (b) the Company;
- (c) Mr. Xu; and
- (d) the Placing Agent

The Placing Agent is not a connected person (as defined in the Listing Rules) of the Company and is independent from and not connected with the directors, the chief executive or the substantial shareholders of the Company or its subsidiaries and/or their respective associates. The Placing is arranged by the Placing Agent on a best efforts basis.

The Placing Shares

Up to 23,000,000 existing Shares, representing approximately 5.02% of the existing issued share capital of the Company, approximately 5.08% of the issued share capital of the Company as at the day the General Mandate was granted and approximately 4.81% of the issued share capital of the Company as enlarged by the Subscription. The existing aggregate nominal value of the 23,000,000 existing Shares is HK\$2,300,000.

The Placing Price

The Placing Price represents (i) a discount of approximately 9.80% to the closing price of HK\$7.65 per Share as quoted on the Stock Exchange on 10 April 2008, being the last trading day prior to the entering of the Placing Agreement; a discount of approximately 7.38% to the

average closing price of approximately HK\$7.45 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 10 April 2008; (iii) a discount of approximately 0.56% to the average closing price of approximately HK\$6.939 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 10 April 2008; and (iv) a premium of approximately 363.09 % over the net asset value per Share of approximately RMB1.34 (equivalent to approximately HK\$1.49) based on the audited consolidated net asset value of the Group as at 31 December 2007 (based on the information as shown in the annual results announcement of the Company dated 31 March 2008 for the year ended 31 December 2007) and the number of Shares in issue as at that date.

Assuming all the Placing Shares are placed under the Placing Agreement, after deduction of the placing commission and other related expenses of approximately HK\$3.57 million in aggregate, the net proceeds will be approximately HK\$155.13 million and the net placing price is approximately HK\$6.74 per Share.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent which have taken into account recent market price of the Shares and the current market condition. The Directors consider that the Placing Price to be fair and reasonable.

Placing Commission

The Placing Agent will charge a placing commission of 2.0% of the amount equal to the Placing Price multiplied by the number of the Placing Shares actually placed by the Placing Agent under the Placing. The placing commission is arrived at after arm's length negotiations between Billion Ocean, the Company and the Placing Agent with reference to the market rate.

Rights of the Placing Shares

The Placing Shares are sold with clear legal and beneficial title free from all liens, charges, right of pre-emption, security interest, and encumbrances and other third party right or interest and together with all rights attaching thereto as at the Placing Completion Date, including the right to receive all dividends declared, made or paid on or after the Placing Completion Date.

Independence of the Placees

The Placees (and their respective ultimate beneficial owners), are independent of and not connected with and are not acting in concert with Billion Ocean and its directors, chief executive or the substantial shareholders of the Company or any of its subsidiaries and their respective associates or parties acting in concert with any of them (as those terms are defined in the Listing Rules or Takeovers Code (as the case may be)).

All the Placing Shares are to be placed on a best efforts basis. The Placing is expected to be made to not less than six Placees who are professional, and institutional and/or other investors. In the event that the Placing is to be placed to less than six Placees or in the event that there will be a new substantial Shareholder as a result of the Placing, the Company will make further announcement in this regard.

Non-disposal undertaking

Each of Billion Ocean and Mr. Xu undertakes to the Placing Agent that (except for the sale of the 23,000,000 Placing Shares pursuant to the Placing Agreement) for the period commencing from the date of the Placing Agreement and ending three months from the Placing Completion Date, it will not, directly or indirectly or conditionally or unconditionally, and will procure that none of its associates or companies controlled by it or any nominee or trustee holding in trust for it shall, directly or indirectly or conditionally or unconditionally, offer for sale, sell, transfer, contract to sell or otherwise dispose of (including without limitation by the creation of any option, rights, interests, warrant to purchase or otherwise transfer or dispose of, or any charges, pledges or encumbrances or other third party rights over), or announce any intention to dispose of, any Shares or any interest therein (including any interest in a company which, directly or indirectly, holds any such Shares or other securities of the Company) or any other securities of the Company which are of the same class as, or convertible or exchangeable for, or which carry a right to subscribe, purchase or acquire, or represent the right to receive, any such Shares or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such Shares, in respect of which it is the beneficial owner (directly or indirectly) and/or which are registered in its name unless the prior written consent of the Placing Agent to any disposal or grant shall have been obtained (such consent not to be unreasonably withheld or delayed).

The Company undertakes that it will not and will procure that none of its subsidiaries will, and Mr. Xu undertakes to procure that no member of the Group will, issue or agree to allot or issue any Shares (other than pursuant to (i) options outstanding under any existing shares option scheme or (ii) any scrip dividend scheme or (iii) the Subscription Agreement) or other securities or grant or agree to grant any options (other than options granted pursuant to an existing shares option scheme), warrants or other rights to subscribe for shares or other securities or to repurchase any securities of the Company, for the period commencing from the date of the Placing Agreement and ending three months from the Placing Completion Date unless with the prior written consent of the Placing Agent (such consent not to be unreasonably withheld or delayed).

Termination events

If at any time prior to the Placing Completion Date,

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (b) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Placing Completion Date, which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in

any material respect or there has been a material breach by Billion Ocean or Mr. Xu of any other provision of the Placing Agreement; or

- (c) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing;

then and in any such case, the Placing Agent may after consultation with Billion Ocean and the Company terminate the Placing Agreement without liability to Billion Ocean, Mr. Xu or the Company by giving notice in writing to Billion Ocean, provided that such notice is received prior to the Placing Completion Date.

Completion of the Placing

The Placing is not subject to any condition. The parties expect that the Placing will be completed on 15 April 2008 or such later time and/or date as Billion Ocean, the Company and the Placing Agent may agree in writing.

2. SUBSCRIPTION AGREEMENT DATED 10 APRIL 2008

Parties

(a) Billion Ocean; and

(b) the Company

The new Shares

Up to 20,000,000 new Shares (or the number of Placing Shares actually placed by the Placing Agent, whichever is less) representing approximately 4.36% of the existing issued share capital of the Company, approximately 4.42% of the sum of the issued share capital of the Company as at the day the General Mandate was granted and approximately 4.18% of the issued share capital of the Company as enlarged by the Subscription but in any event not more than the aggregate number of the Placing Shares actually placed. The existing aggregate nominal value of the 20,000,000 new Shares is HK\$2,000,000.

The Subscription Price

The subscription price of HK\$6.90 per Share is equivalent to the Placing Price. Based on the estimated expenses for the Placing and the Subscription and assuming all the Placing Shares are placed under the Placing Agreement, the net subscription price per Share is the same as the net Placing Price per Share.

Mandate to issue new Subscription Shares

The 20,000,000 new Shares will be issued pursuant to the General Mandate. The Company has not issued any Shares pursuant to the General Mandate.

Ranking of the new Shares

The 20,000,000 new Shares, when issued and fully paid, will rank equally with the existing Shares in issue as at the date of issue of the new Shares. R13.28(2)

Conditions of the Subscription

Completion of the Subscription is conditional upon:

- (a) completion of the Placing;
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the new Shares to be issued pursuant to the Subscription; and
- (c) if so required by the laws of the Cayman Islands, the consents and approvals under the Cayman Islands law in respect of the issue of the 20,000,000 new Shares be obtained.

Completion of the Subscription

Subject to fulfillment of the above conditions, completion of the Subscription will take place on or before the third business day after the date when all the conditions set out above are satisfied or such later date as the Company and Billion Ocean may agree in writing. If the conditions of the Subscription are not fulfilled on or before 21 April 2008 (or such other date or time as may be agreed between the Company and Billion Ocean), then Billion Ocean and the Company shall not be bound to proceed with the subscription and allotment and issue of the new Shares under the Subscription Agreement and such agreement shall cease to be of any effect and save in respect of claims arising out of antecedent breach of the Subscription Agreement.

According to the requirements set out in the Listing Rules, if the Subscription is not completed within 14 days after the date of the Placing Agreement, the Subscription would constitute a connected transaction for the Company under the Listing Rules and shareholders' approval will be required for the Subscription and the relevant provisions of the Listing Rules in relation to connected transaction will apply. Further announcement will be made if this occurs.

Application for listing

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares to be issued pursuant to the Subscription.

3. EFFECT ON THE SHAREHOLDING FOLLOWING COMPLETION OF THE PLACING AND THE SUBSCRIPTION

Assuming all the Placing Shares are placed under the Placing Agreement, the shareholdings in the Company before and after the Placing and Subscription are summarised as follows:

Shareholder	As at the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Xu Shao Chun	6,462,880	1.41	6,462,880	1.41	6,462,880	1.35
Billion Ocean Limited (Note 1)	58,310,000	12.72	35,310,000	7.70	55,310,000	11.56
Oriental Gold Limited (Note 1)	83,606,250	18.25	83,606,250	18.25	83,606,250	17.49
<i>Sub-total for Billion Ocean and parties acting in concert with it</i>	148,379,130	32.38	125,379,130	27.36	145,379,130	30.40
Public shareholders	309,914,214	67.62	332,914,214	72.64	332,914,214	69.60
Total	458,293,344	100.00	458,293,344	100.00	478,293,344	100.00

Notes:

1. Billion Ocean Limited and Oriental Gold Limited are wholly owned by Mr. Xu Shao Chun, an executive Director and Chairman of the Company.

4. REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in the software industry. It is a leading enterprise management software and middleware provider in the Asia-Pacific region, and a world-leading online management and e-Business application solution service provider. It is the mission of the Group to lead advancement of management model and to encourage e-businesses. The Group is constantly pursuing business expansion strategy which requires additional capital when opportunities arise. Assuming all the Placing Shares are placed under the Placing Agreement, the net proceeds from the Subscription, estimated to be approximately HK\$155.13 million, will be applied as cash reserves for (i) acquisitions of vertical industry ERP and application service companies, on-line management and e-business companies when opportunities are identified (ii) research, development and promotion of high-end ERP and SaaS; (iii) recruitment of high ranking experts in application management consulting; (iv) sales and service channel expansion. When comparing the various equity financing methods, the Directors perceive that the Placing would enable the Company to raise funds in a more commercially expedient time-frame and would preserve shareholders' value due to the relatively small dilution effect on shareholdings. Moreover, the Directors consider that the Placing and the Subscription will strengthen the capital base and

the financial position of the Company. Hence, the Directors decided to conduct the Placing and the Subscription to raise fund. In view of the above, the Directors are of the view that the Placing is in the interests of the Company and its shareholders as a whole and the terms are fair and reasonable (including the timing of the Placing and the Placing Price).

5. FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

There has not been any capital raising activity of the Company in the 12 months preceding the date of this announcement.

6. DEFINITIONS

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

“acting in concert”	has the meaning defined in the Takeovers Code
“associate”	has the meaning as defined in the Listing Rules
“Board”	the board of directors of the Company
"Billion Ocean"	Billion Ocean Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Xu
“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
“connected persons”	has the meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
"ERP"	Enterprise Resource Planning
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission (or any delegate of the Executive Director)

“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 26 April 2007
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Xu"	Xu Shao Chun, an executive Director and chairman of the Company
“Placee(s)”	any professional, institutional or other investor(s) procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agreement
“Placing”	placement of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	CLSA Limited, the placing agent to Billion Ocean for the placing of the Placing Shares
“Placing Agreement”	the placing agreement dated 10 April 2008 between the Company, Billion Ocean, Mr. Xu and the Placing Agent in respect of the Placing

“Placing Completion Date”	the date of completion of the Placing Agreement
“Placing Price”	price payable for the Placing Shares at HK\$6.90 per Share
“Placing Shares”	Up to 23,000,000 existing Shares available for the Placing
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong
"SaaS"	software as a service, an online software application model
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the conditional subscription by Billion Ocean of up to 20,000,000 new Shares (but in any event not more than the aggregate number of Placing Shares actually placed) pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 10 April 2008 between Billion Ocean and the Company in respect

of the Subscription

“Subscription Price”	price payable for the new Shares in respect of the Subscription at HK\$6.90 per Share
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the People's Republic of China
“%”	per cent.

Unless otherwise specified in this announcement, amounts denominated in RMB have been converted into HK\$ at a rate of RMB0.90 to HK\$1.00.

By order of the Board
**KINGDEE INTERNATIONAL SOFTWARE
GROUP COMPANY LIMITED**

Xu Shao Chun

Chairman

Hong Kong, 10 April 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.