

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim 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 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**



BOC INTERNATIONAL

Placing Agent

On 11 June 2009, the Company entered into the Share Placing and Subscription Agreement with Billion Ocean and the Placing Agent and, pursuant to which the Placing Agent agreed to place on behalf of Billion Ocean, on a fully underwritten basis and Billion Ocean agreed to sell an aggregate of 90,000,000 existing Shares 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.

The Placing Price of HK\$1.37 per Share represents (i) a discount of approximately 7.43 % to the closing price of HK\$1.48 per Share as quoted on the Stock Exchange on 10 June 2009, being the last trading day prior to the entering of the Share Placing and Subscription Agreement; (ii) a discount of approximately 9.63% to the average closing price of HK\$1.516 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 10 June 2009; and (iii) a discount of approximately 10.46% to the average closing price of HK\$1.53 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 10 June 2009.

The number of the Placing Shares represents approximately 4.67% of the existing issued share capital of the Company and approximately 4.46% of the issued share capital of the Company as enlarged by the Subscription. The existing aggregate nominal value of the 90,000,000 existing Shares is HK\$2,250,000.

Pursuant to the Share Placing and Subscription Agreement, the Company agreed to issue and Billion Ocean agreed to subscribe for an aggregate of 90,000,000 new Shares to be issued by the Company.

The number of the Subscription Shares represent approximately 4.67% of the existing issued share capital of the Company and approximately 4.46% of the issued share capital of the Company as enlarged by the Subscription. The existing aggregate nominal value of the 90,000,000 new Shares is HK\$2,250,000.

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.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 11 June 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 12 June 2009.

1. SHARE PLACING AND SUBSCRIPTION AGREEMENT DATED 11 JUNE 2009

Parties

- (a) the Company;
- (b) Billion Ocean; and
- (c) 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 fully underwritten basis.

The Placing Shares

Pursuant to the Share Placing and Subscription Agreement, the Placing Agent agreed to place on behalf of Billion Ocean, on a fully underwritten basis and Billion Ocean agreed to sell an aggregate of 90,000,000 existing Shares to the Placees. The number of the Placing Shares represents approximately 4.67% of the existing issued share capital of the Company and approximately 4.46% of the issued share capital of the Company as enlarged by the Subscription. The existing aggregate nominal value of the 90,000,000 existing Shares is HK\$2,250,000.

The Placing Price

The Placing Price of HK\$1.37 per Share represents (i) a discount of approximately 7.43% to the closing price of HK\$1.48 per Share as quoted on the Stock Exchange on 10 June 2009, being the last trading day prior to the entering of the Share Placing and Subscription Agreement; (ii) a discount of approximately 9.63% to the average closing price of HK\$1.516 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 10 June 2009; and (iii) a discount of approximately 10.46% to the average closing price of HK\$1.53 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 10 June 2009.

After deduction of the placing commission and other related expenses of approximately HK\$3,217,000 in aggregate, the net proceeds will be approximately HK\$120 million and the net placing price is approximately HK\$1.33 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.

Rights of the Placing Shares

The Placing Shares are sold free from any lien, charge, encumbrance or third party right whatsoever and together with all rights attaching thereto as at the Closing Date, including the right to receive all dividends declared on or after the Closing 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 fully underwritten 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

Billion Ocean undertakes to the Placing Agent that (except for the sale of the Placing Shares pursuant to the Share Placing and Subscription Agreement) for a period of three months from the Closing Date, it will not and will procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will, unless with the prior underwritten consent of the Placing Agent:

- (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any interests therein beneficially owned or held by Billion Ocean or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; or
- (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares,

whether any such transaction described in subparagraph (i) and (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or

- (iii) announce any intention to enter into or effect any such transaction described in subparagraph (i) and (ii) above.

Completion of the Placing

Completion of the Placing is conditional upon:

- (i) there shall not have occurred prior to the completion any breach of, or any event rendering untrue or incorrect, in either case, in any material respect, any of the representations, warranties, undertakings or other provisions of the Share Placing and Subscription Agreement given by the Billion Ocean; and
- (ii) (a) trading generally not having been suspended or materially limited on, or by, the Stock Exchange, (b) trading of any securities of the Company not having been suspended on the Stock Exchange on the Closing Date other than as a result of the Placing and/or the Subscription and, (c) a material disruption in securities settlement, payment or clearance services in Hong Kong not having occurred, (d) any moratorium on commercial banking activities not having been declared by Hong Kong authorities, (e) there not having occurred any outbreak or escalation of hostilities in Hong Kong.

If any of such conditions shall not have been fulfilled or waived by the Placing Agent by 10:00 a.m. on the Closing Date, the Share Placing and Subscription Agreement and the obligations of the Placing Agent hereunder shall ipso facto cease and terminate at that time and no party shall be under any liability to any other for costs, damages, charges, compensation or otherwise under the Share Placing and Subscription Agreement, except in relation to obligations, agreements and liabilities arising prior to such termination.

The Subscription

Pursuant to the Share Placing and Subscription Agreement, the Company agreed to issue and Billion Ocean agreed to subscribe for an aggregate of 90,000,000 new Shares to be issued by the Company.

The number of the Subscription Shares represent approximately 4.67% of the existing issued share capital of the Company and approximately 4.46% of the issued share capital of the Company as enlarged by the Subscription. The existing aggregate nominal value of the 90,000,000 new Shares is HK\$2,250,000.

The Subscription Price

Billion Ocean shall subscribe for the Subscription Shares at the Subscription Price of HK\$1.37 per Share which is equivalent to the Placing Price per Share. The Subscription Price was determined after arm's length negotiation between the Company and Billion Ocean with reference to the Placing Price of the Placing Shares. Based on the estimated expenses for the Placing and the Subscription, the net Subscription Price per Share is the same as the Placing Price per Share.

Mandate to issue new Subscription Shares

The 90,000,000 new Shares will be issued pursuant to the General Mandate. Pursuant to the General Mandate, the Directors are authorized to allot and issue up to 385,522,022 Shares of HK\$0.025 each. As at the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate.

Ranking of the new Shares

The 90,000,000 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.

Conditions of the Subscription

Completion of the Subscription is conditional upon the fulfilment of the following conditions:-

- (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares; and
- (ii) completion of the Placing having occurred pursuant to the terms of the Share Placing and Subscription Agreement.

Completion of the Subscription

Subject to fulfilment of the above conditions, completion of the Subscription shall take place as soon as possible and, in any event, no later than the second Business Day after the date upon which the last of the conditions set out above shall have been so satisfied, provided that it shall take place on a date no later than a date falling 14 days after the date of the Share Placing and Subscription Agreement (or such other time and/or date as Billion Ocean and the Company may agree in writing).

If the Subscription Conditions are not fulfilled within 14 days after the date of the Share Placing and Subscription Agreement (or such later date as may be agreed between the Company and Billion Ocean), the obligations and liabilities of Billion Ocean and the Company under the Subscription shall be null and void and neither the Company nor Billion Ocean shall have any claim against the other for costs, damages, compensation or otherwise provided that the Company shall reimburse Billion Ocean any legal fees and out-of-pocket expenses which Billion Ocean shall be obliged to pay in connection with the Placing and the Subscription.

The Subscription is not subject to the approval of the Shareholders. However, according to the requirements set out in the Listing Rules, if the Subscription is not completed within 14 days after the date of the Share Placing and Subscription 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 Share Placing and Subscription 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	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Xu Shao Chun	43,001,520	2.23%	43,001,520	2.23%	43,001,520	2.13%
Billion Ocean Limited <i>(Note 1)</i>	233,240,000	12.10%	143,240,000	7.43%	233,240,000	11.56%
Oriental Gold Limited <i>(Note 1)</i>	334,425,000	17.35%	334,425,000	17.35%	334,425,000	16.57%
<i>Sub-total for Billion Ocean and parties acting in concert with it</i>	610,666,520	31.68%	520,666,520	27.01%	610,666,520	30.26%
Public shareholders	<u>1,317,325,944</u>	<u>68.32%</u>	<u>1,407,325,944</u>	<u>72.99%</u>	<u>1,407,325,944</u>	<u>69.74%</u>
Total	<u>1,927,992,464</u>	<u>100%</u>	<u>1,927,992,464</u>	<u>100%</u>	<u>2,017,992,464</u>	<u>100%</u>

Note:

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. The net proceeds from the Subscription, estimated to be approximately HK\$120 million, will be applied as cash reserves. It is intended that out of these cash reserves, 60% will be applied to acquisitions of companies when opportunities are identified; 30% will be applied to research and development of new products; and 10% will be applied to general working capital. 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.

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. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 11 June 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 12 June 2009.

7. 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
“Business day”	being any day, excluding Saturdays on which banks generally are open for business in Hong Kong
“Closing Date”	the date of completion of the Placing which is the second Business Day after the Trade Date i.e. 16 June 2009 (or such other date no later than 17 June 2009, being the third Business Day after the Trade Date as the Placing Agent may notify Billion Ocean on which completion of Placing shall take place)
“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
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 12 May 2009
“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
“Placees”	any professional, institutional or other investor(s) procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Share Placing and Subscription Agreement
“Placing”	placement of the Placing Shares pursuant to the Share Placing and Subscription Agreement
“Placing Agent”	BOCI Asia Limited, a licensed corporation to carry on type 1 regulated activity (dealing in securities) and type 6 regulated activity (advising on corporate finance) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the placing agent to Billion Ocean for the placing of the Placing Shares
“Placing Price”	price payable for the Placing Shares at HK\$1.37 per Share
“Placing Shares”	an aggregate of 90,000,000 existing Shares available for the Placing
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.025 each in the share capital of the Company
“Share Placing and Subscription Agreement”	the share placing and subscription agreement dated 11 June 2009 between the Company, Billion Ocean and the Placing Agent in respect of the Placing
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the conditional subscription by Billion Ocean of an aggregate of 90,000,000 new Shares pursuant to the Share Placing and Subscription Agreement

“Subscription Price”	price payable for the new Shares which is equivalent to the Placing Price multiplied by the number of Subscription Shares less all costs and expenses incurred by Billion Ocean in connection with the Placing, the Subscription and the consummation of the transactions contemplated by the Share Placing and Subscription Agreement.
“Subscription Shares”	an aggregate of 90,000,000 new Shares to be subscribed for by Billion Ocean pursuant to the Share Placing and Subscription Agreement
“Trade Date”	12 June 2009, being the date on which the sale of the Placing Shares shall be reported by the Placing Agent as a cross-trade to the Stock Exchange
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

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

Shenzhen, the People’s Republic of China, 11 June 2009

As at the date of this announcement, the Board comprises Mr. Xu Shao Chun (Chairman of the Board and Chief Executive Officer) and Mr. Chen Deng Kun as executive directors; Mr. Ho Ching-hua and Mr. James Ming King 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.