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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)

- (1) GENERAL MANDATES FOR THE ISSUE AND REPURCHASE BY
THE COMPANY OF ITS OWN SECURITIES;**
- (2) RE-ELECTION OF DIRECTORS;**
- (3) PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME;**
- AND**
- (4) NOTICE OF AGM**

A notice convening the AGM to be held at Kingdee Software Park, No. 2 Kejinan 12 Road, South District, Hi-Tech Industrial Park, Nanshan District, Shenzhen, Guangdong Province, the PRC on Friday, 8 May 2015 at 9:30 a.m. is set out in this circular. A form of proxy for use at the AGM is also enclosed with this circular. 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 Shops 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, 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.

2 April 2015

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DEFINITIONS

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

“Adoption Date”	the date on which the New Share Option Scheme will be adopted by the Shareholders at the AGM
“AGM”	the annual general meeting of the Company to be held at Kingdee Software Park, No.2 Kejinan 12 Road, South District, Hi-Tech Industrial Park, Nanshan District, Shenzhen, Guangdong Province, the PRC on Friday, 8 May 2015 at 9:30 a.m.
“AGM Notice”	the notice convening the AGM as set out on pages 26 to 31 of this circular
“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	the day on which the Stock Exchange is open for the business of dealing in securities
“Company”	Kingdee International Software Group Company Limited, a company incorporated in the Cayman Islands with limited liability and the Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Existing Share Option Scheme”	the existing share option scheme adopted by the Company on 11 July 2005
“Grantee”	any Participant who is being offered of the grant of Options and/or has accepted the Offer or (where the context so permits) his personal representative(s) (as defined in the New Share Option Scheme)
“Group”	the Company and its subsidiaries

DEFINITIONS

“Latest Practicable Date”	27 March 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the new share option scheme proposed to be approved by the Shareholders at the AGM, a summary of the principal terms of which is set out in Appendix III to this circular
“Offer”	an offer for the grant of an Option made in accordance with the New Share Option Scheme
“Option”	an option to subscribe for the Shares pursuant to the terms of the New Share Option Scheme
“Option Period”	in respect of any particular Option, the period (which may not expire later than 10 years from the date on which an Offer is made to a Grantee) to be determined and notified by the Board to the Grantee thereof and, in the absence of such determination, from the date of acceptance of the Offer of such Option to the earlier of the date on which such Option lapses and 10 years from the date of on which Offer is made to a Grantee
“Participant(s)”	any employee or proposed employee, consultants or advisers of or to the Company, any of its subsidiaries or any entity (“Invested Entity”) in which the Group holds any equity interests; any Directors (including executive directors, non-executive directors and independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity; any supplier of goods or services to any member of the Group or any Invested Entity; any customer of the Group or any Invested Entity; any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or an Invested Entity whom the Board considers, in its sole discretion, have contributed or will contribute to the Group

DEFINITIONS

“PRC”	The People’s Republic of China
“Register of Members”	the principal or branch register of members of the Company maintained in the Cayman Islands or Hong Kong, respectively
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.025 each in the share capital of the Company
“Shareholders”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for the Shares on the exercise of an Option pursuant to the New Share Option Scheme
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

LETTER FROM THE BOARD



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

Mr. Yang Jian

Non-executive Director:

Ms. Dong Ming Zhu

Independent Non-executive Directors:

Mr. Gary Clark Biddle

Mr. Wu Cheng

Mr. Liu Chia Yung

Registered Office:

P.O. Box 309

Ugland House

George Town

Grand Cayman

Cayman Islands

British West Indies

Head Office and principal place of

Business in the PRC:

Kingdee Software Park

No. 2 Kejinan 12 Road

South District

Hi-Tech Industrial Park

Nanshan District

Shenzhen, Guangdong Province

PRC

Principal place of business

in Hong Kong:

1902 Mass Mutual Tower

38 Gloucester Road

Wanchai

Hong Kong

2 April 2015

LETTER FROM THE BOARD

To the Shareholders

Dear Sirs or Madams,

- (1) GENERAL MANDATES FOR THE ISSUE AND REPURCHASE BY
THE COMPANY OF ITS OWN SECURITIES;
(2) RE-ELECTION OF DIRECTORS;
(3) PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME;
AND
(4) NOTICE OF AGM**

1. 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; (ii) the re-election of Directors; and (iii) the proposed adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme.

The purpose of this circular is to provide you with 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 at the AGM.

2. GENERAL MANDATES TO ISSUE AND REPURCHASE SECURITIES

At the annual general meeting of the Company convened on 8 May 2014, ordinary resolutions were passed for the grant of 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 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.

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 relevant resolutions will be proposed at the AGM. A resolution authorizing the extension of the Proposed Issue Mandate ("**Proposed Extension Mandate**") to include the aggregate nominal amount of such securities (if any)

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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) will also be proposed at the AGM.

With regard 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 Latest Practicable Date.

As at the Latest Practicable Date, the Company had 2,577,861,343 Shares in issue. Subject to the passing of the ordinary resolution approving the Proposed Issue Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the exercise of the Proposed Issue Mandate in full would enable the Company to issue a maximum of 515,572,268 Shares. The grant of the Proposed Issue Mandate will provide the Directors with flexibility to issue Shares when it is in the interest of the Company to do so.

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 exercise of the Proposed Repurchase Mandate in full would enable the Company to repurchase a maximum of 257,786,134 Shares.

Subject to the passing of the relevant ordinary resolutions at the AGM, the Proposed Issue Mandate and the Proposed Repurchase Mandate will continue to be in force until, the earlier of:

- (a) the conclusion of the first annual general meeting of the Company following the passing of the resolution at which time the Proposed Issue Mandate and the Proposed Repurchase Mandate shall lapse unless, by ordinary resolution passed at that meeting, the Proposed Issue Mandate and the Proposed Repurchase Mandate are renewed, either conditionally or subject to conditions; or
- (b) the revocation or variation of the authority given under Resolutions 4 and 5 as set out in the AGM Notice by an ordinary resolution of the Shareholders in a general meeting of the Company.

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

3. RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, the Board was consisted of seven Directors, namely Mr. Xu Shao Chun, Mr. Chen Deng Kun, Mr. Yang Jian, Ms. Dong Ming Zhu, Mr. Gary Clark Biddle, Mr. Wu Cheng and Mr. Liu Chia Yung.

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

LETTER FROM THE BOARD

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 thereafter.

Pursuant to Article 116 of the Articles of Association, Mr. Chen Deng Kun, Ms. Dong Ming Zhu and Mr. Wu Cheng shall retire at the AGM. All the retiring Directors are eligible to, and will, offer themselves for re-election.

Brief biographical details of the Directors eligible for re-election 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 publication of the AGM Notice in accordance with Article 120 of the Articles of Association, the Company will issue a supplementary circular to inform Shareholders of the details of the additional candidate proposed.

4. PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME

(a) Existing Share Option Scheme

The Existing Share Option Scheme was adopted by the Company on 11 July 2005. The Existing Share Option Scheme is valid and effective for a period of ten years from its date of adoption and shall soon expire on 10 July 2015. Apart from the Existing Share Option Scheme, the Company had no other subsisting share option scheme as at the Latest Practicable Date.

As at the Latest Practicable Date, outstanding options that had been granted pursuant to the Existing Share Option Scheme would entitle the holders thereof to subscribe for 277,888,129 Shares (representing approximately 10.77% of the Shares in issue as at the Latest Practicable Date) and no further options had been offered or granted under the Existing Share Option Scheme.

Termination of the Existing Share Option Scheme

Under the terms of the Existing Share Option Scheme, the Company may by ordinary resolution in general meeting may at any time terminate the operation of the Existing Share Option Scheme. It is proposed by the Board that at the AGM, an ordinary resolution will be proposed for the Company to terminate the operation of the Existing Share Option Scheme and to approve the adoption of the New Share Option Scheme. Upon termination of the Existing Share Option Scheme, no further option may be granted under the Existing Share Option Scheme but all the outstanding options previously granted but unexercised under the Existing Share Option Scheme will remain valid and exercisable in accordance with their terms.

LETTER FROM THE BOARD

(b) New Share Option Scheme

At the AGM, an ordinary resolution will be proposed for the Shareholders to approve and adopt the New Share Option Scheme, which will take effect on the Adoption Date subject to the Stock Exchange granting approval for the listing of, and dealing in the Shares fall to be allotted and issued upon the exercise of the Options in accordance with the terms and conditions of the New Share Option Scheme.

The purpose of the New Share Option Scheme is to replace the Existing Share Option Scheme and to provide incentive and/or reward to the Participants for their contribution to the Company.

As at the Latest Practicable Date, there were 2,577,861,343 Shares in issue. Assuming that there is no change in the issued share capital of the Company and no options granted pursuant to the Existing Share Option Scheme shall be exercised between the period from the Latest Practicable Date to the date of the AGM and subject to the obtaining of the Shareholders' approval with respect to the adoption of the New Share Option Scheme, the maximum number of Shares which may be allotted and issued upon exercise of all options which may be granted under the New Share Option Scheme and any other share option schemes of the Company will be 257,786,134 Shares, representing 10% of the total issued capital of the Company as at the Adoption Date unless the Company obtains a fresh approval from Shareholders to renew the 10% limit; provided that the maximum number of Shares in respect of which Options may be granted under the New Share Option Scheme together with any options outstanding and yet to be exercised under the New Share Option Scheme and any other schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time.

The rules of the New Share Option Scheme provide that the Board may specify the Participants to whom Options shall be granted, the number of Shares subject to each Option and the date on which the Options shall be granted. The basis for determining the Subscription Price is also specified precisely in the rules of the New Share Option Scheme. There is no specified performance target under the rules of the New Share Option Scheme, but the performance target may be fixed by the Board pursuant to the New Share Option Scheme. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage Participants to acquire proprietary interests in the Company. The Company does not at present intend to appoint a trustee to the New Share Option Scheme.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but are not limited to the exercise price, exercise period, lock-up period (if any), and predetermined performance targets (if any). The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to Shareholders.

LETTER FROM THE BOARD

None of the Directors is a trustee of the New Share Option Scheme or has a direct or indirect interest in the trustee. With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

Conditions precedent of the adoption of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at the AGM to approve and adopt the New Share Option Scheme, and to authorise the Board to grant Options to subscribe for Shares hereunder and to allot, issue and deal with the Shares pursuant to the exercise of any Options granted under the New Share Option Scheme; and
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, any Shares which may fall to be issued and allotted by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme.

A summary of the principal terms of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the AGM is set out in Appendix III to this circular from pages 18 to 25. A copy of the New Share Option Scheme is available for inspection at the Company's principal place of business at 1902, Mass Mutual Tower, 38 Gloucester Road, Wanchai, Hong Kong during normal business hours from the date hereof up to and including the date of the AGM.

As at the Latest Practicable Date, no Shareholder had a material interest in the adoption of the New Share Option Scheme. As such, no Shareholder is required to abstain from voting on the resolution in relation thereto at the AGM.

Application for listing

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

As at the Latest Practicable Date, no Option had been agreed to be granted under the New Share Option Scheme.

5. AGM

The AGM will be held at Kingdee Software Park, No. 2 Kejinan 12 Road, South District, Hi-Tech Industrial Park, Nanshan District, Shenzhen, Guangdong Province, the PRC, on Friday, 8 May 2015 at 9:30 a.m. The AGM Notice is set out on pages 26 to 31 of this circular.

LETTER FROM THE BOARD

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you intend to attend and vote at the AGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the AGM or any adjourned meeting thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at the AGM must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter (as defined in the Note to Rule 13.39(4) of the Listing Rules) to be voted on by a show of hands.

6. FINAL DIVIDEND

The Board recommends a final dividend of RMB0.012 (HK\$0.015) per share for the year ended 31 December 2014, such dividends will be proposed for approval at the AGM. Subject to the approval of Shareholders at the AGM, the final dividend is expected to be paid on or around Tuesday, 16 June 2015 to Shareholders whose names appear on the register of members of the Company on Monday, 18 May 2015.

7. CLOSURE OF REGISTER OF MEMBERS

For the purpose to determine the entitlement of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 5 May 2015 to Friday, 8 May 2015 (both days inclusive), during which period no transfer of Shares will be registered. All transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 4 May 2015.

For the purpose to determine the list of Shareholders who are entitled to receive the final dividend for the year ended 31 December 2014, the register of members of the Company will be closed from Thursday, 14 May 2015 to Monday, 18 May 2015 (both days inclusive), during which period no transfer of Shares will be registered. To qualify for the above-mentioned dividends (if approved), all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 13 May 2015.

LETTER FROM THE BOARD

8. RESPONSIBILITY STATEMENT

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 aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

9. RECOMMENDATION

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

10. GENERAL

Your attention is drawn to the information set out in the appendices to this circular.

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 repurchases of shares by a company with its primary listing on the Stock Exchange must be approved in advance by way of an ordinary resolution, either of a specific approval of a particular transaction or of 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\$64,446,533.58 comprising 2,577,861,343 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 exercise of the Proposed Issue Mandate in full would enable the Company to repurchase a maximum of 257,786,134 Shares, representing 10% of aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution, during the period from the date of the passing of the resolution to 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 (“**Proposed Repurchase Period**”).

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 and/or earnings of the Company per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

4. SOURCE OF FUNDS

Repurchases of Shares 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 of association and Articles of Association of the Company, the Listing Rules and the applicable laws of the Cayman Islands.

There could be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts for the financial year ended 31 December 2014) in the event that the Proposed Repurchase Mandate was to be exercised in full at any time during the Proposed Repurchase Period. However, the Directors

do not propose to exercise the Proposed Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or the gearing position of the Company. The Directors 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 Stock Exchange during each of the previous 12 calendar months prior to the Latest Practicable Date:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
April 2014	3.36	2.22
May 2014	2.61	2.06
June 2014	2.77	2.50
July 2014	2.95	2.55
August 2014	2.82	2.43
September 2014	2.73	2.23
October 2014	2.55	2.20
November 2014	2.76	2.49
December 2014	2.55	2.18
January 2015	2.70	2.25
February 2015	2.66	2.39
March 2015 (up to the Latest Practicable Date)	3.28	2.45

6. UNDERTAKING

The Directors have undertaken to the Stock Exchange to exercise the Proposed Repurchase Mandate in accordance with the Listing Rules, the memorandum of association and Articles of Association of the Company and the applicable laws of the Cayman Islands.

7. DIRECTORS, THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates, has any present intention to sell any Shares to the Company or its subsidiaries in the event that the Proposed Repurchase Mandate is approved by the Shareholders.

No core connected person of the Company has notified the Company that he has a present intention to sell any Shares to the Company, or has undertaken not to do so in the event that the Company is authorized to make repurchases of the Shares.

8. TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If as a result of a repurchase of Shares pursuant to the Proposed Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, 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.

As at the Latest Practicable Date, Mr. Xu Shao Chun and parties acting in concert with him were interested in an aggregate of 776,863,824 Shares, representing approximately 30.14% of the issued share capital of the Company (and 33.49% of the issued share capital of the Company if the Proposed Repurchase Mandate is exercised in full). 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 becoming obliged to make a mandatory general offer under Rule 26 of the Takeovers Code. The Directors have no present intention to exercise the Proposed Repurchase Mandate to such an extent that would give rise to an obligation of Mr. Xu Shao Chun and parties acting in concert with him to make a mandatory general offer under Rule 26 of the Takeovers Code or result in the amount of Shares held by the public being reduced to less than 25% of the entire issued share capital of the Company.

9. SHARE REPURCHASE MADE BY THE COMPANY

The Company did not repurchase any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

BIOGRAPHICAL DETAILS OF DIRECTORS FOR RE-ELECTION

The brief 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 38, an Executive Director of the Company. Mr. Chen graduated from Anhui University of Finance and Economic with a bachelor degree in management, an EMBA degree from China-Europe International Business School (CEIBS). Mr. Chen is a member of the Association of Enterprise Architect (AEA) in USA, a member of the Association of Chartered Certified Accountant (ACCA) in UK, a member of the Chinese Institute of Certified Public Accountant (CICPA). Mr. Chen also participated in policy making proposal for local legislatures as a member of National People's Congress in Nanshan District of Shenzhen. Mr. Chen is now serving as adjunct professor at Zhongnan University of Economics and Law, Anhui University of Finance and adjunct social mentors for masters. Mr. Chen joined the group in 2000, and has been held important positions as head of Audit Department, Assistant President, Chief Human Resources Officer and Chief Financial Officer.

Save as disclosed above, Mr. Chen did not hold any other positions in the Group, nor had he held any directorship in any other listed public companies in Hong Kong or other places in the last three years immediately preceding the Latest Practicable Date.

Pursuant to the terms of a letter of appointment entered into between the Company and Mr. Chen, Mr. Chen's term of appointment as an executive Director is two years with effect from 1 January 2015, 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 current remuneration is RMB150,000 per year, subject to annual review by the Board on recommendations of the Remuneration Committee of the Company, by reference to market rates, the positions he holds in the Board committees and his duties and responsibilities within the Group and his experience. Mr. Chen is not entitled to any bonus in respect of his role as a Director.

As at the Latest Practicable Date, Mr. Chen held options to subscribe for 1,312,000 Shares, in aggregate representing approximately 0.05% of the issued share capital of the Company. Mr. Chen did not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company.

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

Dong Ming Zhu (董明珠), aged 60, a Non-executive Director of the Company. Ms. Dong obtained a Master Degree of Business Administration from Zhongnan University of Economics and Law. She is now the chairman of the board (“COB”) of Zhuhai Gree Group Co. Ltd., the COB and President of Gree Electric Appliances, Inc. of Zhuhai Co., Ltd. (the subsidiary of Zhuhai Gree Group Corp.). Ms. Dong had been awarded the “National May Day Labor Prize”, and had been elected as a Member of the 10th and 11th National People’s Congress, a Member of the Standing Committee of the China National Democratic Construction Association and a Member of the 10th Executive Committee of All-China Women’s Federation. Ms. Dong has solid experience in marketing and management of household appliances, and the Regional Sales Model that she developed has been commended as an “Excellent Achievement of Modernizing Enterprises’ Management of Guangdong Province”. Ms. Dong has been dedicated to creating local Chinese brands and was granted the “Innovation Award of CCTV’s China’s Economic Figures of the Year 2010”.

Save as disclosed above, Ms. Dong did not hold any other positions in the Group, nor had he held any directorship in any other listed public companies in Hong Kong or other places in the last three years immediately preceding the Latest Practicable Date.

Ms. Dong has entered into an appointment letter with the Company in relation to his appointment as a non-executive Director for a period of two years with effect from 21 August 2013, subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Articles of Association. Ms. Dong is entitled to an annual director’s remuneration of RMB150,000, subject to annual review by the Board on recommendations of the Remuneration Committee of the Company, by reference to market rates, the positions he holds in the Board committees and his duties and responsibilities within the Group and her experience. Save as disclosed above, Ms. Dong is not entitled to any other emoluments from the Company.

As at the Latest Practicable Date, Ms. Dong held options to subscribe for 200,000 Shares, representing approximately 0.01% of the issued share capital of the Company. Ms. Dong did not have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company as at the Latest Practicable Date.

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

Wu Cheng (吳澄), aged 74, an Independent Non-executive Director of the Company, a professor of the Department of Automation of Tsinghua University and an academician of Chinese Academy of Engineering. Mr. Wu is also the Dean of State CIMS Engineering Technical Research Center. Mr. Wu graduated from the Department of Electrical Engineering, Tsinghua University of undergraduate course in 1962 and graduate course in 1966. He had been doing post doctorate researches in USA from 1981 to 1983. Mr. Wu has participated in CIMS projects of 863 Program, and has been appointed as the leader of CIMS expert group and chief scientist in automation field. He has received a lot of awards for his contributions to the technology development in the PRC.

Saved as disclosed, Mr. Wu did not hold any other positions in the Group, nor had he held any other directorship in any other listed public companies in Hong Kong or overseas in the last three years immediately preceding the Latest Practicable Date.

Pursuant to the terms of a letter of appointment entered into between the Company and Mr. Wu, Mr. Wu serves as an independent non-executive Director for three years with effect from 1 January 2015, subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Articles of Association. Mr. Wu's ordinary remuneration is fixed from time to time in accordance with the Articles of Association and his current remuneration is RMB150,000 per year, subject to annual review by the Board on recommendations of the Remuneration Committee of the Company, by reference to market rates, the positions he holds in the Board committees and his duties and responsibilities within the Group and his experience. Save as disclosed above, Mr. Liu is not entitled to any other emoluments from the Company. Mr. Wu is not entitled to any bonus in respect of his role as a Director.

As at the Latest Practicable Date, Mr. Wu was interested in 480,000 Shares and held options to subscribe for 400,000 Shares, representing approximately 0.02% of the issued share capital of the Company. Mr. Wu did not have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company as at the Latest Practicable Date.

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

NEW SHARE OPTION SCHEME

The following is a summary of the principal terms of the New Share Option Scheme:

(1) PURPOSE AND ADMINISTRATION OF THE NEW SHARE OPTION SCHEME

- 1.1 The purpose of the New Share Option Scheme is to provide incentive and/or reward to the selected Participants for their contributions to the Company.
- 1.2 The New Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to this Scheme or their interpretation or effect shall (save as otherwise provided herein) be final and binding on all persons who may be affected thereby.

(2) GRANT AND ACCEPTANCE OF OPTIONS

- 2.1 Subject to the terms of the New Share Option Scheme, the Board may, in its absolute discretion, invite any Participant to take up Options to subscribe for Shares at a price calculated in accordance with paragraph (3) below.
- 2.2 The basis of eligibility of the Participants to the grant of any Options shall be determined by the Directors from time to time on the basis of the Participants' contribution to the development and growth of the Group.
- 2.3 The Board shall not make an Offer to any Participant:
 - (a) after inside information (as defined in the SFO) has come to the knowledge of the Company until it has been announced pursuant to the requirements of the Listing Rules. In particular, no Options may be granted during the period commencing one (1) month immediately preceding the earlier of:
 - (i) the date of the meeting of the Directors for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (ii) the deadline for the Company to publish its results announcement for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the actual date of publication of such results announcement of the Company; or
 - (b) who is subject to the dealing restrictions during the periods or times in which such Participant are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

- 2.4 An Offer shall be made to a Participant in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine and shall remain open for acceptance by the Participant concerned for a period of twenty-eight (28) days from the date (the “**Offer Date**”) upon which an Offer is made provided that no such Offer shall be open for acceptance after the earlier of the 10th anniversary of the Adoption Date or the termination of the New Share Option Scheme or the Participant to whom such Offer is made has ceased to be an Participant.
- 2.5 A non-refundable nominal consideration of HK\$1.00 is payable by the Grantee upon acceptance of an Option. An Offer shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Option duly signed by the Participant together with the said consideration of HK\$1.00 is received by the Company within twenty-eight (28) days from the Offer Date.
- 2.6 Any Offer may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in such number of Shares as represents a board lot for the time being for the purpose of trading on the Stock Exchange or an integral multiple thereof.
- 2.7 Subject to the terms of the New Share Option Scheme, upon an Offer being accepted by a Participant in whole or in part, an Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Participant on the date of such acceptance. The Option Period of an Option may not end later than ten (10) years from the Offer Date.
- 2.8 The Board may, at their absolute discretion, fix any minimum period for which an Option must be held, any performance targets that must be achieved and any other conditions that must be fulfilled before the Options can be exercised upon the grant of an Option to a Participant.

(3) EXERCISE OF OPTIONS AND SUBSCRIPTION PRICE

- 3.1 An Option may be exercised in whole or in part by the Grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Subscription Price in respect of which the notice is given. Within twenty-eight (28) days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the Company’s auditors or independent financial advisers, the Company shall allot and issue the relevant Shares to the Grantee (or his legal personal representative(s)) credited as fully paid.

3.2 The Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles of Association and will rank *pari passu* in all respects with the Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the “**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered onto the register of members of the Company as the holder thereof.

3.3 The Subscription Price at which a Grantee may subscribe for Shares on the exercise of an Option under the New Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day; (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and (iii) the nominal value of the Share on the Offer Date.

(4) RIGHTS ARE PERSONAL TO GRANTEES

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option or part thereof granted to such Grantee to the extent not already exercised.

(5) RIGHTS ON CESSATION OF EMPLOYMENT BY DISMISSAL

If the Grantee is an employee and ceases to be an employee on one or more of the grounds that he or she has been guilty of persistent or serious misconduct, bankruptcy, insolvency, composition with his or her creditors generally or conviction of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Company and any member of the Group or the relevant Invested Entity into disrepute) or any other ground(s) on which the relevant member of the Group or the relevant Invested Entity would be entitled to terminate his or her employment pursuant to any applicable law, his or her Option (to the extent not already exercised) will lapse on the date of cessation of his or her employment.

(6) RIGHTS ON CESSATION OF EMPLOYMENT BY REASON OF DEATH, ILL-HEALTH OR RETIREMENT

If the Grantee is an employee and ceases to be an employee by reason of death, ill-health or retirement in accordance with his or her contract of employment, he or she may exercise the Option (to the extent not already exercised) within a period of twelve (12) months following the date of such cessation, failing which it will lapse. The date of cessation shall be the last day on which the Grantee is actually at work with the Group or the relevant Invested Entity whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine. If any of the events referred to in paragraphs (8) to (10) below occurs during such period, he or she may exercise the Option pursuant to paragraphs (8) to (10), respectively.

(7) RIGHTS ON CESSATION FOR OTHER REASONS

If the Grantee ceases to be a Participant for any reason other than the reasons set out in paragraphs (5) and (6) above, his or her Option (to the extent not already exercised) will lapse on the date of cessation.

(8) RIGHTS ON A GENERAL OFFER

In the event of a general offer being made to all Shareholders (or all such holders other than the offeror and/or person controlled by the offeror and/or any person acting in concert (as defined in the Takeovers Code) with the offeror) and such offer becomes or is declared unconditional during the Option Period of the relevant Option, the Grantee shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within thereafter and up to the close of such offer.

(9) RIGHTS ON WINDING UP

In the event of an effective resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may by notice in writing to the Company elect to exercise his Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice within two (2) Business Days prior to the proposed general meeting of the Company considering such winding up.

(10) RIGHTS ON RECONSTRUCTION, COMPROMISE OR ARRANGEMENT

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all Grantees on the same date as it despatches to each member or creditor of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each Grantee (or his personal representative) shall be entitled to exercise all or any of his Options in whole or in part at any time prior to 12 noon on the day immediately

preceding the date of the proposed meeting. With effect from the date of such meeting, the rights of all Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement is not approved by the Court, the rights of Grantees to exercise their respective Options shall with effect from the date of the making of the order by the Court be restored in full and shall thereupon become exercisable as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension.

(11) LAPSE OF OPTIONS

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (5) to (10);
- (iii) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph (4) by the Grantee of the Option in respect of that or any other Option; and
- (iv) the date of the commencement of the winding-up of the Company.

(12) MAXIMUM NUMBER OF SHARES AVAILABLE FOR ISSUE

12.1 Subject to the Listing Rules, the overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30 per cent. of the relevant class of Shares in issue from time to time. No Options may be granted under the New Share Option Scheme or any other share option schemes of the Company if this will result in this limit being exceeded.

12.2 Subject to the limit mentioned in paragraph (12.1) above, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the Shares in issue as at the date of the approval of the New Share Option Scheme (the "**Scheme Mandate Limit**"), unless Shareholders' approval has been obtained pursuant to sub-paragraphs (12.3) and (12.4) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

- 12.3 Subject to the limit mentioned in paragraph (12.1) above, the Company may refresh the Scheme Mandate Limit at any time subject to approval of the Shareholders in general meeting, provided that the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of passing the relevant resolution. Options previously granted under the New Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised Options) will not be counted for the purpose of calculating the this limit. The Company must send a circular to the Shareholders containing such information as required under the Listing Rules.
- 12.4 Subject to the limit mentioned in paragraph (12.1) above, the Company may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to the Participants specifically identified by the Company before such approval is sought. The Company may issue a circular to its shareholders in compliance the requirements as prescribed in the Listing Rules.
- 12.5 The total number of Shares issued and to be issued upon exercise of the options granted to each Participant or Grantee (including exercised and outstanding options) in any twelve (12)-month period up to the date of grant shall not exceed 1% of the Shares in issue. Where it is proposed that any Offer is to be made to a Participant (or where approximate, an existing Grantee) which would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the twelve (12)-month period up to and including the relevant date of grant to exceed such limit, such Offer and any acceptance thereof must be conditional upon Shareholders' approval in general meeting with such Participant (or where appropriate, an existing Grantee) and his close associates (or his associates if the Grantee is a connected person) abstaining from voting. The Company may issue a circular to its shareholders in compliance with requirements as prescribed in the Listing Rules.

(13) GRANT OF OPTIONS TO CERTAIN CONNECTED PERSONS OR ANY OF THEIR ASSOCIATES

- 13.1 Any grant of Options to certain connected persons (including but not limited to a director, chief executive or substantial shareholder of the Company) or any of their respective associates (as defined in the Listing Rules) must be approved by the independent non-executive Directors (excluding independent non-executive Director who is the Grantee). Where Options are proposed to be granted to a connected person who is also a substantial Shareholder (as defined in the Listing Rules) of the Company or an independent non-executive Director or their respective associates and if such grant would result in the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) in any 12-month period up to and

including the date of grant to such person representing in aggregate over 0.1% of the total issued Shares and having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million, then the proposed grant must be subject to the approval of Shareholders taken on a poll in a general meeting. The Grantee, his associates and all core connected persons of the Company must abstain from voting at such general meeting (except where any connected person intends to vote against the proposed grant provided that his intention to do so has been stated in the Shareholders' circular to be issued as stated below).

- 13.2 A circular must be prepared by the Company explaining the proposed grant, disclosing all the required information as prescribed under the Listing Rules, in particular, (i) the number and terms of the Options to be granted, (ii) containing a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a Grantee) on whether or not to vote in favour of the proposed grant, (iii) containing information relating to any Directors who are trustees of the scheme or have a direct or indirect interest in the trustees.
- 13.3 Any change in the terms of Options granted to a connected person or its associates must be approved by Shareholders in a general meeting.

(14) REORGANIZATION OF CAPITAL STRUCTURE

- 14.1 In the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserve, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the numbers or nominal amount of Shares subject to any Option so far as such Option remains unexercised and/or (ii) the Subscription Price as the auditors or independent financial advisers for the time being of the Company shall at the request of the Company or any Grantee certify in writing to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that the Grantee shall have the same proportion of the issued share capital of the Company to which he or she was entitled before such alteration and the aggregate Subscription Price payable by the Grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. Save in the case of a capitalisation issue, the auditors or independent financial advisers for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements.
- 14.2 The capacity of the auditors or the independent financial adviser to the Company in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees.

(15) SHARE CAPITAL

The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

(16) ALTERATIONS TO THE TERMS OF THE NEW SHARE OPTION SCHEME

- (i) The provisions relating to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants without the prior approval of Shareholders in a general meeting.
- (ii) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (iii) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (iv) Any change to the authority of the Directors or the administrator of the New Share Option Scheme in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders in a general meeting.

(17) TERMINATION

The Company by ordinary resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior to such termination.

(18) CANCELLATION OF OPTIONS

Any Option granted but not exercised may not be cancelled except with the written consent of the relevant Grantee and the prior approval of the Directors. Any cancellation of Options granted but not exercised and the issuance of new Options to the same Grantee may only be made under the New Share Option Scheme with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit referred to in paragraph (12) above. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“Meeting”) of Kingdee International Software Group Company Limited (the “Company”) will be held at Kingdee Software Park, No. 2 Kejinan 12 Road, South District, Hi-tech Industrial Park, Nanshan District, Shenzhen, Guangdong Province, The People’s Republic of China (“P.R.C.”) on Friday, 8 May 2015 at 9:30 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To receive and adopt the audited consolidated accounts, the report of the directors of the Company (the “Directors”) and the report of the auditors of the Company for the year ended 31 December 2014;
2. (A) To re-elect Mr. Chen Deng Kun as an executive Director;
(B) To re-elect Ms. Dong Ming Zhu as a non-executive Director;
(C) To re-elect Mr. Wu Cheng as an independent non-executive Director; and
(D) To authorize the board of Directors (the “Board”) to fix the remuneration of the Directors;
3. To consider and approve the proposed payment of a final dividend of RMB0.012 (HK\$0.015) per share for the year ended 31 December 2014;
4. To consider and approve the re-appointment of PricewaterhouseCoopers, the retiring auditor of the Company, as the auditors of the Company and to authorize the Board to fix their remuneration;
5. **“THAT**
 - (i) subject to sub-paragraph (iii) of this resolution, pursuant to The Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue, grant, distribute and otherwise deal with additional

NOTICE OF ANNUAL GENERAL MEETING

shares of the Company (the “Shares”) and to make, issue or grant offers, agreements, options (including bonds, warrants and securities or debentures convertible into Shares) and rights of exchange or conversion which might require the exercise of such powers either during or after the Relevant Period, be and is hereby generally and unconditionally approved;

- (ii) the approval in sub-paragraph (i) of this resolution shall authorize the Directors during the Relevant Period to make, issue or grant offers, agreements, options (including bonds, warrants and debentures convertible into Shares) and rights of exchange or conversion which would or might require the exercise of such powers after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital allotted, issued, granted, distributed or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued, granted, distributed or otherwise dealt with (whether pursuant to an option, a conversion or otherwise) by the Directors pursuant to the approval in sub-paragraph (i) of this resolution, otherwise than pursuant to (a) a Rights Issue (as defined below); (b) the exercise of warrants to subscribe for Shares of the Company or any securities which are convertible into Shares of the Company or the exercise of options granted under any share option schemes adopted by the Company; or (c) an issue of Shares of the Company in lieu of the whole or part of a dividend on Shares of the Company in accordance with the articles of association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and this approval shall be limited accordingly; and
- (iv) for the purpose of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution in general meeting of the Company.

“Rights Issue” means the allotment, issue, or grant of Shares pursuant to an offer of Shares of the Company open for a period fixed by the Directors to holders of Shares in the Company on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares as at

NOTICE OF ANNUAL GENERAL MEETING

that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to overseas shareholders or fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the company).”

6. **“THAT**

- (i) subject to sub-paragraph (ii) below, the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to repurchase issued Shares in the capital of the Company on the Stock Exchange or any other stock exchange on which the Shares of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, subject to and in accordance with all applicable laws and the requirements of the Listing Rules or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of Shares which the Company is authorized to repurchase pursuant to the approval in sub-paragraph (i) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and this approval shall be limited accordingly; and
- (iii) for the purpose of this resolution:

“Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (c) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution in general meeting of the Company.”

7. **“THAT** conditional upon ordinary resolutions No. 5 and 6 above being passed, the aggregate nominal amount of Shares of the Company which are repurchased by the Company under the authority granted to the Directors pursuant to ordinary resolution No. 6 above shall be added to the aggregate nominal amount of share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to ordinary resolution No. 5 above.”

NOTICE OF ANNUAL GENERAL MEETING

8. “THAT:

- (i) subject to and conditional upon the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Shares to be issued pursuant to the exercise of the share options granted which may be granted under the new share option scheme (the “New Share Option Scheme”), a copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose, the New Share Option Scheme be and is hereby approved and adopted; and the Directors be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme, including but without limitation to:
 - (a) administer the New Share Option Scheme under which share options will be granted to the Eligible Persons (as defined in the New Share Option Scheme) eligible under the New Share Option Scheme to subscribe for Shares, including but not limited to determining and granting the share options in accordance with the terms of the New Share Option Scheme;
 - (b) modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to the modification and/or amendment and subject to Chapter 17 of the Listing Rules;
 - (c) allot and issue from time to time such number of Shares in the share capital of the Company as may be required to be allotted and issued pursuant to the exercise of the share options under the New Share Option Scheme and subject to the Listing Rules;
 - (d) make application at appropriate time or times to the Stock Exchange; and any other stock exchanges upon which the issued Shares may for the time being be listed, for listing of, and permission to deal in, any Shares which may hereafter from time to time be allotted and issued pursuant to the exercise of the share options under the New Share Option Scheme; and
 - (e) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme; and
- (ii) with effect from the date of the New Share Option Scheme becoming unconditional and coming into effect, the operation of the existing share option scheme of the Company which was adopted by the Company on 11 July 2005 (the “Existing Share Option Scheme”) be and is hereby terminated with effect

NOTICE OF ANNUAL GENERAL MEETING

from the adoption of the New Share Option Scheme and that no further share options will be granted under the Existing Share Option Scheme but in all other respects the provisions of the Existing Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any share options granted prior thereto or otherwise as may be required in accordance with provisions of the Existing Share Option Scheme and share options granted prior to such termination shall continue to be valid and exercisable in accordance with the Existing Share Option Scheme.”

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

Xu Shao Chun

Chairman

Shenzhen, the P.R.C., 2 April 2015

Registered Office:

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

Principal place of business in the P.R.C.:

Kingdee Software Park
No. 2 Kejinan 12 Road
South District
High-Tech Industrial Park
Nanshan District
Shenzhen, Guangdong Province
The P.R.C.

Notes:

- (i) A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote on his/her/its behalf. A proxy need not be a member of the Company.
- (ii) In order to be valid, the proxy form together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of such power or authority), must be delivered to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the Meeting or any adjournment thereof.
- (iii) Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the Meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (iv) For the purpose to determine the entitlement of the shareholders of the Company (the "Shareholders") to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 5 May 2015 to Friday, 8 May 2015 (both days inclusive), during which period no transfer of Shares will be registered. All transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 4 May 2015.

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- (v) For the purpose to determine the list of Shareholders who are entitled to receive the final dividend for the year ended 31 December 2014, the register of members of the Company will be closed from Thursday, 14 May 2015 to Monday, 18 May 2015 (both days inclusive), during which period no transfer of Shares will be registered. To qualify for the above-mentioned dividends (if approved), all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 13 May 2015. Subject to the approval of Shareholders at the AGM, the final dividend is expected to be paid on or around Tuesday, 16 June 2015 to Shareholders whose names appear on the register of members of the Company on Monday, 18 May 2015.

As at the date of this notice, the Board comprises Mr. Xu Shao Chun (Chairman of the Board and Chief Executive Officer), Mr. Chen Deng Kun and Mr. Yang Jian as executive directors; Ms. Dong Ming Zhu as a non-executive director and Mr. Gary Clark Biddle, Mr. Wu Cheng and Mr. Liu Chia Yung as independent non-executive directors.