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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 16 May 2015, the Company, the Subscriber and the Subscriber's Guarantor entered into the Subscription Agreement, pursuant to which the Company has agreed to allot and issue and the Subscriber has agreed to subscribe for the Subscription Shares at the Subscription Price on the terms and subject to the conditions set out in the Subscription Agreement.

The Subscription Price was determined after arm's length negotiation between the Company and the Subscriber with reference to the market price of the Shares, the recent trading volume of the Shares and the prospects of the Group. The price per Subscription Share (HK\$4.60) represents: (i) a discount of approximately 9.98% to the closing price of HK\$5.11 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of approximately 6.31% to the average closing price of approximately HK\$4.91 per Share as quoted on the Stock Exchange for the five trading days immediately prior to and including the Last Trading Date; and (iii) the average closing price as quoted on the Stock Exchange for the fifteen trading days immediately prior to and including the Last Trading Date.

The Subscription Shares represent: (i) approximately 11.11% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 10.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after Completion.

The gross proceeds arising from the Subscription will be approximately HK\$1,327,219,600 and the net proceeds arising from the Subscription will be approximately HK\$1,326,719,600. The Company intends to apply the net proceeds from the Subscription to the general working capital of the Group and for any future potential acquisitions.

The Subscription Shares are to be issued under the General Mandate granted to the Directors pursuant to an ordinary resolution of the Shareholders passed on 8 May 2015 whereby the Directors have been duly authorised to allot and issue new Shares not exceeding 20% of the total issued share capital of the Company as at 8 May 2015. As such, the allotment and issue of the Subscription Shares is not subject to additional Shareholders' approval.

Application will be made to the Listing Committee of the Stock Exchange for approval for the listing of, and permission to deal in, the Subscription Shares.

Completion is subject to the satisfaction of conditions precedent under the Subscription Agreement and the Subscription may or may not proceed to Completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

SUBSCRIPTION OF NEW SHARES

On 16 May 2015, the Company entered into the Subscription Agreement with the Subscriber. The principal terms of the Subscription Agreement are summarised below:

Date: 16 May 2015

Parties: (i) the Company;
(ii) the Subscriber; and
(iii) the Subscriber's Guarantor.

The Subscriber

The Subscriber is a company incorporated in the British Virgin Islands with limited liability and its principal activity is investment holding of stocks and financial instruments. The Subscriber is an indirect wholly-owned subsidiary of the Subscriber's Guarantor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber was an Independent Third Party prior to the entering into of the Subscription Agreement and the Subscriber and its associates do not hold any Shares as at the date of this announcement.

The Subscriber's Guarantor

The Subscriber's Guarantor is a company incorporated in the Cayman Islands with limited liability, whose American depository shares, each representing two Class A ordinary shares, are traded on the NASDAQ under the ticker symbol "JD" and whose principal activity is online direct sales of products to customers in the People's Republic of China. The Subscriber's Guarantor is an independent third party and is not a connected person of the Company (as defined in the Listing Rules) as at the date of the Subscription Agreement. The Subscriber's Guarantor entered into the Subscription Agreement as a guarantor to guarantee the performance of certain obligations on the part of the Subscriber in respect of the Subscription Agreement.

Subscription Shares

Subject to the fulfilment of the conditions of the Subscription and the terms set out in the Subscription Agreement, the Company has agreed to allot and issue and the Subscriber has agreed to subscribe for the Subscription Shares at the Subscription Price. The Subscription Shares represent: (i) approximately 11.11% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 10.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after Completion.

Ranking of the Subscription Shares

The Subscription Shares shall, when issued and fully paid up, rank pari passu in all respects among themselves and with all of the Shares in issue as at the Completion Date.

Subscription Price

The price per Subscription Share (HK\$4.60) represents: (i) a discount of approximately 9.98% to the closing price of HK\$5.11 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of approximately 6.31% to the average closing price of approximately HK\$4.91 per Share as quoted on the Stock Exchange for the five trading days immediately prior to and including the Last Trading Date; and (iii) the average closing price as quoted on the Stock Exchange for the fifteen trading days immediately prior to and including the Last Trading Date.

The Subscription Price was determined with reference to the prevailing market price of the Shares, the recent trading volume of the Shares and the prospects of the Group and was negotiated on an arm's length basis between the Company and the Subscriber. The Board (including the independent non-executive Directors) considers that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and that the Subscription is in the interests of the Company and the Shareholders as a whole.

The Company and the Subscriber shall bear all their own costs and expenses incurred in connection with the preparation, negotiation and completion of the Subscription Agreement. Stamp duty and all other fees and duties (if any) relating to the allotment and issue of the Subscription Shares and the fulfilment of the conditions of the Subscription shall be borne by the parties equally.

The gross proceeds arising from the Subscription will be approximately HK\$1,327,219,600 and the net proceeds arising from the Subscription will be approximately HK\$1,326,719,600.

Conditions precedent

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

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares;
- (b) no Material Adverse Change having arisen or occurred;
- (c) all the warranties given by the Company as issuer under the Subscription Agreement remaining true, accurate and not misleading in all material respects at all times from the date of the Subscription Agreement up to the Completion Date; and
- (d) any other approval as may be required by applicable laws or regulations for the Subscription having been obtained.

If the above condition (a) is not fulfilled within 30 days from the date of the Subscription Agreement or such later date as may be agreed between the Subscriber and the Company, the Subscription Agreement will lapse and become null and void and the parties will be released from all obligations thereunder, save for any antecedent breaches thereof.

Completion

Completion shall take place at 5 p.m. (Hong Kong time) on the second Business Day after the date upon which the conditions precedent have been fulfilled or such other date as the Company and the Subscriber may agree, at the offices of the Company's Hong Kong legal advisers or at such place and at such time as the Company and the Subscriber may agree.

Upon Completion, the Subscriber will become the beneficial owner of the Subscription Shares, representing approximately 10.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Lock-up arrangement for the Subscription Shares

Pursuant to the Subscription Agreement, the Subscriber undertook that, without the prior written consent of the Company, during the period commencing on and including the Completion Date and ending on and including the date which is 180 days from the Completion Date, the Subscriber shall not, and shall procure that none of its subsidiaries, following a transfer of any or all of the Subscription Shares to that subsidiary, sell, transfer or otherwise dispose of (or enter into any agreement to dispose of) any Subscription Shares held by the Subscriber or any such subsidiary, except in connection with the acceptance of a general offer for the share capital of the Company made in accordance with the Takeovers Code or the provision of an irrevocable undertaking to accept such offer or a sale of Shares to an offeror during the offer period (as defined in the Takeovers Code) in respect of such offer, or pursuant to any merger, compromise or arrangement under any laws applicable to the Company.

Potential cooperation

The parties plan to enter a strategic partnership under which they will collaborate on providing small and medium-sized enterprises with integrated enterprise resource planning solutions through a cloud service, subject to further discussion and agreement to be entered into between the parties.

General Mandate

The Subscription Shares are to be issued under the General Mandate.

As at the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate and the number of new Shares that could be allotted and issued by the Company under the General Mandate is 518,528,193 Shares. The allotment and issue of the Subscription Shares will utilise approximately 55.64% of the General Mandate. As such, the allotment and issue of the Subscription Shares is not subject to additional Shareholders' approval.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for approval for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE SUBSCRIPTION

The Directors consider that the Subscription represents an opportunity to raise capital for the Company in order to maintain the cash flow position of the Group, enhance the capital base of the Company and to prepare for any future potential acquisitions, and the Subscription is in the interests of the Group and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds from the Subscription are expected to be approximately HK\$1,327,219,600 in aggregate. After deducting related professional fees and all related expenses of about HK\$500,000 which will be borne by the Company under the Subscription, the net proceeds of the Subscription will amount to approximately HK\$1,326,719,600. The net proceeds from the Subscription will be applied to enhance the capital base of the Company and to prepare for any further potential acquisitions.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no other changes in the share capital of the Company from the date of this announcement up to Completion, set out below is the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after Completion.

Shareholder	As at the date of this announcement		Immediately after Completion	
	Number of Shares	Approx. %	Number of Shares	Approx. %
Xu Shao Chun (<i>Note 1</i>)	776,863,824	29.91	776,863,824	26.93
Directors (<i>Note 2</i>)	2,697,626	0.10	2,697,626	0.09
Public				
– Subscriber	–	–	288,526,000	10.00
– Other Public Shareholders	1,817,181,618	69.99	1,817,181,618	62.98
Total	<u>2,596,743,068</u>	<u>100.00</u>	<u>2,885,269,068</u>	<u>100.00</u>

Note:

1. Of the 776,863,824 Shares, 11,565,200 Shares were held directly by Mr. Xu Shao Chun, 409,412,000 Shares were held through Oriental Gold Limited and 355,886,624 Shares were held through Billion Ocean Limited. Oriental Gold Limited and Billion Ocean Limited are controlled by Mr. Xu Shao Chun.
2. Of the 2,697,626 Shares, 605,626 were held by Mr. Yang Jian, 1,312,000 were held by Mr. Chen Deng Kun and 780,000 Shares were held by Mr. Wu Cheng.

FUND RAISING DURING THE PAST TWELVE MONTHS

There has been no equity fund raising activity of the Company during the 12 months immediately preceding the date of this announcement.

Completion is subject to the satisfaction of conditions precedent under the Subscription Agreement and the Subscription may or may not proceed to Completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Business Day”	any day(s) on which banks in Hong Kong and New York are open for business (other than a Saturday, Sunday or a public holiday)
“Company”	Kingdee International Software Group Company Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Hong Kong Stock Exchange (Stock Code: 268)
“Completion”	the completion of the Subscription
“Completion Date”	The second Business Day after the date upon which the conditions precedent to Completion under the Subscription Agreement are fulfilled or such other date as the Company and the Subscriber may agree
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the shareholders of the Company passed on 8 May 2015 to allot, issue and deal with up to 518,528,193 Shares, representing 20% of the issued share capital of the Company as at 8 May 2015
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“Last Trading Date”	15 May 2015, being the last day on which the Shares were traded on the Stock Exchange prior to the issue of this announcement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Material Adverse Change”	means any event, circumstance, effect, occurrence or state of affairs or any combination thereof occurring which is, or is reasonably likely to be, materially adverse to the business, operations, assets, liabilities (including contingent liabilities), business or financial condition, results or prospects of the Group taken as a whole

“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	JD Oriental Investment Limited, a company incorporated in the British Virgin Islands with limited liability, which is an Independent Third Party prior to the entering into of the Subscription Agreement
“Subscriber’s Guarantor”	JD.com Inc., a company incorporated in the Cayman Islands with limited liability, which is an Independent Third Party prior to the entering into of the Subscription Agreement
“Subscription”	the subscription of the Subscription Shares at the Subscription Price by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 16 May 2015 entered into between the Company, the Subscriber and the Subscriber’s Guarantor in respect of the Subscription
“Subscription Price”	the aggregate subscription price of HK\$1,327,219,600 payable by the Subscriber for the subscription of the Subscription Shares
“Subscription Shares”	288,526,000 new Shares to be allotted and issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

For presentation purpose, percentage figures presented in this announcement have been rounded to the nearest two decimal places.

By order of the Board
**Kingdee International Software
Group Company Limited**
Xu Shao Chun
Chairman

Shenzhen, the People’s Republic of China, 18 May, 2015

As at the date of this announcement, 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 non-executive Director; and Mr. Gary Clark Biddle, Mr. Wu Cheng and Mr. Liu Chia Yung as independent non-executive Directors.