

---

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement*



**KINGDEE INTERNATIONAL SOFTWARE GROUP COMPANY LIMITED**

**金蝶國際軟件集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 268)

**ANNOUNCEMENT OF THE RESULTS**

**FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**Financial highlights for the six months ended 30 June 2015**

- Revenue increased by approximately 1.1% over the same period in 2014 to approximately RMB757,981,000 (the six months ended 30 June 2015: RMB749,878,000)
- Profit for the period is approximately RMB90,444,000 (the six months ended 30 June 2014: Profit of RMB80,954,000)
- Profit attributable to owners of the Company during the period is approximately RMB91,597,000 (the six months ended 30 June 2014: Profit of RMB81,457,000)
- Basic earnings per share for profit attributable to owners of the Company during the period is approximately RMB3.465 cents (the six months ended 30 June 2014: Basic earnings per share for profit of RMB3.192 cents)

The board (the “Board”) of directors (the “Directors”) of Kingdee International Software Group Company Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2015 are as follows:

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET**

*As at 30 June 2015*

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
	<i>Notes</i>	<b>2015</b>	2014
		<b>RMB'000</b>	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Land use rights	6	<b>130,057</b>	132,127
Property, plant and equipment	7	<b>744,845</b>	728,218
Intangible assets	7	<b>596,931</b>	577,065
Investments accounted for using the equity method		<b>21,452</b>	1,537
Investment properties		<b>831,159</b>	831,159
Entrusted loan	8	<b>19,900</b>	20,000
<b>Total non-current assets</b>		<b>2,344,344</b>	2,290,106
<b>Current assets</b>			
Inventories		<b>4,601</b>	3,926
Trade and other receivables	8	<b>236,707</b>	244,469
Entrusted loan	8	<b>25,500</b>	25,600
Due from customers on implementation contracts		<b>322,509</b>	301,112
Pledged bank deposits		<b>7,038</b>	7,038
Short-term bank deposits		<b>296,726</b>	259,283
Cash and cash equivalents		<b>2,294,090</b>	1,261,634
<b>Total current assets</b>		<b>3,187,171</b>	2,103,062
<b>Total assets</b>		<b>5,531,515</b>	4,393,168

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET** *(Continued)**As at 30 June 2015*

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
	<i>Notes</i>	<b>2015</b>	2014
		<b>RMB'000</b>	RMB'000
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	9	71,755	65,155
Share premium	9	1,646,329	537,920
Other reserves		507,877	512,113
Retained earnings			
—Proposed final dividend		—	30,000
—Others		935,381	843,784
		<b>3,161,342</b>	1,988,972
<b>Non-controlling interests</b>		<b>15,655</b>	9,246
<b>Total equity</b>		<b>3,176,997</b>	1,998,218
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	10	1,112,571	1,291,397
Deferred income tax liabilities		72,560	74,192
<b>Total non-current liabilities</b>		<b>1,185,131</b>	1,365,589
<b>Current liabilities</b>			
Trade and other payables	11	276,796	302,967
Due to customers on implementation contracts		37,135	80,573
Borrowings	10	776,800	545,579
Current income tax liabilities		21,298	23,191
Deferred income		57,358	77,051
<b>Total current liabilities</b>		<b>1,169,387</b>	1,029,361
<b>Total liabilities</b>		<b>2,354,518</b>	2,394,950
<b>Total equity and liabilities</b>		<b>5,531,515</b>	4,393,168
<b>Net current assets</b>		<b>2,017,784</b>	1,073,701
<b>Total assets less current liabilities</b>		<b>4,362,128</b>	3,363,807

The notes on pages 8 to 22 are an integral part of these consolidated financial statements.

**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT***For the six months ended 30 June 2015*

		Unaudited	
		Six months ended 30 June	
	Notes	2015	2014
		RMB'000	RMB'000
Revenue	12	757,981	749,878
Cost of sales	13	<u>(158,498)</u>	<u>(143,590)</u>
<b>Gross profit</b>		<b>599,483</b>	606,288
Selling and marketing expenses	13	<b>(397,628)</b>	(381,920)
Administrative expenses	13	<b>(69,770)</b>	(72,705)
Research and development costs	13	<b>(106,537)</b>	(112,265)
Other gains-net	14	<b>104,573</b>	98,292
<b>Operating profit</b>		<b>130,121</b>	137,690
Finance income		<b>15,331</b>	3,076
Finance costs		<b>(47,284)</b>	(53,635)
Finance costs-net		<b>(31,953)</b>	(50,559)
Share of loss of investments accounted for using the equity method		<u>(85)</u>	<u>(524)</u>
<b>Profit before income tax</b>		<b>98,083</b>	86,607
Income tax expense	15	<u>(7,639)</u>	<u>(5,653)</u>
<b>Profit for the period</b>		<b>90,444</b>	80,954
<b>Attributable to:</b>			
Owners of the Company		<b>91,597</b>	81,457
Non-controlling interests		<b>(1,153)</b>	(503)
		<u>90,444</u>	<u>80,954</u>
<b>Earnings per share for profit attributable to owners of the Company</b>			
—Basic	16	<u>RMB3.465 cents</u>	<u>RMB3.192 cents</u>
—Diluted	16	<u>RMB3.275 cents</u>	<u>RMB2.970 cents</u>

The notes on pages 8 to 22 are an integral part of these consolidated financial statements.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME***For the six months ended 30 June 2015*

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
<b>Profit for the period</b>	<b>90,444</b>	80,954
<i>Items that may be reclassified to profit or loss</i>		
—Currency translation differences	<b>120</b>	—
Other comprehensive income for the period	<b>120</b>	—
<b>Total comprehensive income for the period, net of tax</b>	<b>90,564</b>	80,954
<b>Total comprehensive income attributable to:</b>		
—Owners of the Company	<b>91,717</b>	81,457
—Non-controlling interests	<b>(1,153)</b>	(503)
	<b>90,564</b>	80,954

The notes on pages 8 to 22 are an integral part of these consolidated financial statements.

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

(All amounts in Renminbi thousand unless otherwise stated)

		Unaudited						
		Attributable to owners of the Company				Non-		
Notes		Share capital	Share premium	Other reserves	Retained earnings	Total	controlling interests	Total equity
	<b>Balance at 1 January 2015</b>	65,155	537,920	512,113	873,784	1,988,972	9,246	1,998,218
	<b>Comprehensive income</b>							
	Profit/(loss) for the period	—	—	—	91,597	91,597	(1,153)	90,444
	<b>Other comprehensive loss</b>							
	Currency translation differences	—	—	120	—	120	—	120
	<b>Total comprehensive (loss) /income</b>	—	—	120	91,597	91,717	(1,153)	90,564
	<b>Transaction with owners</b>							
	Employees share option scheme:							
	- value of employee services	9	17,865	—	—	17,865	—	17,865
	- proceeds from shares issued	9	1,090,544	—	—	1,097,144	—	1,097,144
	Transactions with non-controlling interests	—	—	(4,356)	—	(4,356)	7,562	3,206
	Dividend relating to 2014	17	—	—	(30,000)	(30,000)	—	(30,000)
	<b>Total transactions with owners</b>	6,600	1,108,409	(4,356)	(30,000)	1,080,653	7,562	1,088,215
	<b>Balance at 30 June 2015</b>	71,755	1,646,329	507,877	935,381	3,161,342	15,655	3,176,997
	<b>Balance at 1 January 2014</b>	64,435	480,253	528,988	676,736	1,750,412	4,466	1,754,878
	<b>Comprehensive income</b>							
	Profit/ (Loss) for the period	—	—	—	81,457	81,457	(503)	80,954
	<b>Total comprehensive income/(loss)</b>	—	—	—	81,457	81,457	(503)	80,954
	Employees share option scheme:							
	- value of employee services	9	11,925	—	—	11,925	—	11,925
	- proceeds from shares issued	9	23,927	—	—	24,456	—	24,456
	Issue of convertible bond							
	-equity component	9	—	8,696	—	8,696	—	8,696
	<b>Total transactions with owners</b>	529	35,852	8,696	—	45,077	—	45,077
	<b>Balance at 30 June 2014</b>	64,964	516,105	537,684	758,193	1,876,946	3,963	1,880,909

The notes on pages 8 to 22 are an integral part of these consolidated financial statements.

**CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT***For the six months ended 30 June 2015*

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Cash flows from operating activities:</b>		
Cash generated from operations	216,771	210,125
Interest paid	(47,284)	(53,335)
Income tax paid	(11,164)	(5,652)
	<u>158,323</u>	<u>151,138</u>
<b>Net cash generated from operating activities</b>		
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(80,880)	(52,746)
Proceeds from sale of property, plant and equipment	4,462	3,040
Purchases of intangible assets	(129,587)	(107,806)
Cash paid for contingent and deferred consideration for business combination	—	(580)
Short-term bank deposits placed	(37,443)	(466,168)
Principal received from entrusted loan	200	100
Investments accounted for using the equity method	(20,000)	—
Interest received	15,331	3,076
	<u>(247,917)</u>	<u>(621,084)</u>
<b>Net cash used in investing activities</b>		
<b>Cash flows from financing activities:</b>		
Proceeds from shares issued	1,097,144	24,456
Proceeds from issuance of convertible bond	—	1,056,579
Proceeds from borrowings	100,000	—
Repayments of borrowings	(48,300)	(724,800)
Dividends paid to the Company's shareholders	(30,000)	—
Disposal of interest in a subsidiary without loss of control	3,206	—
	<u>1,122,050</u>	<u>356,235</u>
<b>Net cash generated from financing activities</b>		
<b>Net increase in cash and cash equivalents</b>	<b>1,032,456</b>	<b>(113,711)</b>
Cash and cash equivalents at beginning of the period	<u>1,261,634</u>	<u>858,446</u>
<b>Cash and cash equivalents at end of the period</b>	<b><u>2,294,090</u></b>	<b><u>744,735</u></b>

The notes on pages 8 to 22 are an integral part of these consolidated financial statements.

**Notes to the condensed consolidated interim financial information**

**1. General information**

Kingdee International Software Group Company Limited (the “Company”) was incorporated in the Cayman Islands in 1999 as an exempted company with limited liability. The address of its office is Kingdee Software Park, 2 Keji 12th Road South, Hi-Tech Industrial Park, Nanshan District, Shenzhen, Guangdong Province, the People’s Republic of China (the “PRC”).

The Company is an investment holding company. The principal activities of its subsidiaries (the “Group”) are developing, manufacturing and selling of software products and provision of software-related technical services in the PRC.

The shares of the Company have been listed on the Stock Exchange of Hong Kong Limited since 15 February 2001.

These condensed consolidated interim financial statements are presented in thousands of Renminbi (RMB’000), unless otherwise stated. These condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 19 August 2015.

This condensed consolidated interim financial information has not been audited.

**2. Basis of preparation**

This unaudited condensed consolidated interim financial information for the half-year ended 30 June 2015 has been prepared in accordance with IAS 34, ‘Interim financial reporting’. The unaudited condensed consolidated interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2014 which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

**3. Accounting policies**

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

Other amendments to IFRSs effective for the financial year ending 31 December 2015 are not expected to have a material impact on the Group.

Taxes on income for the interim period are accrued using the tax rates that would be applicable to expected total annual assessable profits.



**Notes to the condensed consolidated interim financial information**

**4. Estimates**

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

**5. Segment information**

The chief operating decision-maker has been identified as executive directors of the Company. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The executive directors consider the business from product perspective. Upon the adoption of IFRS 8 'Operating Segments', the Group has identified the following operating segments:

ERP business and Cloud services business	- sales and implementation of enterprise management software, provision of other related services, sales of hardware related to enterprise management software arrangements and sales of middleware software business and provision of E-commerce and other online management services
Others	- operation of investment properties

The chief operating decision-maker assesses the performance of the operating segments based on the operating profit of each segment. Substantially, all of the businesses of the Group are carried out in the PRC.

## Notes to the condensed consolidated interim financial information

## 5. Segment information (Continued)

The unaudited segment information for the six months ended 30 June 2015 is as follows:

	ERP business and Cloud services business RMB'000	Others RMB'000	The Group Total RMB'000
Revenue (from external customers)	757,981	—	757,981
Operating profit	94,244	35,877	130,121
Finance income	15,331	—	15,331
Finance costs	(47,284)	—	(47,284)
<b>Finance costs – net</b>	<b>(31,953)</b>	<b>—</b>	<b>(31,953)</b>
Share of loss of investments accounted for using the equity method	(85)	—	(85)
<b>Profit before income tax</b>	<b>62,206</b>	<b>35,877</b>	<b>98,083</b>
Income tax expense	(4,051)	(3,588)	(7,639)
<b>Segment results</b>	<b>58,155</b>	<b>32,289</b>	<b>90,444</b>
<b>Segment assets</b>	<b>4,700,356</b>	<b>831,159</b>	<b>5,531,515</b>
<b>Segment liabilities</b>	<b>2,354,518</b>	<b>—</b>	<b>2,354,518</b>
Additions to non-current assets (other than financial instruments and deferred tax assets)	54,238	—	54,238
Depreciation and amortisation	131,220	—	131,220
Written-back for doubtful trade and other receivables	(12,827)	—	(12,827)
Share-based payment	17,865	—	17,865

## Notes to the condensed consolidated interim financial information

## 5. Segment information (Continued)

The unaudited segment information for the six months ended 30 June 2014 is as follows:

	ERP business and Cloud services business RMB'000	Others RMB'000	The Group Total RMB'000
Revenue (from external customers)	749,878	—	749,878
Operating profit	110,152	27,014	137,166
Finance costs	(53,635)	—	(53,635)
Finance income	3,076	—	3,076
<b>Finance costs – net</b>	<b>(50,559)</b>	<b>—</b>	<b>(50,559)</b>
<b>Profit before income tax</b>	<b>59,593</b>	<b>27,014</b>	<b>86,607</b>
Income tax expense	(2,952)	(2,701)	(5,653)
<b>Segment results</b>	<b>56,641</b>	<b>24,313</b>	<b>80,954</b>
<b>Segment assets</b>	<b>3,445,746</b>	<b>826,623</b>	<b>4,272,369</b>
<b>Segment liabilities</b>	<b>2,391,460</b>	<b>—</b>	<b>2,391,460</b>
Reductions to non-current assets (other than financial instruments and deferred tax assets)	(22,154)	—	(22,154)
<b>Material non-cash expenses/income</b>			
Depreciation and amortisation	136,063	—	136,063
(Written-back)/allowance for doubtful trade and other receivables	(3,930)	—	(3,930)

## Notes to the condensed consolidated interim financial information

## 6. Land use rights

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
<b>Opening net book amount at 1 January</b>	<b>132,127</b>	135,488
Amortisation charge	<u>(2,070)</u>	<u>(2,058)</u>
<b>Closing net book amount at 30 June</b>	<b><u>130,057</u></b>	<b><u>133,430</u></b>
<b>Represented by:</b>		
Cost	<b>148,892</b>	148,892
Accumulated amortisation charges	<u>(18,835)</u>	<u>(15,462)</u>
	<b><u>130,057</u></b>	<b><u>133,430</u></b>

The Group's interests in land use rights represent prepaid operating lease payments.

## Notes to the condensed consolidated interim financial information

## 7. Property, plant, equipment and intangible assets

	Unaudited	
	Property, plant and equipment RMB'000	Intangible assets RMB'000
<b>Six months ended 30 June 2015</b>		
Opening net book amount at 1 January 2015	728,218	577,065
Additions	41,094	129,587
Disposals	(5,038)	—
Depreciation and amortisation	(19,429)	(109,721)
<b>Closing net book amount at 30 June 2015</b>	<b>744,845</b>	<b>596,931</b>
<b>Six months ended 30 June 2014</b>		
Opening net book amount at 1 January 2014	760,218	597,514
Additions	9,962	107,806
Disposals	(3,235)	—
Depreciation and amortisation	(21,658)	(112,347)
<b>Closing net book amount at 30 June 2014</b>	<b>745,287</b>	<b>592,973</b>

## Notes to the condensed consolidated interim financial information

## 8. Trade and other receivables

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Trade receivables(a)	162,959	180,017
Less: allowance for impairment	(66,975)	(79,802)
Trade receivables - net	95,984	100,215
Notes receivable	10,571	16,329
Advance to employees	23,364	25,148
Prepayments	35,896	46,280
VAT recoverable	33,211	38,432
Receivables from related parties	4,315	1,261
Others	33,366	16,804
	<u>236,707</u>	<u>244,469</u>
Entrusted loan		
Current portion	25,500	25,600
Non-current portion	19,900	20,000
	<u>282,107</u>	<u>290,069</u>

(a) Sales are generally made without prescribed credit in the sales contracts but customers usually take 1 to 3 months to settle the receivables. The ageing analysis of trade receivables is as follows:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
0-180 days	70,216	64,714
181- 360 days	21,072	25,923
Over 360 days	71,671	89,380
	<u>162,959</u>	<u>180,017</u>

## Notes to the condensed consolidated interim financial information

## 9. Share capital and share premium

	Number of issued shares (thousands)	Ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
<b>At 1 January 2015</b>	<b>2,574,437</b>	<b>65,155</b>	<b>537,920</b>	<b>603,075</b>
Employee share option scheme				
– Value of services provided	—	—	17,865	17,865
– Exercise of share options	333,232	6,600	1,090,544	1,097,144
<b>At 30 June 2015(Unaudited)</b>	<b>2,907,669</b>	<b>71,755</b>	<b>1,646,329</b>	<b>1,718,084</b>
<b>At 1 January 2014</b>	<b>2,538,106</b>	<b>64,435</b>	<b>480,253</b>	<b>544,688</b>
Employee share option scheme				
– Value of services provided	—	—	11,925	11,925
– Exercise of share options	26,635	529	23,927	24,456
<b>At 30 June 2014(Unaudited)</b>	<b>2,564,741</b>	<b>64,964</b>	<b>516,105</b>	<b>581,069</b>

## 10. Borrowings

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
<b>Non-current</b>		
Long-term bank borrowings, unsecured	70,000	248,500
Convertible bonds(a)	1,042,571	1,042,897
	<b>1,112,571</b>	1,291,397
<b>Current</b>		
Medium-term Notes	480,000	478,979
Current portion of long-term borrowings, unsecured	296,800	66,600
	<b>776,800</b>	545,579
	<b>1,889,371</b>	1,836,976

## Notes to the condensed consolidated interim financial information

## 10. Borrowings(continued)

- (a) The Group issued US\$175,000,000 4.0% convertible bond on 14 April 2014. The bond mature in five years from the issue date. The bond can be converted into the Company's ordinary shares, at the holder's option at any time on or after 25 May 2014 up to the close of business (at the place where the bond certificate evidencing such bond is deposited for conversion) on the 10th day prior to the maturity date (both days inclusive), at HK\$3.90 per share. The values of the liability component and the equity conversion component were determined at issuance of the bond. The liability component is subsequently stated at amortised cost until it is extinguished on conversion or maturity of the bond. The residual amount, representing the value of the equity conversion component, is accounted for as a conversion option reserve included in equity.

The convertible bonds recognized in the balance sheet are calculated as follows:

	<b>RMB'000</b>
<b>Face value of convertible bonds issued on</b>	
<b>14 April 2014</b>	1,076,793
Transaction costs	(20,214)
Equity component	(8,696)
	<hr/>
<b>Liability component on initial recognition at</b>	
<b>14 April 2014</b>	1,047,883
Interest expense	31,420
Interest accrued	(30,590)
Effects of currency translation	(5,816)
	<hr/>
<b>Liability component at 31 December 2014(Audited)</b>	<hr/> 1,042,897 <hr/>
Interest expense	<b>21,992</b>
Interest accrued	<b>(21,398)</b>
Effects of currency translation	<b>(920)</b>
	<hr/>
<b>Liability component at 30 June 2015(Unaudited)</b>	<hr/> <b>1,042,571</b> <hr/>

Interest expense on the liability component of the bond was calculated at the effective interest rate of 4.22% per annum.



## Notes to the condensed consolidated interim financial information

## 11. Trade and other payables

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
Trade payables (a)	23,379	34,290
Amounts due to related parties	540	591
Salary and staff welfare payables	64,712	74,563
Advances from customers	45,007	38,293
VAT and business tax payable	52,044	42,800
Accrued expenses	8,228	39,183
Construction fee payable	7,327	7,387
Contingent consideration for a business acquisition	—	3,067
Deferred consideration for a business acquisition	300	2,888
Deposits of distributors	34,653	32,854
Interest payable	37,716	23,324
Others	2,890	3,727
	<u>276,796</u>	<u>302,967</u>

(a) As at 30 June 2015, the ageing analysis of trade payables is as follows:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
0-180 days	16,731	30,954
181- 360 days	5,426	2,199
Over 360 days	1,222	1,137
	<u>23,379</u>	<u>34,290</u>

## Notes to the condensed consolidated interim financial information

## 12. Revenue

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
ERP business	676,178	704,958
Cloud services business	81,803	44,920
	<u>757,981</u>	<u>749,878</u>

## 13. Expenses by nature

Expenses included in cost of sales, selling and marketing expenses, research and development costs and administrative expenses are analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Research and development costs		
Amounts incurred	139,672	120,891
Less: development costs capitalised	(130,872)	(107,691)
Add: amortisation	97,737	99,065
	<u>106,537</u>	<u>112,265</u>
Employee benefit expenses	440,366	417,489
Less: amount included in research and development costs	(124,015)	(106,525)
	<u>316,351</u>	<u>310,964</u>
Cost of inventories consumed	3,379	24,852
Depreciation of property, plant and equipment	19,429	21,658
Amortisation of computer software, licenses and copyrights	11,360	12,658
Amortisation of customer relationship	624	624
Amortisation of land use rights	2,070	2,058
Impairment of receivables	(12,827)	(3,930)
Loss on disposals of property, plant and equipment	576	195

## Notes to the condensed consolidated interim financial information

## 14. Other gains

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Subsidy income		
-VAT refund	57,539	67,296
-Government grants	8,989	3,440
Rental income-net	35,877	27,014
Re-measurement of the contingent consideration for business acquisition	1,367	—
Others	801	542
	<b>104,573</b>	<b>98,292</b>
	<b>104,573</b>	<b>98,292</b>

## 15. Income tax expense

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Current income tax	9,271	8,010
Deferred income tax	(1,632)	(2,357)
	<b>7,639</b>	<b>5,653</b>
	<b>7,639</b>	<b>5,653</b>

- (a) No provision for profits tax in the Cayman Islands and Hong Kong has been made as the Group has no income assessable for profits tax for the period in those jurisdictions.
- (b) Kingdee China and Shenzhen Kingdee Middleware Co., Ltd. were each qualified as a national important software enterprise and was entitled to a preferential tax rate of 10% for the period ended 30 June 2015.
- (c) Shanghai Kingdee Software Co., Ltd., Kingdee Medical Software Co., Ltd. and Beijing Kingdee Software Co., Ltd. were each qualified as a high-tech enterprise and was entitled to a preferential tax rate of 15% for the period ended 30 June 2015.
- (d) Other PRC subsidiaries of the Group applied the tax rate of 25%.

## Notes to the condensed consolidated interim financial information

## 16. Earnings per share

*(a) Basic*

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
Profit attributable to owners of the Company	<u>91,597</u>	<u>81,457</u>
Weighted average number of ordinary shares in issue (thousands)	<u>2,643,596</u>	<u>2,551,534</u>
Basic earnings per share	<u><b>RMB3.465 cents</b></u>	<u>RMB3.192 cents</u>

*(b) Diluted*

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. The Company has only two categories of dilutive potential ordinary shares: Share options and convertible bond. The convertible bond is anti-dilutive and is ignored in the calculation of diluted earnings per share.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
Profit attributable to owners of the Company	<u>91,597</u>	81,457
Interest on convertible bond	<u>—</u>	<u>3,018</u>
Profit used to determine diluted earnings per share	<u>91,597</u>	<u>84,475</u>
Weighted average number of ordinary shares in issue (thousands)	<u>2,643,596</u>	2,551,534
Adjustments – share options (thousands)	<u>153,209</u>	141,987
Adjustments – conversion of convertible bond (thousands)	<u>—</u>	<u>150,833</u>
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<u>2,796,805</u>	<u>2,844,354</u>
Diluted earnings per share	<u><b>RMB3.275 cents</b></u>	<u>RMB2.970 cents</u>

## Notes to the condensed consolidated interim financial information

## 17. Dividends

2014 final dividends of RMB30,000,000 (RMB1.2 cents per share) (HKD1.5 cents per share) were paid in June 2015. The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2015 (the six months ended 30 June 2014: Nil).

## 18. Related party transactions

The Group is controlled by Mr. Xu Shao Chun, who owns 26.7% of the Company's shares. The remaining 73.3% of the shares are widely held. The ultimate controlling party of the Group is Mr. Xu Shao Chun.

The Group had transactions with related parties for the period ended 30 June 2015 as follows:

*(a) Transactions with related parties*

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
Sales of goods		
– Investments accounted for using the equity method	<b>4,673</b>	3,612
– Companies controlled by the ultimate controlling party	<b>510</b>	411
	<b>5,183</b>	4,022
Rental income from companies controlled by the ultimate controlling party	<b>458</b>	291

Goods are sold based on the price lists in force and terms that would be available to third parties.

*(b) Balances with related parties*

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
Period-end balances arising from sales of goods		
– Investments accounted for using the equity method	<b>540</b>	591
Due from companies controlled by the ultimate controlling party	<b>4,315</b>	1,261

**Notes to the condensed consolidated interim financial information**

**19. Event occurring after the balance sheet date**

The Group purchased and held 1,494,000 ordinary shares of the Company for a total consideration of HKD3,964,000 (equivalent to approximately RMB3,127,000) in July 2015, intended for the purpose of recognizing and rewarding the contributions of the eligible persons to the growth and development of the Group.

## Management Discussion and Analysis

### 1. Financial Highlights

In the first half of 2015, both the Cloud and the ERP business made steady progress thanks to China's promotion of the "Internet +" strategy. The ERP business maintained steady growth and the Cloud services business achieved rapid expansion. In the first half of 2015, Kingdee formed strategic partnerships with many industry leaders including JD.com, Kingsoft and Amazon, in an effort to collaboratively fulfill the fast growing demand arising from the rapidly evolving mobile enterprise internet market.

#### *Revenue*

The revenue of the Group in the first half of 2015 was RMB757,981,000, an increase of 1.1% year-on-year (1H'2014: RMB749,878,000). The revenue generated from ERP business was RMB676,178,000, a 4.1% decrease from the previous year (1H'2014: RMB704,958,000). The revenue generated from Cloud services business surged 82.1% year-on-year to RMB81,803,000 (1H'2014: RMB44,920,000).

#### *Gross Profit*

In the reporting period, the Group's gross profit was RMB599,483,000, 1.1 % lower than the previous year (1H'2014: RMB606,288,000). The gross margin of the reporting period was 79.1% (1H'2014: 80.9 %)

#### *Profit*

Operational efficiency improved during the period. The profit attributable to owners of the Company in the six months ended 30 June 2015 was RMB91,597,000 (1H'2014: RMB81,457,000). Net profit margin in the first half of 2015 was 12.1% (1H'2014: 10.9%). The basic EPS was RMB3.465 cents (1H'2014: RMB3.192 cents).

## **2. Sub Business Reporting**

### **I. Kingdee ERP Business**

#### **(1) SMEs Market**

In the reporting period, China witnessed a new wave of start-ups and the emergence of a large number of small to medium sized enterprises (SMEs) after Premier Li Keqiang encouraged “Entrepreneurship and Innovation amongst the People”, prompting significant future potential for the demand for ERP software.

During the reporting period, the Group continued to provide high quality products and services for enterprises, continuously improving the core quality of ERP products, providing innovative “ERP+” O2O solutions, and offering superior user experience. The Group established deep and close partnerships with well-known internet companies to develop applications for the mobile internet market, and developed an integrated cloud service solution for SMEs, becoming the preeminent cloud services and software provider for SMEs.

In the reporting period, the internationally recognized third-party research firm IDC released its research report, IDC PRC Semiannual Enterprise Applications Tracker (2H’2014). The report shows that Kingdee was ranked No.1 in the SME software market in 2014, extending its top ranking for 11th consecutive years since 2004.

#### **(2) Middle to Large Enterprises and Industry Vertical Market**

In the reporting period, the State Council launched the “China Manufacturing 2025” initiative. The Group effectively leveraged the emerging opportunities from technical revolutions and industrial transformations to expand the coverage of high value customers through the establishment of strategic partnerships and working with social organizations.

In the reporting period, the revenue generated from EAS revenue increased steadily, while software shipments rose 7.5% year-on-year. Revenue from EAS centralized financial resource management solutions more than tripled from the 1H’2014. To address the need to improve efficiency and enhanced collaboration with external resources, Kingdee focused on strengthening competitiveness of centralized financial resource management solutions, allowing the EAS business group to effectively help improve the financial resource management capabilities of enterprise customers. It is worth noting that the “China Manufacturing 2025” national initiative has been highly effective in driving demand for intelligent solutions in the manufacturing industry, and drove a doubling of revenue for our equipment and manufacturing software modules on a year over year basis. Kingdee won contracts from industry leading companies including China Southern Railway Zhuzhou, Ziyang Locomotive, and Wuhan Marine Machinery Plant.

In the reporting period, Kingdee enabled its corporate clients to pass the new integrated management system standards assessment for the integration of informatization and industrialization, designed to promote the value of information technology within enterprises. A total of 11 enterprises out of the 200 that passed the informatization and industrialization standards assessment by the Ministry of Information Industry were clients of Kingdee, which ranked Kingdee among the top 3 information consulting firms promoting the integration of informatization and industrialization. Many large enterprises, including Zoomlion and CNOOC, have successfully passed the integrated management standards assessment enabled by Kingdee.



### **(3) International Business**

In the reporting period, Kingdee successfully leveraged the opportunities arising from the country's "One Belt One Road" strategy that promotes the Chinese enterprises to expand overseas. Kingdee established a strategic partnership with Amazon for the deployment of public Cloud services in the Asia Pacific region. In addition, Kingdee worked with Hong Kong Productivity Council to promote the popularization of information technology within the SMEs in Hong Kong. In the reporting period, Kingdee won contracts from many large companies including CITIC, Everbright Group, Florentia Village and Kingston.

## **II. Kingdee Cloud Services Business**

### **(1) Mobile Office Cloud**

Cloud Hub is China's largest platform for Cloud-based mobile office services. In the reporting period, Cloud Hub released V5, a new version with significantly enhanced capabilities of core features. Cloud Hub, Kingsoft WPS and other players established strategic partnerships and information sharing cooperation, launching an integrated solution for mobile office services, and developing a complete ecosystem for mobile office applications. Cloud Hub Community products were launched on the WeChat platform, which significantly increased the number of users. In the reporting period, the number of registered enterprises or organizations on Cloud Hub exceeded 500,000, and total user count exceeded 4,500,000. The demand for mobile Internet services as large scale enterprises transition to mobile has been growing rapidly, as the private Cloud business maintained rapid growth and Kingdee successfully renewed contracts with Haier, Vanke and other large corporations, while also adding many new big name clients including the State-owned Assets Supervision and Administration Commission (SASAC), China Merchants Group, Yunnan Tobacco, and Tongji University, further strengthening our position as China's largest mobile office platform.

### **(2) Finance Cloud and Internet Finance**

The rapid development of e-commerce led to the strong demand growth for SaaS management software. Kingdee's Youshang.com has been a pioneer product in the field for many years, and has become China's largest financial Cloud service platform. During the reporting period, SaaS revenue for Youshang.com increased 75%, while the number of registered users increased more than 40% year-on-year, and retention rate among paying users exceeded 75%. It is worth noting that Youshang.com's potential growth could be even more significant if it expanded its distribution channels. Kingdee WISE Note also maintained its position as the largest free Cloud+client software platform in China, with over 3 million users, and remains the unrivaled leader in the Cloud services market for small and micro enterprises.

In the reporting period, Kingdee Internet Finance worked with many financial institutions including China Merchants Bank, Ping An Bank, Ant Financial and Baoshang Bank to utilize data from Kingdee's Youshang.com and other services to facilitate loan applications for enterprises. During the reporting period, the banking products and services helped more than 10 thousand SMEs accelerate the approval process, secure higher amounts and lower interest rates for loans and other credit services, creating a new revenue source for the company.

**(3) ERP Cloud**

K/3 Cloud is an integrated multi-channel solution aimed at addressing the challenges in operational and marketing management for Chinese enterprises. K/3 Cloud effectively improves supply chain efficiency and connects with WeChat, which in combination would facilitate the transition to “Internet +” in traditional enterprises. During the reporting period, Kingdee reached a strategic agreement with Amazon Web Services which helps to improve the user experience of ERP Cloud services significantly. The solution included numerous user-friendly features, such as the ease of activation and use, scalable architecture, and the pay on demand on-demand services. To date, monthly user activations have reached over 200, becoming a major driver for the Cloud services business.

**(4) Express Data Cloud**

Kuaidi 100 is China’s largest information tracking platform for third party courier and logistics services. In the reporting period, queries for Kuaidi 100 increased by over 80% year-on-year to over 5.8 billion times, with more than 60% of the page views coming from mobile. The mobile Delivery Man courier service also continues to gain market acceptance due to continuous investment in R&D and the improved user experience.

**III. Businesses of Major Kingdee Subsidiaries**

**(1) Mobile Internet Hospital Service**

Kingdee Medical is a pioneer in the mobile internet hospitals and the vision for the “mobile internet hospital”. The mobile internet hospital incorporates “Internet+” in traditional hospitals to construct a mobile service platform for patients and functions as a bridge to connect the hospitals. It enables hospitals to extend medical and health care services on mobile and allows the patients to have easy access to both outpatient and inpatient services, significantly improving the medical experience. The seamless medical and health related services have greatly lowered the threshold of accessing hospital services for patients and shortened the distance between hospital and patients to be just “the last meter”. In the first half of 2015, Kingdee Medical signed contracts with 123 hospitals. As of the end of June 30, 2015, Kingdee Medical had over 650,000 users and the number of transactions was more than 1,470,000 times.

**(2) Cloud Infrastructure Software Business**

In the reporting period, the demand for basic software from the central government, ministries, smart city, tobacco and defense customers was strong. Kingdee Middleware Company continues to work with large system integrators to increase its position in the information security and management market. Kingdee Middleware joined the national security brand alliance and demonstrated its capabilities in innovation and information security through a series of products including basic middleware, data middleware and platform middleware products, gaining widespread recognition from the market.

### **3. Organization and Human Resources**

In the reporting period, the Group focused on the strategy to “motivate, introduce and develop” human resources. The amoeba management model was adopted by business units and the stock incentive plan was available for key personnel. The Group will continue to hire younger employees born after '85 and '90, while simultaneously increasing the number of professional personnel to support the successful execution of the corporate strategy.

### **4. Corporate Social Responsibility**

In the reporting period, the Group extended the sponsorship for the 8th consecutive year for Chinese Management Excellence Awards, an award initiated by China’s top business schools. The goal of Kingdee’s sponsorship is to work together with leading organizations to build a “produce – learning – research” platform to promote excellent business practices and the progress of modern enterprise management in China.

In the reporting period, the Group and Suzhou University, Beijing Information Science and Technology University, Capital Normal University, Southwestern University of Finance and Economics and 30 other well-known universities signed an agreement for cooperation, creating education centers, joint labs, domestic infrastructure software training base, technical centers and more to support the potential engineers of basic software development for the country and enterprises.

### **5. Business Outlook**

The “Internet +” strategy is driving the transformation of China’s enterprises. New information technologies integrated with industries are creating new ways of production, new industries, new business models and new growth engines. Kingdee will be able to quickly adapt to the new engines of economic growth through the innovative solutions of ERP+ and higher value-added services for customers.

Today, the demand of Internet+ for enterprises is strong with millions of enterprises in China working toward transformation and upgrading. The Kingdee Cloud services business has been leading the Chinese enterprise internet market in terms of the maturity of products, revenue scale, and the superior customer experience. The Group will continue to increase the investment in the core Cloud services business to support the development of Cloud-based and internet-based financial services, Mobile Office Cloud , ERP Cloud, and Industry Cloud. The Group’s strategic partnerships with JD.com, Kingsoft and Amazon have been reflected in our business performance and established a powerful infrastructure for the alliance of Cloud-based business and the enterprise internet ecosystem.

In the future, Kingdee remains committed to the mission of “Data Drives Success” to become “the Most Reliable Big Data Service Provider”. Kingdee will be providing innovative Big Data Cloud products and services to enterprises, facilitating the transformation and upgrading of mobile internet for Chinese enterprises.

## **REPORT OF DIRECTORS**

### **Outstanding Share Options**

#### *Outstanding share options under the 2001 Scheme, 2002 Scheme, 2005 Scheme and 2015 Scheme*

The share option scheme is to encourage and reward the contribution of eligible persons to the Company. The eligible persons include employees, directors (the “Directors”), consultants, suppliers and customers of the Group.

Pursuant to the share option scheme of the Company adopted on 30 January 2001 (the “2001 Scheme”), an aggregate of 6,880,000 share options were granted, of which 4,010,000 share options were exercised, 2,870,000 share options lapsed and none remained outstanding as at 30 June 2015.

Pursuant to the share option scheme of the Company adopted on 26 April 2002 (the “2002 Scheme”) and the adjustment made due to the bonus issue of shares of the Company effective on 9 May 2011 (the “Bonus Issue”), an aggregate of 232,620,000 share options were granted, of which 126,523,120 share options were exercised, 106,096,880 share options lapsed and none remained outstanding as at 30 June 2015.

Both of the 2001 Scheme and 2002 Scheme were terminated by the Company on 30 June 2005. Pursuant to the share option scheme of the Company adopted on 11 July 2005 (the “2005 Scheme”) and the adjustment made due to the Bonus Issue and the refreshment on the scheme limit in 2011, an aggregate of 529,501,600 share options were granted, of which 197,021,565 share options were exercised, 95,874,006 share options lapsed and 236,606,029 share options remained outstanding as at 30 June 2015.

At the annual general meeting of the Company convened on 8 May 2015, the Company terminated the 2005 Scheme and adopted a new share option scheme (the “2015 Scheme”) with a validity period of ten years. As at 30 June 2015, the Company had granted 40,000,000 share options pursuant to the 2015 Scheme, of which no share options were exercised, no share options lapsed and 40,000,000 share options remained outstanding. According to the scheme mandate limit of the 2015 Scheme as approved at the annual general meeting of the Company on 8 May 2015 (being 259,264,096 share options) less the 40,000,000 share options granted by the Company since the approval, the Company may further grant 219,264,096 share options (including the lapsed share options since the refreshment), representing approximately 7.54% of the issued share capital of the Company as at 30 June 2015.

**KINGDEE INTERNATIONAL SOFTWARE GROUP COMPANY LIMITED**

Details of the share options granted under the 2005 Scheme and 2015 Scheme are set out in the table as follows:

Name or category of participants	Grant Date	Grant Period	Exercise price HK\$	Options held at 1 January 2015	Options granted during the reporting period	Options exercised during the reporting period	Options lapsed during the reporting period	Options held at 30 June 2015
<b>Directors</b>								
<b>Xu Shao Chun</b> <i>(Note 1)</i>	02/04/2013	02/04/2013 to 01/04/2023	1.308	2,800,000	-	-	-	2,800,000
<b>Oriental Gold Limited</b> <i>(Note 1)</i>	23/04/2010	23/04/2010 to 22/04/2020	2.592	2,400,000	-	-	-	2,400,000
	30/03/2012	30/03/2012 to 29/03/2019	1.87	2,500,000	-	-	-	2,500,000
	23/04/2014	23/04/2014 to 22/04/2024	2.66	2,500,000	-	-	-	2,500,000
	12/05/2015	12/05/2015 to 11/05/2025	4.6	0	2,500,000	-	-	2,500,000
<b>Yang Jian</b>	28/04/2006	28/04/2006 to 27/04/2016	0.5438	336,000	-	-	-	336,000
	01/08/2008	01/08/2008 to 31/07/2018	1.4584	120,000	-	-	-	120,000
	17/09/2009	17/09/2009 to 16/09/2019	1.1417	180,000	-	-	-	180,000
	23/04/2010	23/04/2010 to 22/04/2020	2.5917	360,000	-	-	-	360,000
	16/03/2011	16/03/2011 to 15/03/2021	4.275	400,000	-	-	-	400,000
	30/03/2012	30/03/2012 to 29/03/2019	1.87	700,000	-	-	-	700,000
	22/08/2012	22/08/2012 to 21/08/2019	1.15	2,000	-	-	-	2,000
	22/03/2013	22/03/2013 to 21/03/2023	1.34	400,000	-	-	-	400,000
	02/04/2013	02/04/2013 to 01/04/2023	1.308	300,000	-	-	-	300,000
	12/05/2015	12/05/2015 to 11/05/2025	4.6	0	800,000	-	-	800,000
<b>Chen Deng Kun</b>	04/05/2006	04/05/2006 to 03/05/2016	0.548	5,520,000	-	-	-	5,520,000
	08/06/2007	08/06/2007 to 07/06/2017	1.507	3,264,000	-	-	-	3,264,000
	01/08/2008	01/08/2008 to 31/07/2018	1.458	2,400,000	-	-	-	2,400,000

**KINGDEE INTERNATIONAL SOFTWARE GROUP COMPANY LIMITED**

---

	23/04/2010	23/04/2010 to 22/04/2020	2.592	960,000	-	-	-	960,000
	16/03/2011	16/03/2011 to 15/03/2021	4.275	960,000	-	-	-	960,000
	30/03/2012	30/03/2012 to 29/03/2019	1.87	1,300,000	-	-	-	1,300,000
	22/03/2013	22/03/2013 to 21/03/2023	1.34	400,000	-	-	-	400,000
	02/04/2013	02/04/2013 to 01/04/2023	1.308	300,000	-	-	-	300,000
	12/05/2015	12/05/2015 to 11/05/2025	4.6	0	300,000	-	-	300,000
<b>Gary Clark Biddle</b>	08/06/2007	08/06/2007 to 07/06/2017	1.507	480,000	-	-	-	480,000
	30/03/2012	30/03/2012 to 29/03/2019	1.87	300,000	-	-	-	300,000
	22/03/2013	22/03/2013 to 21/03/2023	1.34	200,000	-	-	-	200,000
	12/05/2015	12/05/2015 to 11/05/2025	4.6	0	200,000	-	-	200,000
<b>Wu Cheng</b>	30/03/2012	30/03/2012 to 29/03/2019	1.87	200,000	-	200,000	-	0
	22/03/2013	22/03/2013 to 21/03/2023	1.34	200,000	-	100,000	-	100,000
	12/05/2015	12/05/2015 to 11/05/2025	4.6	0	200,000	-	-	200,000
<b>Dong Ming Zhu</b>	22/03/2013	22/03/2013 to 21/03/2023	1.34	200,000	-	-	-	200,000
	12/05/2015	12/05/2015 to 11/05/2025	4.6	0	200,000	-	-	200,000
<b>Liu Chia Yung</b>	12/05/2015	12/05/2015 to 11/05/2025	4.6	0	200,000	-	-	200,000
<b>Other employees in aggregate</b>				251,629,579	35,600,000	44,405,550	-	242,824,029
<b>TOTAL</b>				<b>281,311,579</b>	<b>40,000,000</b>	<b>44,705,550</b>	<b>0</b>	<b>276,606,029</b>

*Note:*

1. Easy Key Holdings Limited is wholly owned by Mr. Xu Shao Chun, the Chairman of the Board and the Chief Executive Officer of the Company, which wholly owns Oriental Gold Limited and Billion Ocean Limited.

**Directors' and Chief Executive's Interests or Short Positions in the Shares, Underlying Shares or Debentures**

As at 30 June 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which will be required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers"(the "Model Code") as set out in Appendix 10 of The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

*Long positions in shares/ underlying shares of the Company*

<b>Name of Directors</b>	<b>Number of shares/ underlying shares (where appropriate)</b>	<b>Types of interests</b>	<b>Percentage of issued share capital (Note 1)</b>
Xu Shao Chun	765,298,624	Interests of controlled corporation (Note 2)	
	11,565,200	Beneficial owner	
	12,700,000	Other/ Share option (Note 3)	
<i>Aggregate:</i>	<b>789,563,824</b>		<b>27.15%</b>
Yang Jian	605,626	Beneficial owner	
	3,598,000	Other/ Share option (Note 3)	
<i>Aggregate:</i>	<b>4,203,626</b>		<b>0.14%</b>
Chen Deng Kun	1,312,000	Beneficial owner	
	15,404,000	Other/ Share option (Note 3)	
<i>Aggregate:</i>	<b>16,716,000</b>		<b>0.57%</b>
Gary Clark Biddle	1,180,000	Other/ Share option (Note 3)	
<i>Aggregate:</i>	<b>1,180,000</b>		<b>0.04%</b>
Wu Cheng	780,000	Beneficial owner	
	300,000	Other/ Share option (Note 3)	
<i>Aggregate:</i>	<b>1,080,000</b>		<b>0.04%</b>
Dong Ming Zhu	400,000	Other/ Share option (Note 3)	
<i>Aggregate:</i>	<b>400,000</b>		<b>0.01%</b>
Liu Chia Yung	200,000	Other/ Share option (Note 3)	
<i>Aggregate:</i>	<b>200,000</b>		<b>0.01%</b>

*Notes:*

1. Percentage of issued share capital is calculated as the total number of shares issued by the company ended 30 June 2015, which is 2,907,669,443 shares.
2. Of the 765,298,624 shares, 409,412,000 shares were held through Oriental Gold Limited and

355,886,624 shares were held through Billion Ocean Limited. Easy Key Holdings Limited is wholly owned by Mr. Xu Shao Chun, which wholly owns Oriental Gold Limited and Billion Ocean Limited. Therefore, Mr. Xu Shao Chun is deemed to be interested in those 765,298,624 shares.

3. Details of the share options are set out in the paragraph headed “Outstanding Share Options” of this report.

Save as disclosed in this paragraph, as at 30 June 2015, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

#### **Directors’ Rights to Acquire Shares or Debentures**

Save as disclosed in the section headed “Outstanding Share Options” above, none of the Directors or their respective associates (as defined under the Listing Rules) was granted by the Company, or any of its subsidiaries, any rights or options to acquire shares or debentures in the Company during the six months ended 30 June 2015.

#### **Substantial Shareholders’ and Other Persons’ Interests and Short Positions in the Shares, Underlying Shares and Debentures**

As at 30 June 2015, as far as the Directors were aware, the following persons (other than the Directors and chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Part XV of the SFO and required to be recorded in the register required to be kept under section 336 of the SFO:



**KINGDEE INTERNATIONAL SOFTWARE GROUP COMPANY LIMITED**

*Long positions in shares/ underlying shares of the Company*

Name	Number of Shares/ underlying Shares (where appropriate)	Capacity	Percentage of issued share capital
Easy Key Holdings Limited <i>(Note 1)</i>	775,198,624 (L)	Beneficial owner	26.66%
Oriental Gold Limited <i>(Note 1)</i>	409,412,000 (L) <i>(Note 2)</i>	Beneficial owner	
	9,900,000 (L)	Other/share option <i>(Note 3)</i>	
<u>SUBTOTAL</u>	419,312,000 (L)		14.42%
Billion Ocean Limited <i>(Note 1)</i>	355,886,624 (L)	Beneficial owner	12.24%
JD Oriental Investment Limited <i>(Note 4)</i>	288,526,000 (L)	Investment manager	9.92%
Credit Suisse Group AG <i>(Note 5)</i>	242,955,789 (L)	Investment manager	8.36%
	145,355,200 (S)	Investment manager	5.00%
FMR LLC	209,200,485 (L)	Investment manager	7.19%
FIL Limited	172,446,485 (L)	Investment manager	5.93%

*Notes:*

1. Easy Key Holdings Limited is wholly owned by Mr. Xu Shao Chun, which wholly owns Oriental Gold Limited and Billion Ocean Limited.
2. Out of the 409,412,000 shares (L), 130,000,000 shares (the "Lent Shares") are made available to Credit Suisse AG ("CSAG") on the basis that CSAG in turn agrees to make available to Credit Suisse Securities (Europe) Limited ("CSSEL") for purposes of stock lending by CSSEL to investors of the Guaranteed Convertible Bonds (as defined below) procured by CSSEL and for purposes of on-lending by CSSEL to Macquarie Bank Limited ("Macquarie") to facilitate stock lending by Macquarie to investors in the Bonds procured by Macquarie. During the terms of the lending arrangement, Oriental Gold Limited will not have the right to recall the Lent Shares and it will not have voting rights on the Lent Shares. It is expected that the Lent Shares will be returned to Oriental Gold Limited on or before the earlier of (i) the date on which all the Guaranteed Convertible Bonds are redeemed or converted and (ii) 14 April 2017.
3. Details of the share options are set out in the section headed "Outstanding Share Options" of this report.
4. According to the disclosure forms filed by JD Oriental Investment Limited, Max Smart Limited, JD.com, Inc., JD.com Investment Limited and Liu Qiangdong Richard on 26 May 2015, Max Smart Limited, JD.com, Inc., JD.com Investment Limited and Liu Qiangdong Richard were deemed to be interested in the shares of the Company as follows:

**KINGDEE INTERNATIONAL SOFTWARE GROUP COMPANY LIMITED**

<b>Name of controlled corporation</b>	<b>Name of controlling shareholder</b>	<b>% control</b>	<b>Direct interest</b>	<b>Number of shares</b>
Max Smart Limited	Liu Qiangdong Richard	100	N	Long position 288,526,000
JD.com, Inc.	Max Smart Limited and Fortune Rising Holdings Limited	82.8	N	Long position 288,526,000
JD.com Investment Limited	JD.com, Inc.	100	N	Long position 288,526,000
JD Oriental Investment Limited	JD.com Investment Limited	100	Y	Long position 288,526,000

5. Credit Suisse Group AG had interest in a total of 242,955,789 shares (L) and 145,355,200 shares (S) in the Company through its various controlled corporations as follows:

<b>Name of controlled corporation</b>	<b>Name of controlling shareholder</b>	<b>% control</b>	<b>Direct interest</b>	<b>Number of shares</b>
Credit Suisse AG	Credit Suisse Group AG	100	N	Long position 7,052,101 Short position 5,063,100
Credit Suisse Holdings (USA), Inc.	Credit Suisse Group AG	43	N	Long position 7,052,101 Short position 5,063,100
Credit Suisse Holdings (USA), Inc.	Credit Suisse AG	57	N	Long position 7,052,101 Short position 5,063,100
Credit Suisse (USA), Inc.	Credit Suisse Holdings (USA), Inc.	100	N	Long position 7,052,101 Short position 5,063,100
Credit Suisse Securities (USA) LLC	Credit Suisse (USA), Inc.	100	Y	Long position 7,052,101 Short position 5,063,100
Credit Suisse AG	Credit Suisse Group AG	100	N	Long position 0 Short position 996,000

**KINGDEE INTERNATIONAL SOFTWARE GROUP COMPANY LIMITED**

Credit Suisse International	Credit Suisse Group AG	20	Y	Long position	0
				Short position	996,000
Credit Suisse International	Credit Suisse AG	80	Y	Long position	0
				Short position	996,000
Credit Suisse AG	Credit Suisse Group AG	100	N	Long position	17,977,241
				Short position	0
Credit Suisse (Hong Kong) Limited	Credit Suisse AG	100	Y	Long position	17,977,241
				Short position	0
Credit Suisse AG	Credit Suisse Group AG	100	N	Long position	87,926,447
				Short position	9,296,100
Credit Suisse Investments (UK)	Credit Suisse AG	100	N	Long position	87,926,447
				Short position	9,296,100
Credit Suisse Investment Holdings (UK)	Credit Suisse Investments (UK)	100	N	Long position	87,926,447
				Short position	9,296,100
Credit Suisse Securities (Europe) Limited	Credit Suisse Investments Holdings (UK)	100	Y	Long position	87,926,447
				Short position	9,296,100
Credit Suisse AG	Credit Suisse Group AG	100	Y	Long position	130,000,000
				Short position	130,000,000

6. (L) denotes long position and (S) denotes short position.

Save as disclosed above, as at 30 June 2015, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest and short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

### **Subscription of New Shares**

On 16 May 2015, the Company, JD Oriental Investment Limited (the “**Subscriber**”) and JD.com Inc. (the “**Subscriber’s Guarantor**”) entered into a subscription agreement (the “**Subscription Agreement**”), pursuant to which the Company had agreed to allot and issue and the Subscriber had agreed to subscribe for the 288,526,000 new ordinary shares of HK\$0.025 each in the share capital of the Company (the “**Subscription Shares**”) at the aggregate subscription price of HK\$1,327,219,600 (the “**Subscription Price**”), representing HK\$4.60 per Subscription Share, on the terms and subject to the conditions set out in the Subscription Agreement (the “**Subscription**”).

The aggregate nominal value of the Subscription Shares is HK\$7,213,150. The gross proceeds arising from the Subscription are approximately HK\$1,327,219,600 and the net proceeds arising from the Subscription are approximately HK\$1,326,719,600, representing HK\$4.598 per Subscription Share. 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.

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.

The completion of the Subscription had been fulfilled on 26 May 2015, pursuant to which, 288,526,000 Subscription Shares were allotted and issued to the Subscriber at the Subscription Price of HK\$4.60 per Subscription Share.

Please also refer to the announcements of the Company dated 18 May 2015 and 26 May 2015 for the details of the Subscription.

### **Purchase, Sale or Redemption of Shares**

During the reporting period ended 30 June 2015, the Company or its subsidiaries had not repurchased, sold or redeemed any of the listed securities of the Company.

### **Issue of Guaranteed Convertible Bonds**

Crotona Asset Limited (the Company’s wholly owned subsidiary, as Issuer and the Company, as Guarantor) issued five-year guaranteed convertible bond in the principal amount of USD 175,000,000 which bear interest at a rate of 4% per annum payable semi-annually (the “**Guaranteed Convertible Bonds**”) on 14 April 2014. The net proceeds from the issue of the Guaranteed Convertible Bonds, after deduction of commission and expenses, is approximately USD171.9 million. As at 30 June 2015, among the net proceeds raised from the issue of the Guaranteed Convertible Bonds, (i) approximately US\$82.4 million had been used to repay existing short-term bank loans; and (ii) approximately US\$89.5 million intends to use for working capital and general corporate purposes. Unless previously redeemed, converted or purchased and cancelled, the Issuer will redeem each Guaranteed Convertible Bond at its principal amount together with accrued and unpaid interest thereon on 14 April 2019. The Guaranteed Convertible Bonds are convertible at the option of the bondholders into ordinary shares of the Company from 25 May 2014 to the

close of business on the date falling 10 days prior to 14 April 2019, at a price of HKD 3.90 per share, subject to adjustments. There was no conversion or redemption of the Guaranteed Convertible Bonds during the period from 14 April 2014 to 30 June 2015.

Please also refer to the announcements of the Company dated 8 April 2014, 10 April 2014, 14 April 2014 and 15 April 2014 for the details of the Guaranteed Convertible Bonds.

### **Change of Information of Directors and Senior Management**

With effect from 26 May 2015, Mr. Chen Zhang has been appointed as a non-executive Director.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### **Corporate Governance**

The Company has complied with all the code provisions of Corporate Governance Code (the“Code”) as set out in Appendix 14 to the Listing Rules throughout the reporting period ended 30 June 2015 except for the deviation in respect of the roles of Chairman and CEO under Code provision A.2.1. During the reporting period, Mr. Xu Shao Chun assumed the roles of both the Chairman and the CEO of the Company. The Board considers that Mr. Xu Shao Chun, as one of the main founders of the Company, has abundant knowledge of the IT industry and possesses a unique strategic perspective. The Board believes that he can lead the Company to formulate effective strategies and react promptly to market changes. His continuous service in both roles is beneficial to the stable and healthy development of the Company. However, the Board will review and make appropriate changes when necessary in order to enhance the level of corporate governance of the Company.

### **Code of Conduct Regarding Directors' Securities Transactions**

The Company has adopted a code of conduct regarding Directors' securities transaction on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry to each of the Directors, the Directors confirmed that they had complied with such code of conduct throughout the reporting period.

### **Audit Committee**

The audit committee of the Company has reviewed with the management the accounting principles and practiced adopted by the Company and discussed the auditing, internal controls and financial reporting matters. The audit committee has reviewed the Group's unaudited consolidated results for the six months ended 30 June 2015. The audit committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

**Interim Dividend**

The Board does not declare an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2015: nil).

**Appreciation**

On behalf of the Board, I would like to express our sincere thanks to all our managements and staff for their dedication during the period. Also, I would like to thank our shareholders for their continuous support.

By order of the Board

**Kingdee International Software Group Company Limited**

**Xu Shao Chun**

*Chairman*

Shenzhen, the People's Republic of China, 19 August 2015

*As at the date hereof, 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 and Mr. Chen Zhang as non-executive directors; and Mr. Gary Clark Biddle, Mr. Wu Cheng and Mr. Liu Chia Yung as independent non-executive directors.*

*This announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*