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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)**

**KINGDEE TIANYAN'S**

**PROPOSED QUOTATION ON THE NATIONAL EQUITIES EXCHANGE AND  
QUOTATIONS (THE NEW THIRD BOARD\*)**

This announcement is made by Kingdee International Software Group Company Limited (the "**Company**") pursuant to Rule 13.09 of The Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

**APPLICATION FOR THE PROPOSED QUOTATION**

The board of directors (the "**Board**") is pleased to announce that Shenzhen Kingdee Tianyan Middleware Co., Ltd.\* (深圳市金蝶天燕中間件股份有限公司) ("**Kingdee Tianyan**"), a non-wholly owned subsidiary of the Company has filed an application for the quotation of the shares of Kingdee Tianyan (the "**Proposed Quotation**") on the National Equities Exchange and Quotations (the "**NEEQ**" or the "**New Third Board**") of the People's Republic of China (the "**PRC**") and a letter of acceptance was received on 29 November 2016.

The Company has submitted an application to the Stock Exchange in relation to the Proposed Quotation under Practice Note 15 of the Listing Rules, and the Stock Exchange has given its approval that the Company may proceed with the Proposed Quotation.

Kingdee Tianyan is a leading supplier of middleware in the PRC and is principally engaged in the development and sale of middleware and relevant technical services. Kingdee Tianyan focuses on providing middleware with enhanced information security and industry-related solutions. The Proposed Quotation will help Kingdee Tianyan enhance its corporate governance and regulate its operation, broaden its financing channels, increase the liquidity of the assets and enhance the asset value of Kingdee Tianyan, which is beneficial to the Company and the shareholders of the Company (the "**Shareholders**") as a whole as the Company will remain as a controlling shareholder of Kingdee Tianyan.

As the Company does not intend to effect any sale of its existing shares in, nor will there be any issue of new shares by, Kingdee Tianyan in connection with the Proposed Quotation, therefore the

Proposed Quotation will not constitute a deemed disposal under Chapter 14 of the Listing Rules. Kingdee Tianyan will remain as a subsidiary of the Company, and its financial results will continue to be consolidated into the financial statements of the Company. The Proposed Quotation will have no financial effect on the consolidated financial statements of the Company.

## **WAIVER FROM STRICT COMPLIANCE WITH PARAGRAPH 3(F) OF PRACTICE NOTE 15 OF THE LISTING RULES**

Paragraph 3(f) of Practice Note 15 of the Listing Rules requires listed issuers carrying out spin-offs to provide existing shareholders with an assured entitlement to shares in the spun-off entity, either by way of a distribution in specie of existing shares or by way of preferred application in any offering of existing or new shares in the spun-off entity.

The Company has applied for, and the Stock Exchange has granted the Company, a waiver from strict compliance with paragraph 3(f) of Practice Note 15, on the grounds set out below:

### **(i) Absence of dilution in the indirect equity interests in Kingdee Tianyan of the existing Shareholders**

The Company does not intend to effect any sale of its existing shares in, nor will there be any issue of new shares by, Kingdee Tianyan in connection with the Proposed Quotation. Immediately following the Proposed Quotation, the Company will continue to hold 40.23% equity interest in Kingdee Tianyan and Kingdee Tianyan will continue to be a subsidiary of the Company. As such, there will not be any dilution in the indirect equity interests of the existing Shareholders in Kingdee Tianyan. In addition, since there is no disposal or deemed disposal in connection with the Proposed Quotation, it does not constitute a notifiable transaction under the Listing Rules, thus no shareholder approval is needed. Accordingly, it would be burdensome for the Company to propose a resolution in general meeting to waive the assured entitlement as the following mentioned legal impediment could not be overridden even if the resolution was voted down by its Shareholders.

### **(ii) The legal impediment in the PRC**

As the business operations of Kingdee Tianyan are mainly located in the PRC, the Proposed Quotation would require the Company and Kingdee Tianyan to comply with the PRC laws and regulation. According to the laws and regulations of the PRC and the rules governing the quotation of the NEEQ, it is not feasible to provide the existing Shareholders with an assured entitlement to the shares in Kingdee Tianyan.

As advised by the PRC adviser of the Company, foreign natural persons, legal persons and institutions cannot invest in the shares quoted on the NEEQ unless they are (i) qualified foreign institutional investors, (ii) Renminbi qualified foreign institutional investors, (iii) strategic investors that are approved by the relevant PRC authorities, or (iv) foreign natural persons who are permanent residents in the PRC or residents of Hong Kong, Macau and Taiwan working and living in the PRC having securities assets of over RMB5 million and are experienced in securities investment for more than two (2) years (or have professional background or training experience in accounting, banking, investment and finance) (“**Qualified PRC Investors**”). The Company has conducted a review on the background and identity of its Shareholders appeared on the shareholder register. As many Shareholders are not Qualified PRC Investors, there was a legal impediment for the Company to provide the Shareholders with an assured entitlement to the shares of Kingdee Tianyan. As such, the Company considers that the compliance with the assured entitlement requirement would not be feasible.

Having considered the need to comply with the requirements under the PRC laws by Kingdee Tianyan and the Company as well as the fact that after completion of the Proposed Quotation, Kingdee Tianyan shall continue to be a subsidiary of the Company, the Board is of the view that the Proposed Quotation and the non-provision of assured entitlements in connection with the Proposed Quotation is fair and reasonable and in the interests of the Company and the Shareholders.

**THE PROPOSED QUOTATION IS SUBJECT TO THE APPROVAL OF NATIONAL EQUITIES EXCHANGE AND QUOTATIONS CO., LTD.\* (全國中小企業股份轉讓系統有限責任公司), AND MAY OR MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.**

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

Shenzhen, the People's Republic of China, 30 November 2016

*As at the date of this announcement, the Board comprises Mr. Xu Shao Chun (Chairman of the Board and Chief Executive Officer) and Mr. Lin Bo (Chief Financial Officer) 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.*

*\* for identification only*