

*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)**

### **VOLUNTARY ANNOUNCEMENT REGARDING CERTAIN MEDIA REPORTS**

This announcement is made on a voluntary basis by Kingdee International Software Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) regarding certain recent media reports regarding the Company.

A recent financial analysis report set out concerns in relation to, among other things, the business operations and financial performance of the Company. Based on the Company’s business development status, the board of directors (the “**Board**”) of the Company hereby makes the following public clarifications to shareholders and investors.

Firstly, in relation to the quality of operations, whilst it is understood that profit would undergo a certain level of stress in the process of transformation on Cloud business, the Board is confident with the strategic direction of the Company towards Cloud business, taking into account the development strategies and the data of the Company as announced in previous announcements. The Board considered that, in recent years, the quality of operations of the Company has improved steadily, as operating net cash flow has grown steadily. From 2015 to 2018, the operating net cash flow, which was not related to changes in fair value of investment properties, was RMB556 million, RMB612 million, RMB824 million and RMB906 million, respectively.

Secondly, in relation to subsidies and tax reductions from the Chinese government, such government subsidies obtained by the Company for undertaking the corresponding government research projects were not gratuitous subsidies. While traditional manufacturing industries involve input tax deductions, the software industry mainly invests in research and development, and there is basically no input tax deduction involved. The characteristics of the Chinese software industry determine the relatively large amount of VAT rebate, and the Board is not aware of any circumstance that would lead the Board to be of the view that such tax policy will not be sustained in the foreseeable future.

Thirdly, in terms of loans granted to related parties, as disclosed in the results announcement, the balance of loans granted to related parties at the end of 2018 was RMB722 million (compared with RMB164 million at the end of 2017). This amount includes the loans in favour of Qingdao Xinrun Real Estate Limited amounting to RMB587 million as land payments for Qingdao Kingdee Software Park (such loan was mentioned in the Company’s announcements dated 7 September 2018 and 28 December 2018 published on the website of The Stock Exchange of Hong Kong Limited); the loans in favour of Shanghai Jinyi Medical Software Limited and Shenzhen CloudHub Network Co., Ltd. (“**CloudHub**”) amounting to RMB105 million and RMB29 million (as loan extensions), respectively (for details, please refer to the Company’s announcement dated 14 December 2018 published on The Stock Exchange of Hong Kong Limited).

Fourthly, in terms of proposed acquisition of the equity interest in CloudHub, based on the development needs of our Company's Cloud business, the Company expected that proposed acquisition will help deepen the construction of the Group's Cloud platform and contribute to the continuous growth of the Group's Cloud business, allowing the Group to further seize the enterprise cloud services market. For details, please refer to the Company's announcement dated 6 March 2019 on The Stock Exchange of Hong Kong Limited.

**The Company advises shareholders and potential investors to read the articles with caution and not to deal in shares in the Company in reliance of any unofficial publication or media reports. Shareholders and potential investors are reminded to refer to announcements published on the websites of The Stock Exchange of Hong Kong Limited and the Company when seeking information about the Group, in particular, information regarding shareholders, directors and management of the Group.**

On behalf of the Board  
**Kingdee International Software Group Company Limited**  
**Xu Shao Chun**  
*Chairman*

Shenzhen, the People's Republic of China, 19 March 2019

*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. Shen Yuan Ching as non-executive directors; and Mr. Gary Clark Biddle, Mr. Cao Yang Feng and Mr. Liu Chia Yung as independent non-executive directors.*