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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)

CONTINUING CONNECTED TRANSACTIONS

References are made to the announcements of the Company dated 10 March 2017, 30 June 2017 and 2 January 2018 in respect of certain continuing connected transactions under (a) the Existing Cooperation Framework Agreements entered into between Kingdee China (a wholly-owned subsidiary of the Company) and Shenzhen CloudHub; and (b) the Existing Lease Agreement between Kingdee China and Suishou Technology.

As the Existing Cooperation Framework Agreements expired on 31 December 2018 and the transactions under the Existing Cooperation Framework Agreements shall continue to be entered into on a recurring basis, on 1 January 2019, Kingdee China and Shenzhen CloudHub entered into the 2019 Strategic Cooperation Framework Agreement and 2019 Product Promotion Cooperation Framework Agreement, pursuant to which the parties agreed to continue the existing cooperation with each other for a term of one year commencing from 1 January 2019.

On 1 January 2019, Kingdee China and Suishou Technology also entered into the 2019 Suishou Technology Lease Agreement, pursuant to which Kingdee China agreed to lease an additional office to Suishou Technology for a term of three years commencing from 1 January 2019.

Implications under the Listing Rules

As each of Shenzhen Cloudhub and Suishou Technology is a company controlled by Mr. Xu, who is an executive Director, the Chairman of the Board and the controlling shareholder of the Company, each of Shenzhen CloudHub and Suishou Technology is an associate of Mr. Xu and is therefore a connected person of the Company pursuant to the Listing Rules. The transactions contemplated under the New Agreements constitute continuing connected transactions of the Company.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under each of the 2019 Strategic Cooperation Framework Agreement, the 2019 Product Promotion Cooperation Framework Agreement and the Lease Agreements (on an aggregate basis) are more than 0.1% and less than 5%, the transactions contemplated under each of the New Agreements are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

References are made to the announcements of the Company dated 10 March 2017, 30 June 2017 and 2 January 2018 in respect of certain continuing connected transaction under (a) the Existing Cooperation Framework Agreements entered into between Kingdee China (a wholly-owned subsidiary of the Company) and Shenzhen CloudHub; and (b) the Existing Lease Agreement between Kingdee China and Suishou Technology.

2019 STRATEGIC COOPERATION FRAMEWORK AGREEMENT AND 2019 PRODUCT PROMOTION COOPERATION FRAMEWORK AGREEMENT

As the Existing Cooperation Framework Agreements expired on 31 December 2018 and the transactions under the Existing Cooperation Framework Agreements shall continue to be entered into by Kingdee China on a recurring basis, Kingdee China and Shenzhen CloudHub entered into the following 2019 Strategic Cooperation Framework Agreement and 2019 Product Promotion Cooperation Framework Agreement to renew the same.

(a) 2019 Strategic Cooperation Framework Agreement

Date: 1 January 2019

Parties:

- (1) Kingdee China, a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company, is principally engaged in the business of corporate management software and Internet services markets; and
- (2) Shenzhen CloudHub, a company established under the laws of the PRC with limited liability and is owned as to 9.1286% by the Group through Hongjin Investment and 51.7285% by Diechuang Holdings (a company owned as to 99% by Mr. Xu, the executive Director, the Chairman of the Board and the controlling shareholder of the Company), is principally engaged in the provision of mobile Internet enterprise services through a mobile office platform offered to registered enterprises and organizations

Term: One year commencing from 1 January 2019

Subject matter: The parties agreed to continue the cooperation in the following areas:

- (1) Shenzhen CloudHub appoints Kingdee China as a distributor for Kingdee China to purchase its products (including but not limited to the PrivateCloud Products and the PublicCloud Products) from Shenzhen CloudHub and further distribution in the PRC (including Hong Kong) (the “**CloudHub Products Distributorship**”); and
- (2) Shenzhen CloudHub agrees to use the strengths of its mobile office platform to provide sales support, business consultation and other services for the sale of Kingdee collaborative office software in consideration for a service fee payable by Kingdee China to Shenzhen CloudHub (the “**Kingdee Products Sales Support Services**”).

Pricing: The pricing for the transactions under the CloudHub Products Distributorship and the Kingdee Products Sales Support Services should be determined by reference to market prices offered to any independent third party by Shenzhen CloudHub and/or Kingdee China (as the case may be) for the distribution of similar products and provision of similar services and will be settled by the Group’s internal resources.

Historical amounts: For the period from 28 July 2016 to 31 December 2016, for the year ended 31 December 2017 and for the eleven months ended 30 November 2018, the aggregate amounts paid by Kingdee China to Shenzhen CloudHub regarding the CloudHub Products Distributorship and the Kingdee Products Sales Support Services were approximately RMB13,808,000 (audited), approximately RMB29,340,000 (audited) and approximately RMB17,806,000 (unaudited), respectively.

Annual cap: The Directors estimated that for the year ending 31 December 2019, the maximum aggregate amount payable by Kingdee China to Shenzhen CloudHub regarding the CloudHub Products Distributorship and the Kingdee Products Sales Support Services will be approximately RMB60,000,000.

Basis for determination of the annual cap: In arriving at the above annual cap, the Directors have taken into consideration the historical amounts paid by Kingdee China to Shenzhen CloudHub under the Existing Strategic Cooperation Framework Agreement, the business target and plan as agreed by both parties and the expected increase in demand from customers for Shenzhen CloudHub’s products which will be distributed by Kingdee China.

(b) 2019 Product Promotion Cooperation Framework Agreement

Date: 1 January 2019

Parties: (1) Kingdee China; and
(2) Shenzhen CloudHub

Term: One year commencing from 1 January 2019

Subject matter: Kingdee China agreed to use its channels and networks to promote the PublicCloud Products of Shenzhen CloudHub in consideration for a promotion fee payable by Shenzhen CloudHub to Kingdee China.

Pricing: The pricing for the transactions under the 2019 Product Promotion Cooperation Framework Agreement should be determined by reference to the amount of fees offered to any independent third party by Shenzhen CloudHub for the provision of similar promotional services.

Historical amounts: For the period from 28 July 2016 to 31 December 2016, for the year ended 31 December 2017 and for the eleven months ended 30 November 2018, the amount of fees paid by Shenzhen CloudHub to Kingdee China regarding the promotion of the PublicCloud Products were approximately RMB9,389,000, RMB17,596,000 (audited) and approximately RMB10,326,000 (unaudited), respectively.

Annual cap: The Directors estimated that for the year ending 31 December 2019, the maximum amount of fees to be paid by Shenzhen CloudHub to Kingdee China regarding the promotion of PublicCloud Products will be approximately RMB30,000,000.

Basis for determination of the annual cap: In arriving at the above annual cap, the Directors have taken into consideration the historical amounts paid by Shenzhen CloudHub to Kingdee China under the Existing Product Promotion Cooperation Framework Agreement regarding the promotion of PublicCloud Products and the business expansion plan of Shenzhen CloudHub.

2019 SUISHOU TECHNOLOGY LEASE AGREEMENT

On 1 January 2019, Kingdee China and Suishou Technology entered into the following 2019 Suishou Technology Lease Agreement relating to the lease of an additional office to Suishou Technology.

Date:	1 January 2019
Parties:	(1) Lessor: Kingdee China; and (2) Lessee: Suishou Technology, a company established under the laws of the PRC with limited liability and is indirectly controlled by Mr. Xu (an executive Director, the Chairman of the Board and the controlling shareholder of the Company), is principally engaged in providing financial services application for individuals
Term:	Three years commencing from 1 January 2019
Subject matter:	Kingdee China shall lease the B5 Office to Suishou Technology as office usage.
Rental and charges:	RMB203,750 per month, inclusive of facilities usage charges and exclusive of management fees, other utilities charges and tax, which were determined between the parties on an arm's length basis with reference to the prevailing market rent of comparable properties
Historical amounts:	The historical rental paid by Suishou Technology to the Group for the three years ended 31 December 2016, 2017 and 2018 were RMB2,514,426.20 (audited), RMB5,135,000.00 (audited) and RMB13,015,228.75 (unaudited), respectively.
Annual caps and the basis:	The aggregate annual caps for the continuing connected transactions contemplated under the Lease Agreements (being the aggregate of the annual rentals and charges) shall be RMB14,327,900 for each of the years ending 31 December 2019, 2020 and 2021 based on the monthly rentals and charges as contemplated under the relevant Lease Agreements.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW AGREEMENTS

The Group is principally engaged in the provision of software products and Cloud services for corporations, government organizations and other users worldwide.

The Existing Cooperation Framework Agreements have expired on 31 December 2018 and the transactions under the Existing Cooperation Framework Agreements shall continue to be entered into on a recurring basis. The Company believes that the 2019 Strategic Cooperation Framework Agreement and 2019 Product Promotion Cooperation Framework Agreement with Shenzhen CloudHub will continue to enable the Group to offer competitive products with significant differentiation and more comprehensive ERP solutions to customers, so as to facilitate the business development and branding of ERP products in the enterprise Internet market. The Company also believes the cooperation with Shenzhen CloudHub can strengthen the expertise and marketing capabilities of the Group in the enterprise Internet segment.

The Group, in its ordinary course of business, has leased out office premises in the Kingdee Software Park to companies engaged in software and hardware development to generate rental income. The leasing of the office premises to Suishou Technology is in the ordinary course of business of the Company.

Based on the above, the Directors (including the independent non-executive Directors) consider that the New Agreements and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Group, on normal commercial terms and are entered into on an arm's length basis, and the terms thereof and the respective annual caps are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As each of Shenzhen Cloudhub and Suishou Technology is a company controlled by Mr. Xu, who is an executive Director, the Chairman of the Board and the controlling shareholder of the Company, each of Shenzhen CloudHub and Suishou Technology is an associate of Mr. Xu and is therefore a connected person of the Company pursuant to the Listing Rules. The transactions contemplated under the New Agreements constitute continuing connected transactions of the Company.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under each of the 2019 Strategic Cooperation Framework Agreement, the 2019 Product Promotion Cooperation Framework Agreement and the Lease Agreements (on an aggregate basis) are more than 0.1% and less than 5%, the transactions contemplated under each of the New Agreements are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Save and except Mr. Xu, none of the other Directors have a material interest in the transactions contemplated under the New Agreements and none of them have abstained from voting on the relevant resolutions proposed at the Board meeting.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions have the following meanings when used herein:

“2019 Product Promotion Cooperation Framework Agreement”	the product promotion cooperation framework agreement dated 1 January 2019 entered into between Kingdee China and Shenzhen CloudHub for the promotion of the PublicCloud Products for a term of one year
“2019 Strategic Cooperation Framework Agreement”	the strategic cooperation framework agreement dated 1 January 2019 entered into between Kingdee China and Shenzhen CloudHub for the distribution of certain products of Shenzhen CloudHub for a term of one year
“2019 Suishou Technology Lease Agreement”	the lease agreement dated 1 January 2019 entered into between Kingdee China as lessor and Suishou Technology as lessee in relation to the lease of the B5 Office for a term of three years commencing from 1 January 2019
“associate”	has the meaning ascribed to it under the Listing Rules
“B5 Office”	the office premises located at North of 5th Floor, Block B, Kingdee Software Park, No.2 Kejinan 12 Road, South District of Hi-Tech Industrial Park, Nanshan District, Shenzhen, having a floor area of approximately 1,567.31 square meters
“Board”	the board of Directors
“Company”	Kingdee International Software Group Company Limited, a company incorporated in the Cayman Islands with limited liabilities, whose shares are listed on the Stock Exchange (Stock Code: 268)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Diechuang Holdings”	蝶創控股有限公司 (Diechuang Holdings Limited*), a company established under the laws of the PRC with limited liability and is owned as to 99% by Mr. Xu
“Director(s)”	the director(s) of the Company
“Existing Cooperation Framework Agreements”	the Existing Product Promotion Cooperation Framework Agreement and the Existing Strategic Cooperation Framework Agreement
“Existing Lease Agreement”	the lease agreement dated 1 January 2018 entered into between Kingdee China and Suishou Technology in relation to the lease of certain office premises to Suishou Technology

“Existing Product Promotion Cooperation Framework Agreement”	the product promotion cooperation framework agreement dated 1 January 2018 entered into between Kingdee China and Shenzhen Cloudhub for, among other things, the promotion of certain products of Shenzhen Cloudhub
“Existing Strategic Cooperation Framework Agreement”	the strategic cooperation framework agreement dated 1 January 2018 entered into between Kingdee China and Shenzhen CloudHub for, among other things, the distribution of certain products of Shenzhen CloudHub
“Group”	the Company and its subsidiaries
“Hongjin Investment”	深圳市弘金投資有限公司 (Shenzhen Hongjin Investment Company Limited*), a company established under the laws of the PRC, the equity interest of which is held as to 99% by Mr. Xu and as to 1% by Mr. Chang Zhu (常柱), and is regarded as a controlled structured entity in the Group’s consolidated financial statements through certain contractual arrangements entered into among Kingdee China, the equity holders of Hongjin Investment and Hongjin Investment
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic China
“Kingdee China”	金蝶軟件(中國)有限公司 (Kingdee Software (China) Co., Ltd*), a company established under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of the Company
“Lease Agreements”	the Existing Lease Agreement and the 2019 Suishou Technology Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Xu”	Mr. Xu Shao Chun, an executive Director, the Chairman of the Board and the controlling shareholder of the Company
“New Agreements”	the 2019 Strategic Cooperation Framework Agreement, the 2019 Product Promotion Cooperation Framework Agreement and the 2019 Suishou Technology Lease Agreement
“PRC”	The People’s Republic of China, and for the purpose of this announcement only (unless otherwise specified herein), excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PrivateCloud Products”	the products and services in relation to “Enterprise Mobile Office Platform” (企業移動工作平台) of Shenzhen CloudHub

“PublicCloud Products”	the on-line software-as-a-service (SaaS) products of Shenzhen CloudHub (including standard operating services, voice conferencing services, application access services, customer relationship management products, etc.)
“RMB”	Renminbi, the lawful currency of the PRC
“Shenzhen CloudHub”	深圳雲之家網絡有限公司 (Shenzhen CloudHub Network Co., Ltd.*), a company established under the laws of the PRC with limited liability, the equity interest of which is held by Diechuang Holdings as to 51.7285% and the Group through Hongjin Investment as to 9.1286%
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suishou Technology”	深圳市隨手科技有限公司 (Shenzhen Suishou Technology Co., Ltd.*), a company established under the laws of the PRC with limited liability and is a company controlled by Mr. Xu
“%”	per cent

* *for identification purposes only*

On behalf of the Board
Kingdee International Software Group Company Limited
Lin Bo
Director

Shenzhen, the People’s Republic of China, 2 January 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.