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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)**

## **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 31 December 2021 in respect of certain continuing connected transactions under the Existing Cooperation Framework Agreements entered into between Kingdee China (a wholly-owned subsidiary of the Company) and Shenzhen CloudHub, respectively.

As the Existing Cooperation Framework Agreements will expire on 31 December 2022 and the transactions contemplated under the Existing Cooperation Framework Agreements shall continue to be entered into on a recurring basis, on 30 December 2022, Kingdee China and Shenzhen CloudHub entered into the New Agreements, pursuant to which the parties agreed to continue the existing cooperation with each other for a term of one year commencing from 1 January 2023.

### **Implications under the Listing Rules**

As Shenzhen Cloudhub is a company controlled by Mr. Xu, who is an executive Director, the chairman of the Board and a substantial Shareholder, Shenzhen CloudHub is an associate of Mr. Xu and is therefore a connected person of the Company pursuant to the Listing Rules. As such, 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 New Agreements 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.

Reference is made to the announcement of the Company dated 31 December 2021 in respect of certain continuing connected transactions under the Existing Cooperation Framework Agreements entered into between Kingdee China (a wholly-owned subsidiary of the Company) and Shenzhen CloudHub, respectively.

### **NEW AGREEMENTS**

As the Existing Cooperation Framework Agreements will expire on 31 December 2022 and the transactions contemplated 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 New Agreements to renew the same.

**(a) 2023 Strategic Cooperation Framework Agreement**

- Date: 30 December 2022
- 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 Cloud services markets; and
  - (2) Shenzhen CloudHub, a company established under the laws of the PRC with limited liability, is principally engaged in the provision of mobile Internet enterprise services through a mobile office platform offered to registered enterprises and organizations. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Shenzhen Cloudhub is owned as to 9.1286% by the Group through Hongjin Investment and 66.0142% by Diechuang Holdings (a company owned as to 99% by Mr. Xu, an executive Director, the chairman of the Board and a substantial Shareholder); and any one shareholder among the remaining shareholders holds less than 21% of the equity interest in Shenzhen Cloudhub.
- Term: One year commencing from 1 January 2023
- Subject matter: Shenzhen CloudHub appoints Kingdee China as a distributor for Kingdee China to purchase its products and services (including but not limited to the PrivateCloud Products, CloudHub's Intelligent Collaboration Cloud\* (雲之家智能協同雲), Bao Biao Xiu Xiu\* (報表秀秀), Ecosystem\* (生態圈), CloudHub's CRM, various Light App\* (輕應用), data products and other products of CloudHub, etc.) from Shenzhen CloudHub and further distribution in the PRC (including Hong Kong) (the "**CloudHub Distributorship**").
- Pricing: The pricing for the transactions under the CloudHub Distributorship is determined by reference to the market prices offered to any independent third party by Shenzhen CloudHub 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 years ended 31 December 2020 and 2021 and the eleven months ended 30 November 2022, the aggregate amounts paid by Kingdee China to Shenzhen CloudHub regarding the CloudHub Distributorship were approximately RMB51,607,702 (audited), approximately RMB 58,503,199 (audited) and approximately RMB 51,998,105 (unaudited), respectively.

Annual cap: The Directors estimated that for the year ending 31 December 2023, the maximum aggregate amount payable by Kingdee China to Shenzhen CloudHub regarding the CloudHub Distributorship will be RMB100,000,000 (for the year ending 31 December 2022: RMB100,000,000).

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 and the expected increase in demand from customers for Shenzhen CloudHub's products and services which will be distributed by Kingdee China.

**(b) 2023 Product Promotion Cooperation Framework Agreement**

Date: 30 December 2022

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

Term: One year commencing from 1 January 2023

Subject matter: Kingdee China agreed to use its channels and networks to promote the 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 2023 Product Promotion Cooperation Framework Agreement is 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 years ended 31 December 2020 and 2021 and the eleven months ended 30 November 2022, the amount of fees paid by Shenzhen CloudHub to Kingdee China regarding the promotion of its products were approximately RMB7,233,327 (audited), approximately RMB 4,984,981 (audited) and approximately RMB-867,589 (unaudited), respectively.

Annual cap: The Directors estimated that for the year ending 31 December 2023, the maximum amount of fees to be paid by Shenzhen CloudHub to Kingdee China regarding the promotion of its products will be RMB6,000,000 (for the year ending 31 December 2022: RMB6,000,000).

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 and the business plan of Shenzhen CloudHub.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW AGREEMENTS**

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

The Existing Cooperation Framework Agreements will expire on 31 December 2022 and the transactions contemplated under the Existing Cooperation Framework Agreements shall continue to be entered into on a recurring basis. The Company believes that the New Agreements entered into with Shenzhen CloudHub will continue to enable the Group to offer competitive products and Cloud services with significant differentiation to customers, so as to facilitate the business development and branding of the Group 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.

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 as a whole.

## **INTERNAL CONTROL MEASURES**

Regarding the New Agreements, the Directors are of the view that the Company has implemented adequate internal control procedures and steps when carrying out the continuing connected transactions contemplated under the relevant agreements.

To protect the interests of the Company and the Shareholders as a whole, the Company has adopted and will continue to carry out the following internal control measures:

1. the Company ensures that the terms of the New Agreements are determined after arm's length negotiation. The transactions contemplated under the New Agreements must be priced strictly with reference to the market prices offered to any independent third party by Kingdee China or Shenzhen CloudHub to ensure that the prices are fair and reasonable and in the interests of the Company and the Shareholders as a whole;
2. the Company will continuously monitor the continuing connected transactions on a monthly basis to ensure that the total transaction amounts will not exceed the relevant annual caps. If the accumulated transaction amount is close to the relevant annual cap, the management of the Company will revise the relevant annual cap or terminate the relevant transaction;
3. the Company's external auditors will conduct an annual review of the transactions contemplated under the New Agreements to ensure that their respective transaction amounts fall within the relevant annual cap and that such transactions are conducted in accordance with the terms set out in the relevant agreements; and
4. the independent non-executive Directors will conduct a semi-annual and annual review of the status of the transactions contemplated under the New Agreements to ensure that the Company has complied with the internal approval procedures, the terms of the New Agreements and the relevant requirements under the Listing Rules.

On this basis, the Directors consider that the methods and procedures adopted by the Group can ensure that the transactions contemplated under the New Agreements will be conducted on normal commercial terms and in a manner not prejudicial to the interests of the Company and its minority Shareholders.

## **IMPLICATIONS UNDER THE LISTING RULES**

Shenzhen Cloudhub is a company controlled by Mr. Xu, who is an executive Director, the chairman of the Board and a substantial Shareholder. Shenzhen CloudHub is an associate of Mr. Xu and is therefore a connected person of the Company pursuant to the Listing Rules. As such, 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 New Agreements 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 had a material interest in the transactions contemplated under the New Agreements, and thus no other Directors had 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:

“2023 Product Promotion Cooperation Framework Agreement”	the product promotion cooperation framework agreement dated 30 December 2022 entered into between Kingdee China and Shenzhen CloudHub for the promotion of certain products of Shenzhen CloudHub for a term of one year commencing from 1 January 2023
“2023 Strategic Cooperation Framework Agreement”	the strategic cooperation framework agreement dated 30 December 2022 entered into between Kingdee China and Shenzhen CloudHub for the distribution of certain products and services of Shenzhen CloudHub for a term of one year commencing from 1 January 2023
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Kingdee International Software Group Company Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange (Stock Code: 268)
“connected person”	has the meaning ascribed to it under the Listing Rules
“CRM”	customer relationship management

“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”	collectively, the Existing Product Promotion Cooperation Framework Agreement and the Existing Strategic Cooperation Framework Agreement
“Existing Product Promotion Cooperation Framework Agreement”	the product promotion cooperation framework agreement dated 31 December 2021 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 31 December 2021 entered into between Kingdee China and Shenzhen CloudHub for, among other things, the distribution of certain products and services 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 Ms. Chen Xiaolei (陳曉蕾), respectively, 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
“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 a substantial Shareholder
“New Agreements”	collectively, the 2023 Strategic Cooperation Framework Agreement and the 2023 Product Promotion Cooperation Framework Agreement
“PRC”	the People’s Republic of China, and for the purpose of this announcement only (unless otherwise specified herein), excludes 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
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“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 66.0142% and Hongjin Investment as to 9.1286%
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

\* *for identification purposes only*

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

Shenzhen, the PRC, 30 December 2022

*As at the time of issue 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. Gary Clark Biddle as non-executive Directors; Mr. Zhou Jun Xiang, Ms. Katherine Rong Xin and Mr. Bo Lian Ming as independent non-executive Directors.*