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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

Reference is made to the announcement of the Company dated 2 January 2019 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.

As the Existing Cooperation Framework Agreements will expire on 31 December 2019 and the transactions contemplated under the Existing Cooperation Framework Agreements shall continue to be entered into on a recurring basis, on 31 December 2019, Kingdee China and Shenzhen CloudHub entered into the 2020 Strategic Cooperation Framework Agreement and 2020 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 2020.

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 the substantial Shareholder, Shenzhen CloudHub 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 2020 Strategic Cooperation Framework Agreement and the 2020 Product Promotion Cooperation Framework Agreement 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 2 January 2019 in respect of certain continuing connected transaction under the Existing Cooperation Framework Agreements entered into between Kingdee China (a wholly-owned subsidiary of the Company) and Shenzhen CloudHub.

2020 STRATEGIC COOPERATION FRAMEWORK AGREEMENT AND 2020 PRODUCT PROMOTION COOPERATION FRAMEWORK AGREEMENT

As the Existing Cooperation Framework Agreements will expire on 31 December 2019 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 2020 Strategic Cooperation Framework Agreement and 2020 Product Promotion Cooperation Framework Agreement to renew the same.

(a) 2020 Strategic Cooperation Framework Agreement

- Date: 31 December 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 substantial Shareholder), 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 2020
- 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 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, other Light App* (輕應用) and data products of CloudHub, etc.) 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 profession in mobile office platform to provide sales support, business consultation and other services for the sale of Kingdee different kinds of ERP Light App 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 is 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 years ended 31 December 2017 and 2018 and the eleven months ended 30 November 2019, the aggregate amounts paid by Kingdee China to Shenzhen CloudHub regarding the CloudHub Products Distributorship and the Kingdee Products Sales Support Services were approximately RMB29,340,000 (audited), approximately RMB26,664,000 (audited) and approximately RMB28,915,000 (unaudited), respectively.
Annual cap:	The Directors estimated that for the year ending 31 December 2020, 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 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 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:	31 December 2019
Parties:	(1) Kingdee China; and (2) Shenzhen CloudHub
Term:	One year commencing from 1 January 2020
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 2020 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 2017 and 2018 and the eleven months ended 30 November 2019, the amount of fees paid by Shenzhen CloudHub to Kingdee China regarding the promotion of its products were approximately RMB17,596,000 (audited), RMB10,646,000 (audited) and approximately RMB4,307,000 (unaudited), respectively.
Annual cap:	The Directors estimated that for the year ending 31 December 2020, the maximum amount of fees to be paid by Shenzhen CloudHub to Kingdee China regarding the promotion of its products will be 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 and the business expansion plan of Shenzhen CloudHub.

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 will expire on 31 December 2019 and the transactions under the Existing Cooperation Framework Agreements shall continue to be entered into on a recurring basis. The Company believes that the 2020 Strategic Cooperation Framework Agreement and 2020 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.

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 provided by the Company or Shenzhen Cloudhub to independent third parties 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 any of the accumulated transaction amount is close to the relevant annual cap, the management of the Company will renew the relevant annual cap or terminate the 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.

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 the substantial Shareholder, Shenzhen CloudHub 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 2020 Strategic Cooperation Framework Agreement and the 2020 Product Promotion Cooperation Framework Agreement 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 nor required to be 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:

“2020 Product Promotion Cooperation Framework Agreement”	the product promotion cooperation framework agreement dated 31 December 2019 entered into between Kingdee China and Shenzhen CloudHub for the promotion of certain products of Shenzhen CloudHub for a term of one year
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“2020 Strategic Cooperation Framework Agreement”	the strategic cooperation framework agreement dated 31 December 2019 entered into between Kingdee China and Shenzhen CloudHub for the distribution of certain products of Shenzhen CloudHub for a term of one year
“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 liabilities, 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
“ERP”	enterprise resource planning
“Existing Cooperation Framework Agreements”	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 1 January 2019 entered into between Kingdee China and Shenzhen Cloudhub for, among other things, the promotion of certain products of Shenzhen Cloudhub for a term of one year
“Existing Strategic Cooperation Framework Agreement”	the strategic cooperation framework agreement dated 1 January 2019 entered into between Kingdee China and Shenzhen CloudHub for, among other things, the distribution of certain products of Shenzhen CloudHub for a term of one year
“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 with limited liability, 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
“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 substantial Shareholder
“New Agreements”	the 2020 Strategic Cooperation Framework Agreement and the 2020 Product Promotion Cooperation Framework 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
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders 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 51.7285% and the Group through 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, 31 December 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.