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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: 8133)

**GRANT OF OPTIONS TO
A SUBSTANTIAL SHAREHOLDER AND EXECUTIVE DIRECTOR
UNDER THE SHARE OPTION SCHEME**

The Directors wish to seek Independent Shareholders' approval of a proposed grant of options to Mr. Xu Shaochun, the chairman of the Board and chief executive officer and substantial shareholder of the Company, in respect of 8,000,000 Shares, representing approximately 1.81% of the existing issued share capital of the Company, under the Share Option Scheme.

A circular containing details of the number of and the terms of grant of the Options, recommendation from the independent non-executive Directors to the Independent Shareholders as to voting and other particulars as required by the GEM Listing Rules will be despatched to shareholders of the Company as soon as practicable after the date of publication of this announcement.

On 23 March 2004, the Board resolved with the approval of the Directors (including independent non-executive Directors but excluding Mr. Xu who was required to abstain from voting under the articles of association of the Company), but subject to approval by the Independent Shareholders at the EGM, to grant options to subscribe for 8,000,000 Shares to Mr. Xu under the Share Option Scheme. As at the Latest Practicable Date, there were 19,555,000 options granted but not yet exercised under the Share Option Scheme and the Old Share Option Scheme which did not exceed 30 per cent of the issued share capital of the Company of 442,166,908 Shares as at the Latest Practicable Date. The Directors confirm that as at the Latest Practicable Date, the Company had issued options to subscribe for an aggregate of 21,910,000 Shares under the Share Option Scheme and the Old Share Option Scheme which did not exceed 10 per cent of the issued share capital of the Company of 437,750,000 Shares as at the date of approval of the Share Option Scheme (i.e. 26 April 2002).

Particulars of the Options are as follows:

Date of Grant	:	23 March 2004
Grantee	:	Mr Xu, the chairman of the Board and chief executive officer of the Company who is indirectly holding approximately 32.91% of the entire issued share capital of the Company and is directly holding options to subscribe for 1,500,000 Shares under the Share option Scheme
Exercise Price	:	HK\$3.18, being the higher of the closing price of the Shares of HK\$3.175 as quoted on the Stock Exchange on 23 March 2004, being the date of the grant, and the average closing price of the Shares of HK\$3.18 from 16 March 2004 to 23 March 2004, being the five trading days immediately preceding the date of the grant as stipulated in the Share Option Scheme
Exercise Period	:	23 March 2004 to 22 March 2014, both days inclusive
Exercise Restriction	:	The grantee shall not exercise more than 50% of the Options prior to 31 December 2004
Number of Shares in respect of which the Options are granted	:	8,000,000 Shares, representing approximately 1.81% of the existing issued share capital of the Company. Immediately after the grant of the Options becoming unconditional, Mr. Xu would hold options to subscribe for an aggregate of 9,500,000 Shares, in which options to subscribe for 1,500,000 Shares were granted to Mr. Xu on 15 May 2002, representing 2.15% of the existing issued share capital of the Company.
Condition	:	subject to approval by Independent Shareholders by way of poll at the EGM

REASONS FOR GRANTING THE OPTIONS

Mr. Xu is an substantial shareholder, executive Director, chairman of the Board and the sole chief executive officer of the Company and is chiefly responsible for the management and daily operations of the Company. Under the efficient and brilliant management and leadership of Mr. Xu, the net profit of the Group for the year ended 31 December 2003 experienced an increase of approximately 45.3% over that of year 2002. The Directors (including independent non-executive Directors) are of the opinion that for the sake of future developments of the Company to which Mr. Xu, the only chief executive officer of the Company, is expected to make substantial contributions and in order to sustain an increase in the net profits of the Group under his management in the future, it is in the best interests of the Company and its shareholders to provide incentive to the aforesaid grantee by way of grant of the Options in order to link the financial interests of the grantee with the results of operation and performance of the Company.

REQUIREMENTS UNDER THE SHARE OPTION SCHEME AND THE GEM LISTING RULES

As Mr. Xu is a substantial shareholder of the Company and the grant of the Options exceeds the higher of 0.1% of the Shares in issue and an aggregate value, based on the closing price of the Shares at the date of the grant, of HK\$5,000,000, under Clause 9.02 of the Share Option Scheme and Rule 23.04 of the GEM Listing Rules, the grant of the Options to Mr. Xu is required to be approved by Independent Shareholders by way of a poll.

EGM

The Company will convene the EGM for considering and, if thought fit, passing the resolution for the approval of the grant of the Options by the Independent Shareholders of the Company by way of a poll. The Directors confirm that none of the associates and connected persons of Mr. Xu are interested in the securities of the Company and Mr. Xu will abstain from voting at the EGM. All connected persons of the Company will also abstain from voting in favour at the EGM pursuant to the GEM Listing Rules.

GENERAL

A circular containing details of the number of and the terms of grant of the Options, recommendation from the independent non-executive Directors to the Independent Shareholders as to voting and other particulars as required by the GEM Listing Rules will be despatched to shareholders of the Company as soon as practicable after the date of publication of this announcement.

DEFINITIONS

In this announcement, the following expressions have the meanings as set out below unless the context requires otherwise:

“Associates”	shall have the meaning as prescribed under the GEM Listing Rules
“Board”	the board of Directors
“Connected persons”	shall have the meaning as prescribed under the GEM Listing Rules
“Director”	director of the Company
“EGM”	extraordinary general meeting of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	The Company and its subsidiaries
“Independent Shareholders”	Shareholders of the Company other than Mr. Xu and his Associates
“Latest Practicable Date”	25 March 2004, being the latest practicable date prior to the printing of this announcement for ascertaining certain information in this announcement

“Old Share Option Scheme”	the share option scheme adopted by the Company on 30 January 2001 which was terminated and replaced by the Share Option Scheme
“Mr. Xu”	Mr. Xu Shao Chun, the chairman of the Board and chief executive officer of the Company and a substantial shareholder holding approximately 32.91% of the issued share capital of the Company
“Options”	options granted under the Share Option Scheme to subscribe for 8,000,000 shares
“Share”	shares of HK\$0.10 each in the capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 26 April 2002
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
Kingdee International Software Group Company Limited
Xu Shao Chun
Director

27 March 2004

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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