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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**

### **LOAN EXTENSION AGREEMENTS**

Reference is made to the announcement of the Company dated 28 July 2016 in respect of, inter alia, the loans in the principal amount of RMB61,679,000 and RMB104,979,000, respectively advanced to Cloudhub and Shanghai Jinyi Medical by Kingdee China (a wholly-owned subsidiary of the Company), both with a term of three years from 1 January 2016 to 1 January 2019.

As the Existing Loan Agreements are due to expire soon on 1 January 2019, on 14 December 2018, Kingdee China entered into the Loan Extension Agreements with each of Cloudhub and Shanghai Jinyi Medical, respectively, pursuant to which Kingdee China agreed to extend the maturity date of the outstanding loans to 31 December 2021 at an annual interest rate of 5%. Save as disclosed in this announcement, all the others terms and conditions of the Existing Loan Agreements remain in full force and effect and continue to be binding and enforceable.

#### **GENERAL**

Each of Cloudhub and Shanghai Jinyi Medical is directly owned as to 51.7285% and 99% by Diechuang Holdings, which is owned as to 99% by Mr. Xu, who is an executive Director, the Chairman of the Board and the controlling shareholder of the Company, each of Cloudhub and Shanghai Jinyi Medical is an associate of Mr. Xu and is therefore a connected person of the Company pursuant to the Listing Rules. The loan extensions as contemplated under the Loan Extension Agreements constitute a continuing connected transaction of the Company.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions under the Loan Extension Agreements are more than 0.1% and less than 5%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but exempt from the independent shareholders' approval requirement.

## LOAN EXTENSION

Reference is made to the announcement of the Company dated 28 July 2016 in respect of, inter alia, the loans in the principal amount of RMB61,679,000 and RMB104,979,000, respectively advanced to Clouhub and Shanghai Jinyi Medical by Kingdee China (a wholly-owned subsidiary of the Company), both with a term of three years from 1 January 2016 to 1 January 2019.

As the Existing Loan Agreements are due to expire soon on 1 January 2019, on 14 December 2018, Kingdee China entered into the following Loan Extension Agreements with Clouhub and Shanghai Jinyi Medical, respectively to extend the date of repayment of the respective outstanding loans.

### Clouhub Extension Agreement

Date: 14 December 2018

Parties:

- Lender: 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
- Borrower: Clouhub, 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

Outstanding principal amount: RMB31,679,000, which had been financed by the Group's internal resources.

(The principal amount under the Existing Clouhub Loan Agreement was RMB61,679,000 and Clouhub has already repaid the principal amount of RMB30,000,000 to Kingdee China, thus the outstanding principal amount of the loan under the Clouhub Extension Agreement is RMB31,679,000.)

Term: From 2 January 2019 to 31 December 2021

Interest rate: 5% per annum. The principal amount of the loan and the accrued interest are repayable at the date of maturity. The interest rate was determined by the parties with reference to the existing interest rate charged under the Existing Clouhub Loan Agreement and the

prevailing market interest rate for loan in similar nature and tenure in the PRC.

Annual cap: RMB33,262,950, being the sum of the principal amount and the annual interest income to be received by Kingdee China.

### **Jinyi Medical Extension Agreement**

Date: 14 December 2018

Parties:

- Lender: Kingdee China; and
- Borrower: Shanghai Jinyi Medical, a company established under the laws of the PRC with limited liability and is owned as to 99% by Diechuang Holdings, is an investment holding company which through its subsidiary is principally engaged in the development and operation of medical information systems and software and medical records database, as well as the provision of mobile Internet hospital services through mobile service platforms which connect patients and hospitals

Outstanding principal amount: RMB104,979,000, which had been financed by the Group's internal resources.

Term: From 2 January 2019 to 31 December 2021

Interest rate: 5% per annum. The principal amount and the accrued interest are repayable at the date of maturity. The interest rate was determined by the parties with reference to the existing interest rate charged under the Existing Jinyi Medical Loan Agreement and the prevailing market interest rate for loan in similar nature and tenure in the PRC.

Annual cap: RMB110,227,950, being the sum of the principal amount and the annual interest income to be received by Kingdee China.

### **REASONS FOR AND BENEFIT OF ENTERING INTO THE LOAN EXTENSION AGREEMENTS**

The Group is principally engaged in the provision of software products and Cloud services for corporates, hospitals, government organizations and other users worldwide. As the important business partners of the Group, Cloudhub and Shanghai Jinyi Medical (through its non wholly-owned subsidiary, a medical software company) provide products which assist the Group in providing its customers products with significantly different competitive advantages and a more comprehensive ERP solution. The loan extensions as contemplated under the Loan Extension Agreements can continue to provide financial support for the development of the Group's important business partners, helping them maintain their investment in research and development

in their products, which can achieve better synergy with the Group's products.

Furthermore, such loan extensions bring to the Group's interest income which is more than one could receive by depositing the same amount in a commercial bank's cash deposit or other guaranteed wealth management products.

Based on the above, although such loan extensions are not in the ordinary course of business of the Group, the Directors (including the independent non-executive Directors) are of the view that the Loan Extension Agreements and the transactions contemplated thereunder are on normal commercial terms and entered into on an arm's length basis, and the terms of the Loan Extension Agreements are fair and reasonable and in the interest of the Group and the shareholders of the Company as a whole.

## **LISTING RULES IMPLICATIONS**

Each of Cloudhub and Shanghai Jinyi Medical is directly owned as to 51.7285% and 99% by Diechuang Holdings, which is owned as to 99% by Mr. Xu, who is an executive Director, the Chairman of the Board and the controlling shareholder of the Company, each of Cloudhub and Shanghai Jinyi Medical is an associate of Mr. Xu and is therefore a connected person of the Company pursuant to the Listing Rules. The loan extensions as contemplated under the Loan Extension Agreements constitute a continuing connected transaction of the Company.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions under the Loan Extension Agreements are more than 0.1% and less than 5%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but exempt from the independent shareholders' approval requirement.

Save and except Mr. Xu, none of the other Directors have a material interest in the transactions contemplated under the Loan Extension 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:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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%

“Cloudhub Agreement”	Extension	the loan extension agreement dated 14 December 2018 entered into between Kingdee China as lender and Cloudhub as borrower, under which Kingdee China agreed to extend the maturity date of the outstanding loan in the principal amount of RMB31,679,000 to 31 December 2021, with an annual interest rate of 5%
“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(s)”		has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”		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)”		director(s) of the Company
“Existing Cloudhub Loan Agreement”		the loan agreement dated 1 January 2016 entered into between Kingdee China as lender and Cloudhub as borrower, under which Kingdee China had agreed to advance to Cloudhub certain loans for the purpose of supplementing Cloudhub’s general working capital
“Existing Jinyi Medical Loan Agreement”		the loan agreement dated 1 January 2016 entered into between Kingdee China as lender and Shanghai Jinyi Medical as borrower, under which Kingdee China had agreed to advance to Shanghai Jinyi Medical certain loans for the purpose of supplementing Shanghai Jinyi Medical’s general working capital
“Existing Loan Agreements”		the Existing Cloudhub Loan Agreement and the Existing Jinyi Medical Loan Agreement

“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
“Jinyi Medical Extension Agreement”	the loan extension agreement dated 14 December 2018 entered into between Kingdee China as lender and Shanghai Jinyi Medical as borrower, under which Kingdee China agreed to extend the maturity date of the outstanding loan in the principal amount of RMB104,979,000 to 31 December 2021, with an annual interest of 5%
“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
“Loan Extension Agreements”	the Cloudhub Extension Agreement and the Jinyi Medical Extension Agreement
“Mr. Xu”	Mr. Xu Shao Chun, an executive Director, the Chairman of the Board and the controlling shareholder of the Company
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Jinyi Medical”	上海今逸醫療軟件有限公司 (Shanghai Jinyi Medical Software Limited*), formerly named 上海金蝶醫療衛生軟件有限公司 (Shanghai Kingdee Medical Software 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 99%
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Shenzhen, the People’s Republic of China, 14 December 2018

*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.*