

# KINGDEE

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)*

## FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31ST MARCH, 2002

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*This report, for which the directors of Kingdee International Software Group Company Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Kingdee International Software Group Company Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

**Financial highlights for the three months ended 31st March, 2002**

- Turnover increased by approximately 33.0% over the same period in 2001 to approximately RMB51,611,000.
- Profit attributable to shareholders increased by approximately 66.4% over the same period in 2001 to approximately RMB3,403,000.
- Basic earnings per share increased by approximately 50.0% over the same period in 2001 to approximately RMB0.78 cent.

The board of directors (the “Board”) of Kingdee International Software Group Company Limited (“Kingdee International” or the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31st March, 2002, together with the comparative unaudited consolidated figures for the corresponding period in 2001 are as follows:

		<b>Three months ended 31st March,</b>	
		<b>2002 unaudited RMB'000</b>	<b>2001 unaudited RMB'000</b>
	<i>Notes</i>		
Turnover	2	51,611	38,798
Cost of sales		(7,368)	(8,363)
Gross profit		44,243	30,435
Selling expenses		(25,283)	(19,461)
General and administrative expenses		(15,496)	(9,180)
Other income (expenses), net		412	(1)
Operating profit		3,876	1,793
Finance income (costs), net	3	227	244
Share of results of an associate		–	(32)
Profit before taxation		4,103	2,005
Taxation	4	(565)	(201)
Profit after taxation		3,538	1,804
Minority interests		(135)	241
Profit attributable to shareholders		<u>3,403</u>	<u>2,045</u>
Dividends		<u>–</u>	<u>–</u>
Earnings per share			
– basic	5	<u>RMB0.78 cent</u>	<u>RMB0.52 cent</u>
– diluted	5	<u>RMB0.78 cent</u>	<u>RMB0.52 cent</u>

Notes:

## 1. Group reorganisation and basis of preparation

The Company was incorporated as an exempted company with limited liability on 22nd September, 1999 under the Company Law (1998 revision) of the Cayman Islands. Listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“GEM”) commenced on 15th February, 2001.

Pursuant to a group reorganisation (the “Reorganisation”) in preparation for the listing of the Company’s shares on the GEM, the Company became the holding company of the Group on 15th June, 2000. The Reorganisation involved companies under common control, and the Group resulting from the Reorganisation were regarded as a continuing group. Accordingly, the Reorganisation has been accounted for on the basis of merger accounting, under which the consolidated results have been prepared as if the Group had been in existence since the beginning of the three months ended 31st March, 2001.

Details of the Reorganisation are set out in the prospectus (the “Prospectus”) issued by the Company dated 9th February, 2001.

All significant intercompany balances and transactions, including intercompany profits, are eliminated on consolidation. The financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The consolidated results have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board.

## 2. Turnover

Turnover comprises the following:

	Three months ended 31st March,	
	2002 unaudited RMB’000	2001 unaudited RMB’000
Sales of software	46,470	34,384
Sales of hardware	21	49
Solution consulting and support service income	5,120	4,365
	<u>51,611</u>	<u>38,798</u>

Turnover disclosed above is net of applicable business tax and value added tax in Mainland China.

## 3. Finance income (costs), net

	Three months ended 31st March,	
	2002 unaudited RMB’000	2001 unaudited RMB’000
Interest income	285	423
Less: Interest expenses on bank loans	(34)	(158)
Others	(24)	(21)
	<u>227</u>	<u>244</u>

## 4. Taxation

Taxation represents:

	Three months ended 31st March,	
	2002 unaudited RMB’000	2001 unaudited RMB’000
Mainland China income tax		
– Current income tax	569	793
– Deferred income tax	(4)	(592)
	<u>565</u>	<u>201</u>

As the Group had no income assessable for profit tax in the Cayman Islands or in Hong Kong for the three months ended 31st March, 2002 (the three months ended 31st March, 2001: Nil), no provision had been made for profits tax for both jurisdictions.

The Group's subsidiary, Kingdee Software (China) Co., Ltd. ("Kingdee China"), is a wholly foreign-owned enterprise located in the Shenzhen Special Economic Zone and is entitled to full exemption from Mainland China Enterprise Income Tax ("EIT") for two years and a 50% reduction in the next three years thereafter starting from the first profit making year after offsetting prior year losses. According to the "Provisions on further support to the high-technology enterprises" Shen Fu [1998] No. 29 issued by the Shenzhen Municipal Government, enterprises that are recognized as a high-technology enterprise are entitled to a further tax holiday on EIT. Pursuant to an approval document issued by the tax bureau dated 5th March, 1999, Kingdee China is subject to income tax at the rate of 7.5% for 5 years starting from 1999 as it is recognized as a high-technology enterprise.

## 5. Earnings per share

Earnings per share had been prepared on the assumption that the 1,000,000 shares of HK\$0.10 each issued at par and fully paid during the Reorganisation and the capitalisation issue of 349,000,000 shares by the then owners had taken place for the three months ended 31st March, 2001.

Basic earnings per share for the three months ended 31st March, 2002 had been calculated by dividing profit attributable to shareholders of approximately RMB3,403,000 (the three months ended 31st March, 2001 were approximately RMB2,045,000) by the number of 437,750,000 shares (the three months ended 31st March, 2001: weighted average 393,750,000 shares) in issue during the period.

Diluted earnings per share for the three months ended 31st March, 2002 had been calculated by dividing diluted profit attributable to shareholders of approximately RMB3,406,000 (the three months ended 31st March, 2001 were approximately RMB2,046,000) by the number of 439,770,000 shares (the three months ended 31st March, 2001: weighted average 394,400,000 shares) after adjusting for the effects of all potential dilutive shares during the period.

## 6. Movements of capital and reserves

Movements in the capital and reserves of the Group for the three months ended 31st March, 2002 and the three months ended 31st March, 2001 were as follows:

	Share Capital unaudited RMB'000	Share Premium unaudited RMB'000	Merger Reserve unaudited RMB'000	Capital Reserve unaudited RMB'000	Reserve Fund unaudited RMB'000	Exchange Reserve unaudited RMB'000	Retained Earnings unaudited RMB'000	Total unaudited RMB'000
Balances as at								
1st January, 2001	107	-	6,570	19,255	3,334	-	31,474	60,740
Capitalisation issue	37,343	(37,343)	-	-	-	-	-	-
Shares issued on								
14th February, 2001 (net amount having taken into account issuing expenses of approximately RMB18,894,000)	9,363	68,177	-	-	-	-	-	77,540
Profit for the period	-	-	-	-	-	-	2,045	2,045
Balance as at								
31st March, 2001	<u>46,813</u>	<u>30,834</u>	<u>6,570</u>	<u>19,255</u>	<u>3,334</u>	<u>-</u>	<u>33,519</u>	<u>140,325</u>
Balances as at								
1st January, 2002	46,840	31,083	6,570	18,864	8,184	(683)	56,660	167,518
Translation adjustments	-	-	-	-	-	17	-	17
Profit for the period	-	-	-	-	-	-	3,403	3,403
Balances as at								
31st March, 2002	<u>46,840</u>	<u>31,083</u>	<u>6,570</u>	<u>18,864</u>	<u>8,184</u>	<u>(666)</u>	<u>60,063</u>	<u>170,938</u>

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31st March, 2002 (the three months ended 31st March, 2001: Nil).

## FINANCIAL PERFORMANCE

The financial results of the Group for the three months ended 31st March, 2002 showed remarkable growth as compared to the corresponding period in 2001. During the period under review, turnover amounted to approximately RMB51,611,000 (the three months ended 31st March, 2001: RMB38,798,000), representing an increase of approximately 33.0%, and was attributable to the significant increase in sales of the Group's *K/3 ERP* software during the three months ended 31st March, 2002.

Gross profit of the Group increased by approximately 45.4% from approximately RMB30,435,000 to approximately RMB44,243,000. For the three months ended 31st March, 2002, a gross profit margin of approximately 85.7% was recorded (the three months ended 31st March, 2001: 78.4%). Profit attributable to shareholders for the three months ended 31st March, 2002 increased by approximately 66.4% to approximately RMB3,403,000 (the three months ended 31st March, 2001: 2,045,000).

## BUSINESS OBJECTIVE REVIEW

Kingdee International is one of the leading software manufacturers in the PRC. Kingdee International can well capture market changes by initiating creative ideas and innovative products. It also keeps abreast of software development trends by continuously upgrading and redirecting business development strategies. Up to the end of 2001, the Group has marked the first substantial transformation in its history by successfully shifting its core business from accounting software to enterprise management software. New industry applications were being explored to further increase market penetration. In late 2001, the Group initially extended to a full range of product lines from enterprise management software, system software and e-commerce platforms through entering into agreements for the acquisition of Beijing Case Software Technology Company Limited ("Beijing Case"), a well-established ERP brand in the domestic market, and investment in Asia 21-Cybics Technology Limited ("Asia 21-Cybics"), a e-commerce solution provider. In addition, the Group has positioned itself as a solution provider of total enterprise information system solutions by introducing the Total Enterprise Information System Solution V1.0 in Beijing during March of this year.

The Total Enterprise Information System Solution V1.0 represents a fruitful combination of all our past proven software technologies. The solution caters for enterprises' needs for fundamental management, Enterprise Resources Planning ("ERP") and e-commerce collaboration. It supports *K/3* and *CASE/KM* systems which are required for fundamental management and ERP. It also supports *TEEMS* supply chain management system for e-commerce collaboration and customer relationship management system and supports *APUSIC* middleware system, a platform tool for e-commerce enabling. Strategies and measures for clients' success are also included. Kingdee International's Total Enterprise Information System Solution V1.0 is indeed a solution tailor-made for all specific industries through its extensive coverage on manufacturing, commerce, finance, government, electric power and real estates.

The solution competes favorably over traditional management systems in terms of integrity, platform diversification, technological advancement, system compatibility and industry applicability. It enriches our existing enterprise management information system as it provides enterprises with helpful advice on overall planning and information consultation for fulfilling broader information contents. The most important is that it is an application platform that creates numerous and competitive advantages to clients in the horizons of technologies, products, solutions, consultation and services.

Since March, extensive promotional activities for the total solutions were conducted throughout the country, including Beijing, Shanghai, Shenzhen, Guangzhou, Shenyang and Chengdu. Moreover, specific seminars covering topics on the Group's accounting applications and production and manufacture applications were organized. The Group has also organized and participated in seminars on practical applications of electronic administration, industry application, e-commerce, consultation services and fundamental management. **K/3** enterprise management system, **CASE** knowledge management system and **TEEMS** e-commerce system were also demonstrated and received impressive responses.

During the period under review, the Group entered into a strategic cooperative agreement and a letter of intent respectively with the Information Centre of the State Personnel Ministry and the State CIMS Project Technological Research Centre of Tsinghua University. Pursuant to the agreement, it was agreed that the State Personnel Ministry will fully collaborate with Kingdee International by introducing Kingdee International's **K/3** human resources system to enterprise entities. It was also agreed that a "Technological Research Centre for Enterprise Information Systems" will be set up by Kingdee International and the State CIMS (Computer Integration Manufacturing System) Project Technological Research Centre of Tsinghua University. The research results on CIMS can be put into commercialization on a more effective basis. This will, in turn, place the Group at stronger competitive edges. In addition, Kingdee International will become highly influential in terms of the state electronic administration since its self-developed **APUSIC** application server products will emerge as a modal operating platform for domestic electronic government administration.

**K/3** human resources system, V9.0, was launched during this quarter. This system is based on Kingdee International's past experience in implementing ERP systems for large and middle domestic enterprises. It also combines new human resources management concepts introduced by international professional human resources companies. The customized system is suitable for all industries as it has been referred to industrial researches and analyses and clients' responses. At the same time, **K/3 CRM** V1.2 version was also released. During this quarter, Beijing Case launched **TEEMS** enterprise information portal R2.0 version, the advanced J2EE technology that enables enterprise users to promptly build up a portal of close linkage with their businesses through the establishment of websites. Furthermore, the Group's core products of **K/3** and **KINGDEE 2000** were upgraded to **K/3** V9.1 and 2000 XP versions respectively during this quarter.

During the period of review, Kingdee China, a subsidiary of Kingdee International, was qualified for exporting software by successfully passing the class 2 assessment of Capability Maturity Model ("CMM").

## **PROSPECTS**

Upon the Group's release of total enterprise information systems solutions for specific industries, broader product lines and enhanced service quality through various means of development, consolidation, acquisition, merger and collaboration, the Group is well-poised to offer full information system solutions to enterprises by extending services from commercial operating systems to internal management such as intellectual management, human resources management, client relationships, supply chain management and enterprise resources management. Collaborative relationship management, and business portals are also covered. The Group has positioned itself at a stronger presence amongst other management software counterparts by emerging as the best partner for enterprise information systems.

In the coming future, continuous marketing efforts in organizing exhibitions and seminars will be devoted to promote Kingdee International's total information system solutions as well as to achieve further product advancement and enhancement. Mergers and acquisitions will also be one of the initiatives for greater diversification.

The upgraded version of *K/3*, *Kingdee 2000 XP* and *APUSIC*, the Group's leading products, will be released in the next quarter of *this year*. Their enhanced functions and features can better serve the needs of the new operating systems or platforms. The Group will dedicate great efforts in fostering the development of *TEEMS* products and ensuring their compatibility with *K/3* products. As to future product designs, more emphasis will be put on industry needs to create products for specific industries. In addition, ancillary services on consultation and implementation will become the integral parts of total solutions. Well experienced in development and implementation services, the Group is well-positioned to provide enabling systems and service methods to maximize customers' satisfaction.

In the wake of fierce market competition, Kingdee International is actively devising new management and development strategies. The Group has now established an extensive agency network throughout all large and middle sized cities in the PRC and overseas markets. Efforts will be made in streamlining regional channels for better management of various channels, particularly those in the city centres of the six largest regions of the PRC. As such, direct client approaches and greater member efficiency are ensured. As Kingdee International shifts to become a supplier of total enterprise information system solutions, its strategic partners will be encouraged to diversify into sales of both solutions and services instead of selling single product. Moreover, there will be a shift from lower end selling to high-end consultative selling so as to offer enhanced value-added services for clients.

#### INTERESTS OF DIRECTORS IN EQUITY SECURITIES

As at 31st March, 2002, the beneficial interests of the Directors (within the meaning of the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong) ("SDI Ordinance") required to be notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including interests which they are taken or deemed to have been taken under section 31 of, or Part 1 of the Schedule to the SDI Ordinance), or required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein, or required pursuant to Rules 5.40 to 5.59 of the Rules Governing the Listing of Securities on the GEM ("GEM Listing Rules") to be notified to the Company and the Stock Exchange, were as follows:

##### (a) The Company

Name of Directors	Number of Shares	Nature of Interests	Approximate percentage of interest
Xu Shao Chun ( <i>Note 1</i> )	141,916,250	Corporate ( <i>Note 2</i> )	32.42%
	1,599,500	Other ( <i>Note 3</i> )	0.37%
Xu Wen Hui	2,154,500	Personal	0.49%
	1,599,500	Other ( <i>Note 3</i> )	0.37%
Zhang Wen Xing ( <i>Note 1</i> )	1,599,500	Other ( <i>Note 3</i> )	0.37%
Hugo Shong	5,250,000	Personal	1.20%
	1,599,500	Other ( <i>Note 3</i> )	0.37%
Zhao Yong	29,766,250	Personal	6.80%

*Notes:*

1. In February 2001, Oriental Gold Limited, a company wholly-owned by Mr. Xu Shao Chun, was granted rights of first refusal in the future sale of 37,950,500 shares held by 154 employees of the Group (including Mr. Xu Wen Hui, an executive director), one former employee of the Group and Mr. Hugo Shong, a non-executive director and a consultant of the Group. Each of the 154 employees of the Group had also undertaken to Project China Limited that if he/she is, within one year after he/she leaves the employment of the Group, involved in any business which may compete with the Group, Project China Limited will have an option to buy back his/her shares.
2. The 83,606,250 shares were held by Oriental Gold Limited, and the 58,310,000 shares were held by Billion Ocean Limited.
3. Project China Limited, a company wholly-owned by Mr. Zhang Wen Xing, held 1,599,500 shares as trustee of a discretionary trust established for the benefit of all the former and existing employees and consultants of the Group including Mr. Xu Shao Chun and Mr. Xu Wen Hui, executive directors.

### **THE PRE-IPO SHARE OPTION SCHEME**

Pursuant to the pre-IPO share option scheme adopted by the Company on 30th January, 2001, options to subscribe for an aggregate of 1,300,000 shares of HK\$0.01 each of the Company were granted to Mr. Huang Xiao Jian and Mr. Liu Fan.

Mr. Huang had exercised his share option to subscribe for 250,000 shares on 2nd July, 2001. As Mr. Huang left the Group on 31st December, 2001, his outstanding option to subscribe for the remaining 750,000 shares lapsed on the same date.

As at 31st March, 2002, Mr. Liu had not exercised any share option to subscribe for any shares and 300,000 options remained outstanding under the pre-IPO share option scheme.

### **THE SHARE OPTION SCHEME**

Pursuant to the share option scheme of the Company adopted on 30th January, 2001 (the “Share Option Scheme”), the full-time employees of any member of the Group (including any executive directors of any member of the Group) may be granted options to subscribe for shares of HK\$0.10 each of the Company.

At the board meeting of the Company held on 27th September, 2001, the Implementation Rules for the Share Option Scheme (the “Implementation Rules”) were approved to serve as a practical guideline for the issue and grant of the share options, and options to subscribe for a total of 1.72 million shares were granted to 33 full-time employees of the Group at a subscription price equal to HK\$1.49 per share.

As at 31st March, 2002, no option has been exercised pursuant to the Share Option Scheme.

*(Note: this share option scheme was terminated and replaced by a new share option scheme by ordinary resolution of the shareholders of the Company passed at the Extraordinary General Meeting of the Company held on 26th April, 2002. The existing options under this scheme will continue to be valid and exercisable in accordance with the provisions of this scheme.)*

### **DIRECTOR’S RIGHTS TO ACQUIRE SHARES**

Save as disclosed in the sections headed “Interests of Directors in Equity Securities”, “Share Option Scheme” and “Pre-IPO Share Option Scheme” of the 2001 Annual Report of the Group, at no time during the three months ended 31st March, 2002 was the Company, or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in the Company.



## SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2002, the register maintained under Section 16(1) of the SDI Ordinance for substantial shareholders showed that shareholders interested in 10% or more of the issued share capital of the Company were as follows:

Name	Number of Shares	Approximate percentage of share capital
IDG Technology Venture Investment, Inc.	84,182,000	19.23%
International Data Group, Inc	84,182,000 ( <i>Note 2</i> )	19.23%
Oriental Gold Limited ( <i>Note 1</i> )	83,606,250	19.10%
Mr. Xu Shao Chun ( <i>Note 1</i> )	141,916,250 ( <i>Note 3</i> )	32.42%
Ms. Chao Shi Yan	47,687,500	10.89%
Billion Ocean Limited	58,310,000	13.32%
Mr. Zhang Wen Xing	1,599,500 ( <i>Note 4</i> )	0.37%

### Notes:

1. In February 2001, Oriental Gold Limited was granted rights of first refusal in the future sale of 37,950,500 shares held by 154 employees of the Group (including Mr. Xu Wen Hui, an executive director), one former employee of the Group and Mr. Hugo Shong, a non-executive director and a consultant of the Group. Each of the 154 employees of the Group had also undertaken to Project China Limited that if he/she is, within one year after he/she leaves the employment of the Group, involved in any business which may compete with the Group, Project China Limited will have an option to buy back his/her shares.
2. The shares were held by IDG Technology Venture Investment, Inc., a company wholly-owned by International Data Group, Inc.,
3. The 83,606,250 shares were held by Oriental Gold Limited, and the 58,310,000 shares were held by Billion Ocean Limited. Mr. Xu Shao Chun was also interested in 1,599,500 Shares as one of the discretionary objects of the discretionary trust set up for the benefit of the existing and former employees and consultant of the Group which such Shares were held by Project China Limited.
4. The shares were held by Project China Limited, a company wholly-owned by Mr. Zhang Wen Xing, as trustee of a discretionary trust set up for the benefit of the existing and former employees and consultants of the Group, including Mr. Xu Shao Chun and Mr. Xu Wen Hui, executive directors.

## PURCHASE, SALE OR REDEMPTION OF SHARES

None of the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities for the three months ended 31st March, 2002.

## COMPETING INTEREST

None of the directors had an interest in a business which competes or may compete with the business of the Group. International Data Group, Inc. (“IDG”) and IDG Technology Venture Investment, Inc. (“IDGVC”), being the Initial Management Shareholders of the Company (as defined in the GEM Listing Rules), had direct and indirect shareholding interests and board

representations in the following business in the PRC that compete or may compete with the business of the Group:

<b>Name of company invested</b>	<b>Nature of business</b>	<b>Shareholding interests owned by IDGVC</b>	<b>Number of board members representing IDGVC</b>
SuperData Technology (Asia) Limited	Accounting and inventory software management	28.4%	2 non-executive directors (out of 7 non-executive directors on the board of directors)
Zhuhai Yuanguang Xinjiyuan Software Co. Ltd.	Financial software system for power industry	5.5%	Nil

Save as disclosed above, the other investments of IDG and IDGVC and their respective associates were not engaged in business in the PRC that competed or might compete with the business of the Group. Although neither IDG nor IDGVC is involved in the day-to-day management of the companies operating such competing business, there is no assurance that in future, IDG or IDGVC will not be engaged, directly or indirectly, in any other business that compete or may compete with the business of the Group.

#### **SPONSOR'S INTEREST**

As at 31st March, 2002, none of the Company's sponsor, BNP Paribas Peregrine Capital Limited, its directors, employees or associates held any interest in the securities of the Company or any member of the Group, or the right to subscribe for or to nominate persons to subscribe for securities in the Company or any member of the Group.

Pursuant to the sponsorship agreement dated 1st February, 2001 entered into between the Company and BNP Paribas Peregrine Capital Limited, BNP Paribas Peregrine Capital Limited will receive usual sponsorship fees for acting as the Company's retained sponsor for the period from 15th February, 2001 to 31st December, 2003.

#### **AUDIT COMMITTEE AND ITS DUTIES**

As at 31st March, 2002, the audit committee of the Company comprises of Mr. Xu Wen Hui, executive director, Ms. Yang Zhou Nan and Mr. Zhu Qi Heng, both being the independent non-executive directors. Mr. Zhu Qi Heng is the chairman of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The first meeting of the audit committee for the year 2002 was convened and held on 25th March, 2002 to review the accounts and reports of the Group for the year ended 31st December, 2001, and to provide financial advices and recommendations to the Board.

*(Note: Mr. Wu Cheng had been appointed as an independent non-executive director and a member of the audit committee of the Company in place of Mr. Zhu Qi Heng with effect from 26th April, 2002 after the closure of the annual general meeting ("closure of AGM"). Ms. Yang Zhou Nan was elected as the chairman of the audit committee in place of Mr. Zhu Qi Heng after the closure of AGM.)*

On behalf of the Board  
**Kingdee International Software  
 Group Company Limited**  
**Xu Shao Chun**  
*Chairman*

The People's Republic of China, 14th May, 2002