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(Incorporated in Bermuda with limited liability)
(Stock Code : 00418)

**DISCLOSEABLE TRANSACTIONS AND CONNECTED TRANSACTIONS:
THE INTELLECTUAL PROPERTIES TRANSFER AGREEMENT
AND
THE PATENTS LICENCE AGREEMENT**

THE INTELLECTUAL PROPERTIES TRANSFER AGREEMENT

On 18 March 2013, Peking Founder and Founder Electronics entered into the Intellectual Properties Transfer Agreement with China Digital Video pursuant to which, subject to the approval by the Independent Shareholders at a special general meeting of the Company and the approval by the State-owned Assets Administration Department of the PRC, (i) Peking Founder and Founder Electronics, as joint owners of the First Patents and Patent Application Rights, conditionally agreed to jointly transfer all their title and interest in the First Patents and Patent Application Rights; and (ii) Founder Electronics conditionally agreed to transfer all its title and interest in the Trademarks and the Software Copyrights to China Digital Video at an aggregate consideration of RMB101,475,970 (equivalent to approximately HK\$126,845,000), out of which RMB54,975,970 (equivalent to approximately HK\$68,720,000), representing approximately 54.2%, is payable to Founder Electronics.

THE PATENTS LICENCE AGREEMENT

On 18 March 2013, Peking Founder, Founder Electronics, Peking University entered into the Patents Licence Agreement with China Digital Video pursuant to which, subject to the approval by the Independent Shareholders at a special general meeting of the Company and the approval by the State-owned Assets Administration Department, Peking Founder, Founder Electronics and Peking University, as joint owners of the Second Patents and Patent Application Rights, conditionally agreed to grant the exclusive rights to use the Second Patents and Patent Application Rights for the entire validity period of the Second Patents and Patent Application Rights to China Digital Video at a consideration of RMB7,000,000 (equivalent to approximately HK\$8,750,000), out of which RMB3,000,000 (equivalent to approximately HK\$3,750,000), representing approximately 42.9%, is payable to Founder Electronics.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Peking Founder is the controlling shareholder of the Company with a shareholding interest of approximately 32.49% in the Company and therefore a connected person of the Company under the Listing Rules. Further, Peking University is interested in 100% equity interest in Peking University Asset Management Company Limited, which is in turn interested in 70% equity interest in Peking Founder. Therefore, Peking University is also a connected person of the Company under the Listing Rules. In view of this, each of the Transfer and the Licence constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as aggregated in respect of the Transfer and the Licence are more than 5% but less than 25% and the aggregate consideration exceeds HK\$10 million, (i) the Transfer and the Licence as aggregated constitute non-exempt connected transaction of the Company subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules and (ii) the Transfer and the Licence as aggregated also constitute discloseable transaction for the Company which is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

SGM

The SGM will be convened at which resolutions will be proposed to seek the Independent Shareholders' approval by way of poll in relation to the Intellectual Properties Transfer Agreement and the Patents Licence Agreement. Peking Founder, together with its associates, and all parties involved in or interested in the Intellectual Properties Transfer Agreement and the Patents Licence Agreement are required to abstain from voting with respect to the resolutions for approving the Intellectual Properties Transfer Agreement and the Patents Licence Agreement.

GENERAL

The Independent Board Committee comprising all independent non-executive Directors has been established to consider the terms of the Intellectual Properties Transfer Agreement and the Patents Licence Agreement and to advise the Independent Shareholders as to whether the terms of the Intellectual Properties Transfer Agreement and the Patents Licence Agreement are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and its shareholders as a whole. No member of the Independent Board Committee has any material interest in the Intellectual Properties Transfer Agreement and the Patents Licence Agreement.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Intellectual Properties Transfer Agreement and the Patents Licence Agreement.

A circular containing, among others things, (i) details of the Intellectual Properties Transfer Agreement; (ii) details of the Patents Licence Agreement; (iii) a letter of recommendations from the Independent Board Committee to the Independent Shareholders in respect of the Intellectual Properties Transfer Agreement and the Patents Licence Agreement; (iv) a letter of advice from the independent financial adviser of the Company to the Independent Board Committee and the Independent Shareholders in respect of the Intellectual Properties Transfer Agreement and the Patents Licence Agreement; and (v) a notice convening the SGM, will be dispatched to the shareholders of the Company on or before 11 April 2013, being less than 15 business days after the publication of this announcement, in accordance with the Listing Rules.

DISCLOSABLE AND CONNECTED TRANSACTIONS

I THE INTELLECTUAL PROPERTIES TRANSFER AGREEMENT

A. Background

On 18 March 2013, Peking Founder and Founder Electronics entered into the Intellectual Properties Transfer Agreement with China Digital Video pursuant to which, subject to the approval by the Independent Shareholders at a special general meeting of the Company and the approval by the State-owned Assets Administration Department of the PRC, (i) Peking Founder and Founder Electronics, as joint owners of the First Patents and Patent Application Rights, conditionally agreed to jointly transfer all their title and interest in the First Patents and Patent Application Rights; and (ii) Founder Electronics conditionally agreed to transfer all its title and interest in the Trademarks and the Software Copyrights to China Digital Video at an aggregate consideration of RMB101,475,970 (equivalent to approximately HK\$126,845,000), out of which RMB54,975,970 (equivalent to approximately HK\$68,720,000), representing approximately 54.2%, is payable to Founder Electronics.

B. Principal Terms of the Intellectual Properties Transfer Agreement

Date:

18 March 2013

Parties:

- (1) Peking Founder as one of the two transferors;
- (2) Founder Electronics as the remaining transferor; and
- (3) China Digital Video as the transferee.

As at the date of this announcement, Peking Founder, the controlling shareholder of the Company, holds 367,179,610 ordinary shares of the Company, representing approximately 32.49% of the total issued share capital of the Company and therefore is a connected person of the Company under the Listing Rules.

Founder Electronics is an indirect wholly-owned subsidiary of the Company.

Mr Zheng Fu Shuang is interested in approximately 43.78% equity interest in China Digital Video. He is also a director and a substantial shareholder of EC-Founder (Holdings) Company Limited, a subsidiary of Peking Founder. To the best knowledge of the Directors' knowledge, information and belief having made all reasonable enquiry, except for Mr Zheng Fu Shuang as disclosed above, each of China Digital Video and its remaining ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company. China Digital Video is principally engaged in the provision of products with self-owned intellectual property rights such as graphic and text production system, non-linear editing system, network production and broadcasting system, and virtual studio system. It is also engaged in the provision of various types of professional digital media content production and operation solutions and technical services such as new media application, data media services, broadcasting technology services, and the building and maintaining of the International Broadcast Centre.

Subject Assets:

Pursuant to the Intellectual Properties Transfer Agreement, (i) Peking Founder and Founder Electronics conditionally agreed to jointly transfer all their title and interest in the First Patents and Patent Application Rights; and (ii) Founder Electronics conditionally agreed to transfer all its title and interest in the Trademarks and the Software Copyrights to China Digital Video. The First Patents and Patent Application Rights comprise five patents and 37 rights to the application for the patents in relation to data transmission and processing, document releasing and broadcasting. The Trademarks comprise of three trademarks registered in the PRC, namely Founder Wuyou, Founder Tianyi and Founder Jing Yu, whereas the Software Copyrights comprise of 13 computer software copyrights in relation to data transmission and processing, document releasing, broadcasting and non-linear editing. The carrying value of the First Patents and Patent Application Rights, the Trademarks and the Software Copyrights as stated in the Group's unaudited accounts as at 30 June 2012 is nil.

Consideration:

The consideration for the Transfer is RMB101,475,970 (equivalent to approximately HK\$126,845,000), out of which RMB54,975,970 (equivalent to approximately HK\$68,720,000), representing approximately 54.2%, is payable to Founder Electronics. Such consideration has been arrived at after arm's length negotiations between the parties, taking into account that the transferors of the patents are entitled to share a portion of the consideration based on their respective contribution to the First Patents and Patent Application Rights, the Trademarks and the Software Copyrights.

Under the Intellectual Properties Transfer Agreement, China Digital Video shall pay to Founder Electronics the first instalment of RMB8,475,970 (equivalent to approximately HK\$10,595,000), within 2 business days from the date of the Intellectual Properties Transfer Agreement and pay to each of Peking Founder and Founder Electronics the second instalment of RMB25,000,000 (equivalent to approximately HK\$31,250,000) within 7 business days from the date of this agreement. The balance of the consideration shall be paid within 5 business days from the date that the approval of the Independent Shareholders and the State-owned Assets Administration Department of the PRC for the Transfer are obtained.

II THE PATENTS LICENCE AGREEMENT

A. Background

On 18 March 2013, Peking Founder, Founder Electronics, Peking University entered into the Patents Licence Agreement with China Digital Video pursuant to which, subject to the approval by the Independent Shareholders at a special general meeting of the Company and the State-owned Assets Administration Department of the PRC, Peking Founder, Founder Electronics and Peking University, as joint owners of the Second Patents and Patent Application Rights, conditionally agreed to grant the exclusive rights to use the Second Patents and Patent Application Rights for the entire validity period of the Second Patents and Patent Application Rights to China Digital Video at a consideration of RMB7,000,000 (equivalent to approximately HK\$8,750,000), out of which RMB3,000,000 (equivalent to approximately HK\$3,750,000), representing approximately 42.9%, is payable to Founder Electronics.

B. Principal Terms of the Patents Licence Agreement

Date:

18 March 2013

Parties:

- (1) Peking Founder as one of the three licensors;
- (2) Founder Electronics as one of the three licensors;
- (3) Peking University as the other licensor; and
- (4) China Digital Video as the licensee.

Peking University is interested in 100% equity interest in Peking University Asset Management Company Limited, which is in turn interested in 70% equity interest in Peking Founder. Therefore, Peking University is a connected person of the Company under the Listing Rules. Peking University provides tertiary education in Beijing, the PRC.

Subject Assets:

Pursuant to the Patents Licence Agreement, Peking Founder, Founder Electronics and Peking University, as the joint owners of the Second Patents and Patent Application Rights, conditionally agreed to grant the exclusive rights to use the Second Patents and Patent Application Rights for the entire validity period of the Second Patents and Patent Application Rights to China Digital Video. The Second Patents and Patent Application Rights include 17 patents and 19 rights to the application for the patents in relation to broadcasting and data transmission and processing and their carrying value as stated in the Group's unaudited accounts as at 30 June 2012 is nil.

Consideration:

The consideration for granting the exclusive rights to use the Second Patents and Patent Application Rights is RMB7,000,000 (equivalent to approximately HK\$8,750,000), out of which RMB3,000,000 (equivalent to approximately HK\$3,750,000), representing approximately 42.9%, is payable to Founder Electronics. China Digital Video shall pay such consideration within 15 business days from the date that the Independent Shareholders and the State-owned Assets Administration Department of the PRC for the Licence are obtained. Such consideration has been arrived at after arm's length negotiations between the parties after taking into account that the licensors of the patents are entitled to share a portion of the consideration based on their respective contribution to the Second Patents and Patent Application Rights.

REASONS FOR AND BENEFITS OF THE TRANSFER AND THE LICENCE

Founder Electronics is an indirect wholly-owned subsidiary of the Company. Previously, it was engaged in several major areas, including digital printing business, digital publication business, digital broadcasting business, font business, and public service software.

However, in view of the loss making results for the digital broadcasting business of Founder Electronics for the previous two years and the increasing competition in digital broadcasting industry, the Directors are of the view that it is in the interest of Founder Electronics to discontinue its digital broadcasting business so that it can focus on its digital printing, digital publication businesses, font business, public service software and other emerging business. The First Patents and Patent Application Rights, the Second Patents and Patent Application Rights, the Trademarks and the Software Copyrights form the major part of the assets for the digital broadcasting business. The Directors are of the view that the Transfer and the Licence enable the Group to dispose of such assets at reasonable prices. The proceeds for the Transfer and the Licence will be used by the Group as the funds for developing and cultivating core potential business in order to explore more niche market opportunities for the Group.

The Directors expect that the Group would record unaudited gains (before deducting any professional fees) of approximately HK\$68,720,000 and HK\$3,750,000 as a result of the Transfer and the Licence respectively. Such gains are determined by the consideration to be received by the Group under the Intellectual Properties Transfer Agreement and the Patents Licence Agreement respectively.

Accordingly, the Directors (excluding the independent non-executive Directors whose view will be based on the opinion of the independent financial adviser) consider that it would be in the interests of the Company and its shareholders as a whole to enter into the transactions contemplated under the Intellectual Properties Transfer Agreement and the Patents Licence Agreement.

In view of the above and having considered the terms of the Intellectual Properties Transfer Agreement and the Patents Licence Agreement, the Directors (excluding the independent non-executive Directors whose view will be based on the opinion of the independent financial adviser) consider that both the Transfer and the Licence are (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PEKING FOUNDER GROUP

As at the date of this announcement, Peking Founder has developed into a diversified holding group with business operation in such fields as IT, medical and health care/pharmacy, real estate, finance and trading of bulk commodities. Peking Founder Group is one of the model enterprises to interpret the concept of innovation of the Chinese government as “an enterprise, as the center and with a market-oriented mind, integrates the production and research and development”, and also is one of the model enterprises that conscientiously assumes the corporate social responsibility.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Peking Founder is the controlling shareholder of the Company with a shareholding interest of 32.49% in the Company and therefore a connected person of the Company under the Listing Rules. Further, Peking University is interested in 100% equity interest in Peking University Asset Management Company Limited, which is in turn interested in 70% equity interest in Peking Founder. Therefore, Peking University is also a connected person of the Company under the Listing Rules. In view of this, each of the Transfer and the Licence constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as aggregated in respect of the Transfer and the Licence are more than 5% but less than 25% and the aggregate consideration exceeds HK\$10 million, (i) the Transfer and the Licence as aggregated constitutes non-exempt connected transaction of the Company subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules and (ii) the Transfer and the Licence as aggregated also constitute discloseable transaction for the Company which is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

SGM

The SGM will be convened at which resolutions will be proposed to seek the Independent Shareholders' approval by way of poll in relation to the Intellectual Properties Transfer Agreement and the Patents Licence Agreement. Peking Founder, together with its associates, and all parties involved in or interested in the Intellectual Properties Transfer Agreement and the Patents Licence Agreement are required to abstain from voting with respect to the resolutions for approving the Intellectual Properties Transfer Agreement and the Patents Licence Agreement.

GENERAL

The Independent Board Committee comprising all independent non-executive Directors has been established to consider the terms of the Intellectual Properties Transfer Agreement and the Patents Licence Agreement and to advise the Independent Shareholders as to whether the terms of the Intellectual Properties Transfer Agreement and the Patents Licence Agreement are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and its Shareholders as a whole. No member of the Independent Board Committee has any material interest in the Intellectual Properties Transfer Agreement and the Patents Licence Agreement.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Intellectual Properties Transfer Agreement and the Patents Licence Agreement.

A circular containing, among others things, (i) details of the Intellectual Properties Transfer Agreement; (ii) details of the Patents Licence Agreement; (iii) a letter of recommendations from the Independent Board Committee to the Independent Shareholders in respect of the Intellectual Properties Transfer Agreement and the Patents Licence Agreement; (iv) a letter of advice from the independent financial adviser of the Company to the Independent Board Committee and the Independent Shareholders in respect of the Intellectual Properties Transfer Agreement and the Patents Licence Agreement; and (v) a notice convening the SGM, will be dispatched to the shareholders of the Company on or before 11 April 2013, being less than 15 business days after the publication of this announcement, in accordance with the Listing Rules.

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“China Digital Video”	China Digital Video (Beijing) Limited* (新奥特(北京)视频技术有限公司), a company established under the laws of the PRC;
“Company”	Founder Holdings Limited (方正控股有限公司*), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 418);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“First Patents and Patent Application Rights”	five patents and 37 rights to the applications for the patents to be transferred under the Intellectual Properties Transfer Agreement;
“Founder Electronics”	Beijing Founder Electronics Co., Ltd.*, (北京北大方正电子有限公司) a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	means Hong Kong dollars;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;

“Independent Board Committee”	an independent board committee of the Company comprising all independent non-executive Directors formed for the purpose of considering the terms of the Intellectual Properties Transfer Agreement and the Patents Licence Agreement and advising and making recommendations to the Independent Shareholders as to how to vote at the SGM;
“Independent Shareholders”	the shareholders of the Company other than Peking Founder and its associates;
“Intellectual Properties Transfer Agreement”	the intellectual properties transfer agreement entered into among Peking Founder, Founder Electronics and China Digital Video dated 18 March 2013;
“Licence”	means the grant of the exclusive rights to use the Second Patents and Patent Application Rights under the Patents Licence Agreement;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement;
“Patents Licence Agreement”	the patents licence agreement entered into among Peking Founder, Founder Electronics, Peking University and China Digital Video dated 18 March 2013;
“Peking Founder”	Peking University Founder Group Company Limited* (北大方正集團有限公司), a company established in the PRC with limited liabilities, the controlling shareholder of the Company, which holds approximately 32.49% of the issued share capital of the Company;
“Peking Founder Group”	Peking Founder and its subsidiaries;
“Peking University”	Peking University (北京大學), a major research university and the first established modern national university located in Beijing, the capital city of the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;

“Second Patents and Patent Application Rights”	17 patents and 19 rights to the applications for the patents to be licensed for use under the Patents Licence Agreement;
“SGM”	the special general meeting of the Company to be convened and held for the Independent Shareholders to consider and approve (among other things), if thought fit, the Intellectual Properties Transfer Agreement and the Patents Licence Agreement;
“Software Copyrights”	thirteen computer software copyrights to be transferred under the Intellectual Properties Transfer Agreement;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to it under the Listing Rules;
“Trademarks”	three trademarks to be transferred under the Intellectual Properties Transfer Agreement; and
“Transfer”	means the transfer of the First Patents and Patent Application Rights, the Trademarks and the Software Copyrights under the Intellectual Properties Transfer Agreement.

By Order of the Board
Founder Holdings Limited
Fang Zhong Hua
Chairman

Hong Kong, 18 March 2013

As at the date of this announcement, the board of directors of the Company comprises executive directors of Mr Fang Zhong Hua (Chairman), Professor Xiao Jian Guo (Deputy Chairman), Mr Liu Xiao Kun (President), Ms Yi Mei, Professor Yang Bin and Mr Wo Fei Yu, and the independent non-executive directors of Mr Li Fat Chung, Ms Wong Lam Kit Yee and Mr Fung Man Yin, Sammy.

* *For identification purpose only*