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CONTINUING CONNECTED TRANSACTIONS

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Reference is made to the announcement of the Company dated 29 August 2011, in relation to, among others, the Existing Master IT Agreement that was entered into between the Company and PKU Resources on 29 August 2011 which will expire on 31 December 2013. As a result, on 9 December 2013, the Company entered into the Master IT Agreement with PKU Resources pursuant to which the Group will purchase Information Products from PKU Resources Group in the ordinary course of business and on normal commercial terms. The Master IT Agreement will govern and specify the terms adopted and the annual caps for the total amount of the aforesaid ongoing transactions for the three years ending 31 December 2016.

PKU Resources is owned as to approximately 64.14% by Founder Information which in turn is owned as to approximately 97.36% by Peking Founder. Peking Founder is a connected person of the Company for the purposes of the Listing Rules. The Company is an associate of Peking Founder and therefore, a connected person of PKU Resources under the Listing Rules. Accordingly, the transactions contemplated under the Master IT Agreement will constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

As the applicable ratios pursuant to Rule 14.07 of the Listing Rules for the Master IT Agreement are less than 5%, the entering into the Master IT Agreement and the transactions contemplated thereunder by the Company constitute continuing connected transactions for the Company which are exempt from the independent shareholders' approval requirements under Rule 14A.16(4) of the Listing Rules, but subject to the reporting, annual review and announcement requirements under Rules 14A.37 to 14A.41 and 14A.45 to 14A.47 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 29 August 2011, in relation to, among others, the Existing Master IT Agreement that was entered into between the Company and PKU Resources on 29 August 2011 which will expire on 31 December 2013.

As a result, on 9 December 2013, the Company entered into the Master IT Agreement with PKU Resources pursuant to which the Group will purchase Information Products from PKU Resources Group in the ordinary course of business and on normal commercial terms. The Master IT Agreement will govern and specify the terms adopted and the annual caps for the total amount of the aforesaid ongoing transactions for the three years ending 31 December 2016.

The annual cap for the Master IT Agreement for each of the three years ending 31 December 2016 is determined based on the Company's estimate of the purchases for the three years ending 31 December 2016 with reference to the purchase pattern for the two financial years ended 31 December 2012 and the purchases for the nine months ended 30 September 2013.

The Master IT Agreement is effective upon signing.

THE MASTER IT AGREEMENT

Pursuant to the Master IT Agreement, the Group shall purchase the Information Products from PKU Resources Group at the prevailing market price of the relevant Information Products.

Historical values and annual caps:

	Nine months						
	Year ended 31 December 2011 <i>RMB'000</i>	Year ended 31 December 2012 <i>RMB'000</i>	ended 30 September 2013 <i>RMB'000</i>	Year ending 31 December 2013 <i>RMB'000</i>	Year ending 31 December 2014 <i>RMB'000</i>	Year ending 31 December 2015 <i>RMB'000</i>	Year ending 31 December 2016 <i>RMB'000</i>
Actual purchase	6,165	5,416	1,255	N/A	N/A	N/A	N/A
Historical annual cap	12,800	12,800	N/A	12,800	N/A	N/A	N/A
Annual cap	N/A	N/A	N/A	N/A	12,800	14,080	15,488

The Group has been purchasing the Information Products from PKU Resources Group for use in its operation and business. The amount of actual purchases for the three years ending 2013 was low as a result of the Group purchasing some Information Products directly from the manufacturer rather than from PKU Resources Group.

The annual cap for the year ending 31 December 2014 increased by more than 100% as compared to the two years ended 31 December 2012. There is an annual increase of approximately 10% for the two years ending 31 December 2016 due to the estimated increase in the purchase of particular Information Products from a subsidiary of PKU Resources as the use of those Information Products is expected to improve the competitiveness of the Group.

REASONS FOR AND BENEFITS OF THE MASTER IT AGREEMENT

The Group is principally engaged in software development and systems integration relating to the media industry and non-media industries including financial institutions, enterprises and government departments in the PRC. The Group has also purchased information hardware products for use in its software development business. PKU Resources Group is principally engaged in the distribution of information hardware products in Hong Kong and in the PRC. The Board considers that it is beneficial to the Group to continue to maintain members of PKU Resources Group as its suppliers and to continue to purchase information hardware products from PKU Resources Group on normal commercial terms.

The Directors believe that having a long-term supplier such as PKU Resources Group can effectively enhance the Group's financial performance. The Directors also consider that the entering into the Master IT Agreement is (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS FOR THE MASTER IT AGREEMENT

PKU Resources is owned as to approximately 64.14% by Founder Information which in turn is owned as to approximately 97.36% by Peking Founder. Peking Founder is a connected person for the purposes of the Listing Rules. The Company is an associate of Peking Founder and therefore, a connected person of PKU Resources under the Listing Rules. Accordingly, the transactions contemplated under the Master IT Agreement will constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

As the applicable ratios pursuant to Rule 14.07 of the Listing Rules for the Master IT Agreement are less than 5%, the entering into the Master IT Agreement and the transactions contemplated thereunder by the Company constitute continuing connected transactions for the Company which are exempt from the independent shareholders' approval requirements under Rule 14A.16(4) of the Listing Rules, but subject to the reporting, annual review and announcement requirements under Rules 14A.37 to 14A.41 and 14A.45 to 14A.47 of 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;
“Company”	Founder Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00418);

“connected person”	has the meaning ascribed thereto in the Listing Rules;
“Directors”	the director(s) of the Company;
“Existing Master IT Agreement”	the agreement entered into between the Company and PKU Resources on 29 August 2011 in relation to the purchases of the Information Products by the Group from PKU Resources Group;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Information Products”	the information products, including but not limited to desktop computers, laptop computers, servers, networking tools, monitors and software;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Master IT Agreement”	the agreement entered into between PKU Resources and the Company on 9 December 2013 in relation to the purchases of the Information Products by the Group from PKU Resources for a term of three years from 1 January 2014 to 31 December 2016;
“Peking Founder”	北大方正集團有限公司 (Peking University Founder Group Company Limited*), a company established in the PRC with limited liabilities, the controlling shareholder of the Company, which holds approximately 31.66% of the issued capital of the Company;
“PKU Resources”	Peking University Resources (Holdings) Company Limited (formerly known as EC-Founder (Holdings) Company Limited), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00618);
“PKU Resources Group”	PKU Resources and its subsidiaries;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“subsidiary”

has the meaning ascribed to it under the Listing Rules; and

“%”

percentage

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

Hong Kong, 9 December 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), Professor Yang Bin (President), Ms Yi Mei, Mr Li Sheng Li and Ms Liu Yu Xiao, 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*