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CONTINUING CONNECTED TRANSACTIONS: MASTER PURCHASE AGREEMENT

THE MASTER PURCHASE AGREEMENT

Reference is made to the announcement of the Company dated 1 November 2011, the Company and Peking Founder entered into the Existing Master Purchase Agreement pursuant to which the Group would purchase certain information products and research and development services from Peking Founder Group. The Existing Master Purchase Agreement will expire on 31 December 2014. On 30 December 2014, the Company and Peking Founder entered into the Master Purchase Agreement to extend the term for the period from 1 January 2015 to 31 December 2017.

LISTING RULES REQUIREMENTS

Peking Founder is the controlling shareholder of the Company holding approximately 30.60% of the issued share capital of the Company, and thus a connected person of the Company for the purposes of the Listing Rules. Accordingly, the transactions contemplated under the Master Purchase Agreement will constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the transactions contemplated under the Master Purchase Agreement exceeds 0.1% and all of the relevant percentage ratios are less than 5%, the transactions contemplated under the Master Purchase Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

Introduction

Reference is made to the announcement of the Company dated 1 November 2011, the Company and Peking Founder entered into the Existing Master Purchase Agreement pursuant to which the Group would purchase certain information products and research and development services from Peking Founder Group. The Existing Master Purchase Agreement will expire on 31 December 2014. On 30 December 2014, the Company and Peking Founder entered into the Master Purchase Agreement to extend the term for the period from 1 January 2015 to 31 December 2017.

Principal Terms of the Master Purchase Agreement

Peking Founder Group will provide information products and research and development services to the Group at market prices determined at the relevant time: (i) with reference to the prices and credit terms at which such products and services are supplied, on normal commercial terms in its ordinary and usual course of business, to independent third party customers in the local market and/or adjacent regions; or (ii) where no comparables as stated in (i) are available, with reference to the prices and credit terms at which such products and services are supplied, on normal commercial terms in its ordinary and usual course of business, to independent third party customers in the PRC; or (iii) where none of the above comparables is available, with reference to the prices and credit terms agreed between the parties on arm's length basis and which are fair and reasonable in the interests of the shareholders of the Company as a whole.

Historical Transaction Amounts and Proposed Caps

The historical figures, the historical annual caps and the proposed annual caps in respect of the Master Purchase Agreement are as follows:

	Year ended 31 December 2012	Year ended 31 December 2013	Six months ended 30 June 2014	Year ended 31 December 2014	Year ending 31 December 2015	Year ending 31 December 2016	Year ending 31 December 2017
Historical figures							
<i>RMB million</i>	1.7	2.6	1.0	N/A	N/A	N/A	N/A
<i>HK\$ million (approximately)</i>	2.1	3.3	1.2	N/A	N/A	N/A	N/A
Historical annual caps							
<i>RMB million</i>	12	12	N/A	12	N/A	N/A	N/A
<i>HK\$ million (approximately)</i>	15	15	N/A	15	N/A	N/A	N/A
Proposed annual caps							
<i>RMB million</i>	N/A	N/A	N/A	N/A	12	12	12
<i>HK\$ million (approximately)</i>	N/A	N/A	N/A	N/A	15	15	15

The proposed annual cap has been determined with reference to the historical purchase pattern and the estimated sales of the information products and research and development services by the Group for each of the three years ending 31 December 2017.

Reasons for and benefits of the Master Purchase Agreement

Peking Founder Group is engaged in a wide array of businesses, among which one of the businesses is the provision of software solutions and services. Compared with recruiting more research and development staff and acquiring the relevant equipment, the Board considers it more cost effective to leverage on the research and development capability of Peking Founder Group so that the Group could maximize its profit margin.

The Board considers that the terms of the Master Purchase Agreement were arrived at after arm's length negotiations between the parties involved and entered into in the ordinary and usual course of business of the Group. The Directors (including the independent non-executive directors) consider that the terms of the Master Purchase Agreement and its proposed annual caps are on normal commercial terms, are fair and reasonable, and the transactions contemplated under the Master Purchase Agreement are in the interests of the Company and shareholders as a whole.

INFORMATION OF THE GROUP

The Group is principally engaged in software development and provision of systems integration services relating to the media and non-media industries including financial institutions, enterprises and government departments. The Group purchases information hardware products for its customers in order to establish computer systems. It also provides software and hardware solutions to its customers as well as for use in its software development business.

INFORMATION ON PEKING FOUNDER GROUP

Peking Founder Group is principally engaged in securities trading and brokerage; the information technology industry, including software and system development for the publishing sector and various government bureaus and financial institutions and hardware manufacturing for personal computers, chips, circuit boards and other terminal equipment; and healthcare and pharmaceutical industry, including hospitals, pharmaceuticals, logistics, equipment leasing and hospital management.

LISTING RULES IMPLICATIONS

Peking Founder is the controlling shareholder of the Company holding approximately 30.60% of the issued share capital of the Company, and thus a connected person of the Company for the purposes of the Listing Rules. Accordingly, the transactions contemplated under the Master Purchase Agreement will constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the transactions contemplated under the Master Purchase Agreement exceeds 0.1% and all of the relevant percentage ratios are less than 5%, the transactions contemplated under the Master Purchase Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associates”	has the same meaning as ascribed thereto in the Listing Rules
“Board”	the board of Directors of the Company
“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 under the stock code 00418
“connected person(s)”	has the same meaning as ascribed thereto in the Listing Rules
“controlling shareholder”	has the same meaning as ascribed thereto in the Listing Rules
“Director(s)”	the directors of the Company
“Existing Master Purchase Agreement”	the master purchase agreement dated 1 November 2011 entered into between the Company and Peking Founder in relation to the purchase of information products and research and development services from Peking Founder Group for a 3 year term from 1 January 2012 to 31 December 2014
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Master Purchase Agreement”	a master purchase agreement dated 30 December 2014 entered into between the Company and Peking Founder in relation to the purchase of information products and research and development services from Peking Founder Group for a 3 year term from 1 January 2015 to 31 December 2017

“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 indirectly holds approximately 30.60% of the issued share capital of the Company
“Peking Founder Group”	Peking Founder and its subsidiaries
“PRC”	the Peoples Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the same meaning as ascribed thereto in the Listing Rules
“%”	per cent

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

Hong Kong, 30 December 2014

The exchange rate adopted in this announcement for illustration purpose only is RMB1.00 = HK\$1.247.

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, Ms Zuo Jin 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*