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**CONTINUING CONNECTED TRANSACTIONS:  
LEASING OF OFFICE PREMISES**

**THE LEASING OF OFFICE PREMISES**

On 13 February 2015, Founder Electronics, a wholly-owned subsidiary of the Company, entered into the Existing First Lease Agreement and the Existing First Management Agreement with Beida Management to lease certain premises at Shangdi Founder Building from Beida Management which will be expired on 31 December 2015. On 31 December 2015, Founder Electronics and Beida Management entered into the First Lease Agreement and the First Management Agreement to lease such premises at Shangdi Founder Building from Beida Management for a term of two years from 1 January 2016 to 31 December 2017.

On 13 February 2015, Founder EasiPrint, another wholly-owned subsidiary of the Company, entered into the Existing Second Lease Agreement and the Existing Second Management Agreement with Beida Management to lease certain premises at Shangdi Founder Building from Beida Management which will be expired on 31 December 2015. As a result, on 31 December 2015, Founder EasiPrint and Beida Management entered into the Second Lease Agreement and the Second Management Agreement to lease such premises at Shangdi Founder Building from Beida Management for a term of two years from 1 January 2016 to 31 December 2017.

On 13 February 2015, Founder Digital Printing, another wholly-owned subsidiary of the Company, and Beida Management entered into the Existing Third Lease Agreement and the Existing Third Management Agreement to lease certain premises at Shangdi Founder Building from Beida Management which will be expired on 31 December 2015. As a result, on 31 December 2015, Founder Digital Printing and Beida Management entered into the Third Lease Agreement and the Third Management Agreement to lease such premises at Shangdi Founder Building from Beida Management for a term of two years from 1 January 2016 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. Beida Management is an associate of Peking Founder by virtue of the fact that Beida Management is a subsidiary of a company in which Peking Founder and its holding company together own more than 30% equity interest. Accordingly, each of the transactions contemplated under the Lease and Management Agreements 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 Lease and Management Agreements exceeds 0.1% and all of the relevant percentage ratios are less than 5%, the transactions contemplated under the Lease and Management Agreements are subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

### **Introduction**

On 13 February 2015, Founder Electronics, a wholly-owned subsidiary of the Company, entered into the Existing First Lease Agreement and the Existing First Management Agreement with Beida Management to lease certain premises at Shangdi Founder Building from Beida Management which will be expired on 31 December 2015. As a result, on 31 December 2015, Founder Electronics and Beida Management entered into the First Lease Agreement and the First Management Agreement to lease such premises at Shangdi Founder Building from Beida Management for a term of two years from 1 January 2016 to 31 December 2017.

On 13 February 2015, Founder EasiPrint, another wholly-owned subsidiary of the Company, entered into the Existing Second Lease Agreement and the Existing Second Management Agreement with Beida Management to lease certain premises at Shangdi Founder Building from Beida Management which will be expired on 31 December 2015. As a result, on 31 December 2015, Founder EasiPrint and Beida Management entered into the Second Lease Agreement and the Second Management Agreement to lease such premises at Shangdi Founder Building from Beida Management for a term of two years from 1 January 2016 to 31 December 2017.

On 13 February 2015, Founder Digital Printing, another wholly-owned subsidiary of the Company, and Beida Management entered into the Existing Third Lease Agreement and the Existing Third Management Agreement to lease certain premises at Shangdi Founder Building from Beida Management which will be expired on 31 December 2015. As a result, on 31 December 2015, Founder Digital Printing and Beida Management entered into the Third Lease Agreement and the Third Management Agreement to lease such premises at Shangdi Founder Building from Beida Management for a term of two years from 1 January 2016 to 31 December 2017.

## **Principal Terms of the First Lease Agreement and the First Management Agreement**

Area	10,040.56 sq. m.
Lease term	1 January 2016 to 31 December 2017
Lessee	Founder Electronics, a wholly-owned subsidiary of the Company, which is principally engaged in software development and systems integration business
Lessor	Beida Management, an associate of Peking Founder, which is principally engaged in property leasing business
Property leased	Part of 1st floor, 3rd to 5th whole floor and whole basement of the main tower of Shangdi Founder Building  Part of the basement of the ancillary tower of Shangdi Founder Building
Total annual rental	RMB5,300,141.28 (equivalent to approximately HK\$6,307,000) for the year ending 31 December 2016  RMB5,991,464.04 (equivalent to approximately HK\$7,130,000) for the year ending 31 December 2017
Total annual management fee	RMB3,080,660.64 (equivalent to approximately HK\$3,666,000)
Other terms and conditions	The rental and management fee are payable in cash quarterly in advance. Subject to compliance with the Listing Rules, the lessee may give at least three-month written notice before the expiry of the agreement to the lessor in order to continue to lease the relevant premises from the lessor.  The lessor will have the right to terminate the lease if the lessee fails to comply with the terms and conditions of the agreement.  The lessee shall also be responsible for the payment of certain other fees, including water, electricity and telephone network, carpark usage and other utility fees.

## **Principal Terms of the Second Lease Agreement and the Second Management Agreement**

Area	3,000 sq. m.
Lease term	1 January 2016 to 31 December 2017

Lessee	Founder EasiPrint, a wholly-owned subsidiary of the Company, which is principally engaged in software development and systems integration business
Lessor	Beida Management, an associate of Peking Founder, which is principally engaged in property leasing business
Property leased	Part of 1st floor, and 2nd whole floor of the main tower of Shangdi Founder Building
Total annual rental	RMB2,518,500 (equivalent to approximately HK\$2,997,000) for the year ending 31 December 2016  RMB2,847,000 (equivalent to approximately HK\$3,388,000) for the year ending 31 December 2017
Total annual management fee	RMB985,500 (equivalent to approximately HK\$1,173,000)
Other terms and conditions	The rental and management fee are payable in cash quarterly in advance. Subject to compliance with the Listing Rules, the lessee may give at least three-month written notice before the expiry of the agreement to the lessor in order to continue to lease the relevant premises from the lessor.  The lessor will have the right to terminate the lease if the lessee fails to comply with the terms and conditions of the agreement.  The lessee shall also be responsible for the payment of certain other fees, including water, electricity and telephone network, carpark usage and other utility fees.

### **Principal Terms of the Third Lease Agreement and the Third Management Agreement**

Area	234.03 sq. m.
Lease term	1 January 2016 to 31 December 2017
Lessee	Founder Digital Printing, a wholly-owned subsidiary of the Company, which is principally engaged in software development and systems integration
Lessor	Beida Management, an associate of Peking Founder, which is principally engaged in property leasing business

Property leased	Part of 1st floor of the main tower of Shangdi Founder Building
	Part of the basement of the ancillary tower of Shangdi Founder Building
Total annual rental	RMB81,456.72 (equivalent to approximately HK\$97,000) for the year ending 31 December 2016
	RMB92,081.52 (equivalent to approximately HK\$110,000) for the year ending 31 December 2017
Total annual management fee	RMB68,878.08 (equivalent to approximately HK\$82,000)
Other terms and conditions	<p>The rental and management fee are payable in cash quarterly in advance. Subject to compliance with the Listing Rules, the lessee may give at least three-month written notice before the expiry of the agreement to the lessor in order to continue to lease the relevant premises from the lessor.</p> <p>The lessor will have the right to terminate the lease if the lessee fails to comply with the terms and conditions of the agreement.</p> <p>The lessee shall also be responsible for the payment of certain other fees, including water, electricity and telephone network, carpark usage and other utility fees.</p>

### Historical Transaction Amounts and Proposed Caps

The historical figures, the historical annual caps and the proposed annual cap of the rental and management fees in respect of the Lease and Management Agreements are as follows:

	Six months ended 30 June 2015	Year ending 31 December 2015	Year ending 31 December 2016	Year ending 31 December 2017
<b>Historical figures</b>				
<i>RMB million</i>	5.4	N/A	N/A	N/A
<i>HK\$ million (approximately)</i>	6.7	N/A	N/A	N/A
<b>Historical annual cap</b>				
<i>RMB million</i>	N/A	12.6	N/A	N/A
<i>HK\$ million (approximately)</i>	N/A	15.0	N/A	N/A
<b>Proposed annual cap</b>				
<i>RMB million</i>	N/A	N/A	12.0	13.1
<i>HK\$ million (approximately)</i>	N/A	N/A	14.3	15.5

The proposed annual cap has been determined with reference to the rental and management fees payable by the Group under the Lease and Management Agreements and other payables by the Group thereunder. The Directors (including the independent non-executive Directors) consider such annual cap as fair and reasonable.

### **Reasons for and benefits of the Lease and Management Agreements**

The Group has been leasing certain premises at Shangdi Founder Building from Peking Founder Group as offices, canteens and staff quarters. Due to such leases will expire on 31 December 2015, the Group entered into the Lease and Management Agreements to renew the leases for a term of two years from 1 January 2016 to 31 December 2017. The terms of the Lease and Management Agreements, including the rental and management fees payable by the Group, are arrived at after arm's length negotiations between the parties involved with reference to the prevailing market rent and management fees of comparable properties in Beijing. The Directors (including the independent non-executive Directors) are of the view that transactions under the Lease and Management Agreements are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its 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. Beida Management is an associate of Peking Founder by virtue of the fact that Beida Management is a subsidiary of a company in which Peking Founder and its holding company together own more than 30% equity interest. Accordingly, each of the transactions contemplated under the Lease and Management Agreements 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 Lease and Management Agreements exceeds 0.1% and all of the relevant percentage ratios are less than 5%, the transactions contemplated under the Lease and Management Agreements 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 requires otherwise, the following terms shall have the meanings set out below:

“associates”	has the same meaning as ascribed thereto in the Listing Rules
“Beida Management”	北京北大資源物業經營管理集團有限公司 (Beijing Peking University Resource Property Management Group Co., Ltd.*), a company established in the PRC and an associate of Peking Founder
“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 First Lease Agreement”	the lease agreement dated 13 February 2015 entered into between Founder Electronics and Beida Management in relation to the lease of certain premises at Shangdi Founder Building from 15 February 2015 to 31 December 2015
“Existing First Management Agreement”	the property management service agreement dated 13 February 2015 entered into between Founder Electronics and Beida Management in relation to the management of the leased property under the Existing First Lease Agreement
“Existing Second Lease Agreement”	the lease agreement dated 13 February 2015 entered into between Founder EasiPrint and Beida Management in relation to the lease of certain premises at Shangdi Founder Building from 15 February 2015 to 31 December 2015



“Existing Second Management Agreement”	the property management service agreement dated 13 February 2015 entered into between Founder EasiPrint and Beida Management in relation to the management of the leased property under the Existing Second Lease Agreement
“Existing Third Lease Agreement”	the lease agreement dated 13 February 2015 entered into between Founder Digital Printing and Beida Management in relation to the lease of certain premises at Shangdi Founder Building from 15 February 2015 to 31 December 2015
“Existing Third Management Agreement”	the property management service agreement dated 13 February 2015 entered into between Founder Digital Printing and Beida Management in relation to the management of the leased property under the Existing Third Lease Agreement
“First Lease Agreement”	the lease agreement dated 31 December 2015 entered into between Founder Electronics and Beida Management in relation to the lease of certain premises at Shangdi Founder Building by the Group from Peking Founder Group for a term of two years from 1 January 2016 to 31 December 2017
“First Management Agreement”	the property management service agreement dated 31 December 2015 entered into between Founder Electronics and Beida Management in relation to the management of the leased property under the First Lease Agreement
“Founder Digital Printing”	北京方正數字印刷技術有限公司 (Beijing Founder Digital Printing Technology Co., Ltd.*), a company established in the PRC and a wholly-owned subsidiary of the Company
“Founder EasiPrint”	北京方正印捷數碼技術有限公司 (Beijing Founder EasiPrint Digital Technology Co., Ltd.*), a company established in the PRC and a wholly-owned subsidiary of the Company
“Founder Electronics”	北京北大方正電子有限公司 (Beijing Founder Electronics Co., Ltd.*), a company established in the PRC and a wholly-owned subsidiary of the Company
“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)
“Lease and Management Agreements”	the agreements in respect of the leasing and management of office premises at Shangdi Founder Building with Beida Management as the lessor, including the First Lease Agreement, the First Management Agreement, the Second Lease Agreement, the Second Management Agreement, the Third Lease Agreement and the Third Management Agreement
“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 People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Second Lease Agreement”	the lease agreement dated 31 December 2015 entered into between Founder EasiPrint and Beida Management in relation to the lease of certain premises at Shangdi Founder Building by the Group from Peking Founder Group for a term of two years from 1 January 2016 to 31 December 2017
“Second Management Agreement”	the property management service agreement dated 31 December 2015 entered into between Founder EasiPrint and Beida Management in relation to the management of the leased property under the Second Lease Agreement
“Shangdi Founder Building”	上地方正大廈 (Shangdi Founder Building) at No.9, Shangdi 5th Street (also known as Shangdi Information Industry Base), Haidian District, Beijing, the PRC
“subsidiary”	has the same meaning as ascribed thereto in the Listing Rules
“Third Lease Agreement”	the lease agreement dated 31 December 2015 entered into between Founder Digital Printing and Beida Management in relation to the lease of certain premises at Shangdi Founder Building by the Group from Peking Founder Group for a term of two years from 1 January 2016 to 31 December 2017

“Third Management Agreement” the property management service agreement dated 13 February 2015 entered into between Founder Digital Printing and Beida Management in relation to the management of the leased property under the Third Lease Agreement

“%” per cent

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

Hong Kong, 31 December 2015

*The exchange rate adopted in this announcement for illustration purpose only is RMB1.00 = HK\$1.19*

*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 Liu Yu Xiao, Ms Zuo Jin and Ms Yi Mei, 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*