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Financial adviser to the Company



VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTIONS: ACQUISITION OF TIANRANJU AND TIANHE AND ISSUE OF CONSIDERATION SHARES AND CONVERTIBLE BONDS

The Board is pleased to announce that after trading hours on 23 August 2012, the Company and the Vendor entered into the S&P and Subscription Agreement, pursuant to which the Company has conditionally agreed to (i) purchase the Sale Shares from the Vendor for a total consideration of HK\$537 million, which will be satisfied by the issue of the Consideration Shares and the Consideration Convertible Bonds; and (ii) issue the Subscription Convertible Bonds to the Vendor at the consideration of HK\$62 million. Both the Consideration Convertible Bonds and the Subscription Convertible Bonds are convertible into Shares at the conversion price of HK\$0.43 per Conversion Share. Both the Consideration Shares and the Conversion Shares shall be allotted and issued pursuant to the specific mandate to be sought at the SGM, and shall rank pari passu with the Shares in issue. The Consideration Shares represent approximately 47.73% of the issued share capital of the Company as at the date of this announcement and approximately 32.31% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming no further Shares will be allotted and issued prior to the issue of the Consideration Shares). Upon conversion in full of the Convertible Bonds, an aggregate of 865,116,278 Conversion Shares will be issued, representing approximately 78.22% of the issued share capital of the Company as at the date of this announcement and approximately 34.62% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming no further Shares will be allotted and issued prior to such conversion except for the Consideration Shares). The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares.

As one or more of the applicable percentage ratios, where appropriate, calculated with reference to Rule 14.07 of the Listing Rules, exceed 100%, the Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules and is therefore subject to the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Company is owned as to approximately 32.84% of the issued Shares by the Vendor. As the Vendor is a controlling shareholder of the Company, it is a connected person of the Company under the Listing Rules. Accordingly, the Acquisition, the issue of the Subscription Convertible Bonds and the transactions contemplated under the S&P and Subscription Agreement also constitute non-exempt connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to approval by the Independent Shareholders at the SGM. The Vendor, its associates and those who are involved in or interested in the Acquisition and the Subscription will abstain from voting at the SGM in respect of the resolutions approving the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Consideration Shares and the Conversion Shares upon conversion pursuant to the terms and conditions of the Convertible Bonds.

WHITEWASH WAIVER

As at the date of this announcement, the Vendor owns approximately 32.84% shareholding in the Company. After the issuance of the Consideration Shares to the Vendor, the Vendor and parties acting in concert with it will be interested in a total of 891,171,976 Shares, representing approximately 54.54% of the enlarged issued share capital of the Company (assuming no further Shares will be allotted and issued prior to the issue of the Consideration Shares). The Vendor will then have an obligation to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by the Vendor and parties acting in concert with it pursuant to Rule 26 of the Takeovers Code, unless the Whitewash Waiver is granted by the Executive.

An application will be made to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders taken by way of a poll at the SGM. The Vendor and parties acting in concert with it and those who are involved in or interested in the Acquisition, the Whitewash Waiver and the transactions contemplated thereunder will abstain from voting in respect of the resolution approving the Acquisition, the Whitewash Waiver and the transactions contemplated thereunder at the SGM.

CONTINUING CONNECTED TRANSACTIONS: LOAN AGREEMENT AND ENTRUSTED LOAN AGREEMENT

On 6 May 2012, Kunshan Hi-Tech entered into the Loan Agreement with PKU Resource pursuant to which PKU Resource would entrust Founder Finance to provide a one-year term loan in the sum of RMB250,000,000 to Kunshan Hi-Tech. On 5 July 2012, Founder Finance entered into the Entrusted Loan Agreement with Kunshan Hi-Tech to give effect to the aforesaid.

Upon Completion, Kunshan Hi-Tech will become an indirect non wholly-owned subsidiary of the Company. Further, PKU Resource is a fellow subsidiary of Peking Founder, whereas Founder Finance is a subsidiary of Peking Founder. As Peking Founder is the parent company of the Vendor, the controlling Shareholder of the Company, both PKU Resource and Founder Finance are therefore connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, upon Completion, the Loan Agreement and the Entrusted Loan Agreement will constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules for the transactions contemplated under the Loan Agreement and the Entrusted Loan Agreement exceeds 5% and the consideration for the transactions exceed HK\$10,000,000, the Loan Agreement and the Entrusted Loan Agreement will constitute non-exempt continuing connected transactions for the Company upon Completion and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. PKU Resource, Founder Finance, their respective associates and those who are involved in or interested in the Loan Agreement and the Entrusted Loan Agreement will abstain from voting at the SGM in respect of the resolutions approving the Loan Agreement and the Entrusted Loan Agreement.

CONTINUING CONNECTED TRANSACTIONS: MASTER LEASE AGREEMENT

On 28 August 2012, the Company entered into the Master Lease Agreement with Peking Founder, pursuant to which the Company agrees to procure one of its subsidiaries to lease certain commercial premises at Founder International Building to Peking Founder Group subject to the approval by the Independent Shareholders. Peking Founder shall arrange the members of Peking Founder Group to lease such premises and enter into separate lease agreements with the Group. The commencement date of the individual leases shall be specified in each individual lease agreement and the end date of all the individual leases shall not be later than 31 December 2014.

As at the date of this announcement, the Company is owned as to approximately 32.84% of the issued Shares by the Vendor, which is a subsidiary of Peking Founder. Therefore, Peking Founder is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Master Lease Agreement will constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules for the transactions contemplated under the Master Lease Agreement exceeds 5% and the consideration for the above transactions is expected to exceed HK\$10,000,000, the transactions contemplated under the Master Lease Agreement constitute non-exempt continuing connected transactions for the Company and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Peking Founder, its associates and those who are involved in or interested in the transactions contemplated under the Master Lease Agreement will abstain from voting at the SGM in respect of the resolutions approving the Master Lease Agreement.

GENERAL

An independent board committee (comprising all three independent non-executive Directors) has been established to advise the Independent Shareholders in connection with the Acquisition, the Subscription, the issue of the Convertible Bonds, allotment and issue of the Consideration Shares and the Conversion Shares upon conversion pursuant to the terms and conditions of the Convertible Bonds, the Whitewash Waiver, the Loan Agreement, the Entrusted Loan Agreement and the Master Lease Agreement. The Company, with the approval of the Independent Board Committee, has appointed Anglo Chinese Corporate Finance, Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the issue of the Convertible Bonds, the allotment and issue of the Consideration Shares and the Conversion Shares upon conversion pursuant to the terms and conditions of the Convertible Bonds, the Whitewash Waiver, the Loan Agreement, the Entrusted Loan Agreement and the Master Lease Agreement in accordance with the Listing Rules and the Takeovers Code.

A circular containing, among other things, particulars of the Acquisition, the Subscription, the issue of the Convertible Bonds, the allotment and issue of the Consideration Shares and the Conversion Shares upon conversion pursuant to the terms and conditions of the Convertible Bonds, the Whitewash Waiver, the Loan Agreement, the Entrusted Loan Agreement and the Master Lease Agreement, the recommendations of the Independent Board Committee, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and notice convening the SGM is expected to be sent to the Shareholders on or before 27 September 2012.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 24 August 2012 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 6 September 2012.

As Completion is subject to fulfilment of a number of conditions precedent under the S&P and Subscription Agreement, the Acquisition and the Subscription may or may not proceed. Shareholders and potential investors are urged to exercise extreme caution when dealing in the Shares.

1. VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTIONS: ACQUISITION OF TIANRANJU AND TIANHE AND ISSUE OF CONSIDERATION SHARES AND CONVERTIBLE BONDS

The Board is pleased to announce that after trading hours on 23 August 2012, the Company and the Vendor entered into the S&P and Subscription Agreement, pursuant to which the Company has conditionally agreed to (i) purchase the Sale Shares from the Vendor for a total consideration of HK\$537 million, which will be satisfied by the issue of the Consideration Shares and the Consideration Convertible Bonds; and (ii) issue the Subscription Convertible Bonds to the Vendor at the consideration of HK\$62 million.

The S&P and Subscription Agreement

Date

23 August 2012

Parties

Purchaser : The Company

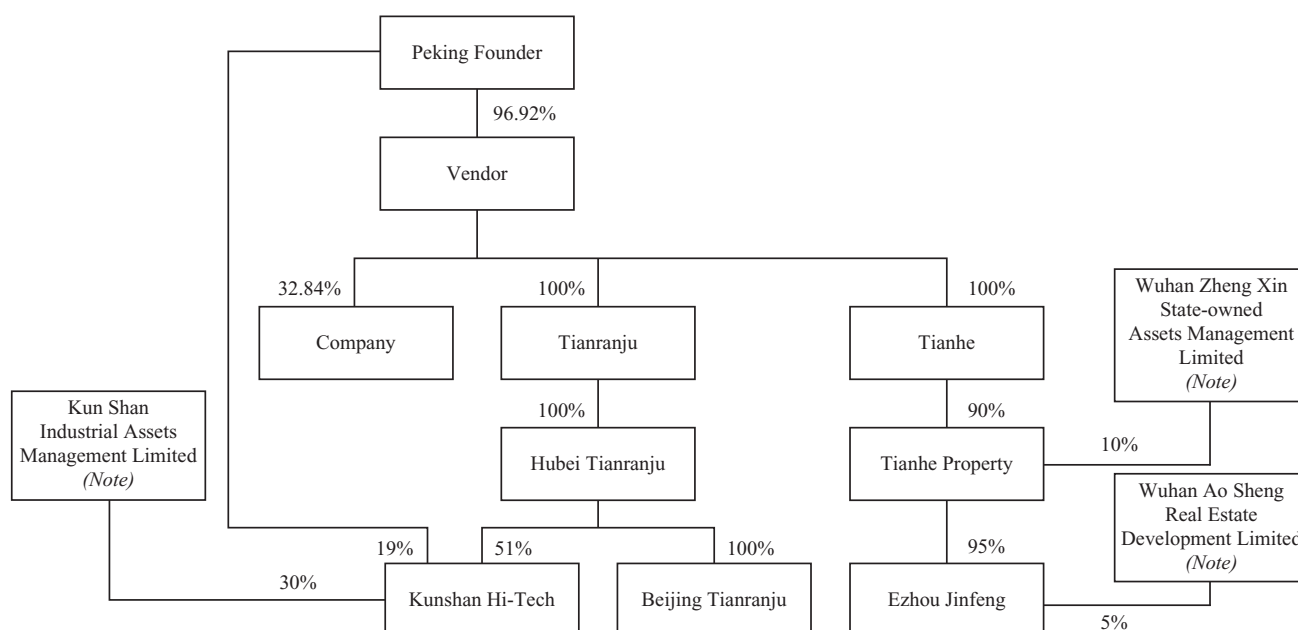
Vendor : Founder Information (Hong Kong) Limited

Assets to be acquired

The Sale Shares represent (i) 100% of the issued shares in Tianranju; and (ii) 100% of the issued shares in Tianhe. As at the date of this announcement, all the legal and beneficial interest of the Sale Shares are owned by the Vendor. Tianranju was incorporated by the Vendor on 7 October 2010, with an initial capital of HK\$10,000. In December 2011, the Vendor injected additional capital of HK\$19,812,000 to Tianranju. Tianhe was incorporated by the Vendor on 6 October 2010, with an initial capital of HK\$10,000 and there was no further increase in capital up to the date of this announcement.

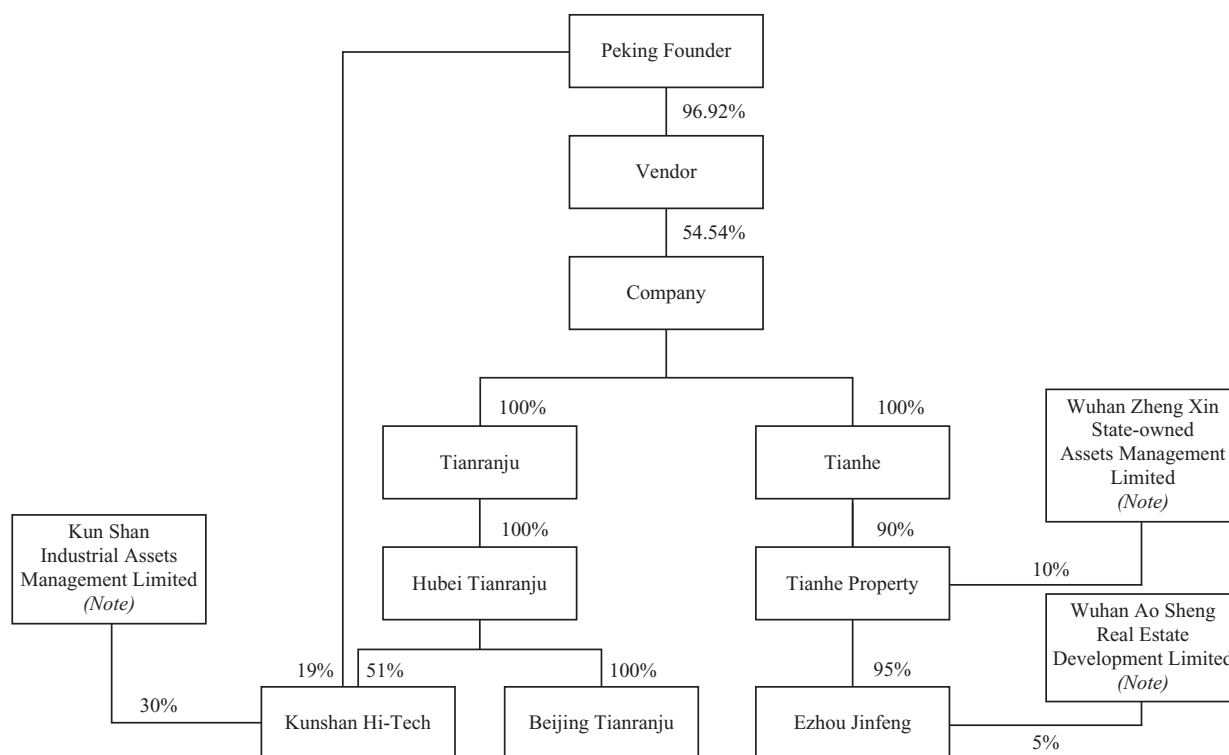
Tianranju is directly interested in 100% of the equity interests in Hubei Tianranju and indirectly interested in (i) 51% of the equity interests in Kunshan Hi-Tech; and (ii) 100% of the equity interests in Beijing Tianranju. Tianhe owns 90% of the equity interests in Tianhe Property which in turn owns 95% of the equity interests in Ezhou Jinfeng.

Set out below is the chart showing the shareholding structure of the Company and the Acquired Group prior to the Completion:



Note: Each of these entities and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons. Further, each of these entities does not hold any Share or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Set out below is the chart showing the shareholding structure of the Company upon Completion:



Note: Each of these entities and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons. Further, each of these entities does not hold any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Consideration

The total consideration for the Acquisition is HK\$537 million, which will be satisfied by the issue of the Consideration Shares as to HK\$227 million and Consideration Convertible Bonds as to HK\$310 million. The consideration was determined among the parties after arm's length negotiations and taking into consideration, among other things, the consolidated net assets values of the Acquired Group after adjusted for the valuation of the properties owned by the Acquired Group and the proposed capital injection of RMB82 million by the Vendor into Tianhe before the Completion Date. The valuation of the properties owned by the Acquired Group is performed by an independent property valuer and its valuation report will be disclosed in the circular to be despatched by the Company.

Out of the total consideration of HK\$537 million for the Acquisition, approximately HK\$215 million and HK\$322 million were attributable to Tianranju and Tianhe respectively. The Directors (excluding the independent non-executive Directors who will express their view after receiving advice from the independent financial adviser) are of the view that the consideration for the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion shall be conditional upon the fulfilment of the following conditions:

- (a) the passing by the Independent Shareholders of all necessary resolutions at the SGM approving the S&P and Subscription Agreement, the transactions contemplated under the S&P and Subscription Agreement, the Whitewash Waiver, the Loan Agreement and the Entrusted Loan Agreement;
- (b) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares;
- (c) the Executive having granted the Whitewash Waiver;
- (d) all other requisite consents, authorisations and approvals (or, as the case may be, the relevant waiver) in connection with the entering into and performance of the terms of the S&P and Subscription Agreement having been obtained by the Vendor, Tianranju and Tianhe;
- (e) the Vendor injecting a sum of RMB82,000,000 to Tianhe as capital;
- (f) (i) the charge dated 28 January 2011 entered into by Tianhe Property in favour of Shengjing Bank Co. Ltd (Beijing Branch) (Contract No.: 1010119111000001) and (ii) the charge dated 28 January 2011 entered into by Ezhou Jinfeng in favour of Shengjing Bank Co. Ltd. (Beijing Branch) (Contract No.: 1010119111000002) having been released;
- (g) the warranties in the S&P and Subscription Agreement remaining true, accurate and complete in all respects and not misleading in any respect as at Completion;
- (h) the Company being satisfied that there has been no material adverse change as at Completion;
- (i) no breach of obligations and undertakings given by the Vendor hereunder to be performed before Completion having occurred; and
- (j) the Company being satisfied with its due diligence on the Acquired Group.

The relevant loans under the charges stated in (f) above were granted to Peking Founder Group and therefore Peking Founder Group would take steps to replace the charges stated in (f) with other security satisfactory to the relevant lenders before Completion. Except for the charge over the Land Use Rights used to secure the entrusted loan under the Loan Agreement and the Entrusted Loan Agreement described below, the Directors expect that all assets and shares of the Acquired Group will be free from all encumbrances at Completion.

The Company may in its absolute discretion waive any of the above conditions precedent or any part of a condition precedent (other than the conditions precedent labelled (a), (b), (c), (e) and (f) above) at any time by notice in writing to the Vendor. Such waiver is without prejudice to the Vendor's obligations to satisfy, as soon as possible after Completion, any waived conditions precedent (or part of any condition

precedent), whereas the conditions precedent labeled (a), (b), (c), (e) and (f) above are not waiveable by any party and therefore if any of the conditions labelled (a), (b), (c), (e) and (f) cannot be fulfilled on or before 31 January 2013 (or such other date as the parties to the S&P and Subscription Agreement may agree in writing), the Acquisition shall lapse. The Company will only exercise its right to waive such condition (other than (a), (b), (c), (e) and (f)) if it is fair and reasonable and in the interest of the Company and the Shareholders. The Company currently has no intention to waive any of such conditions. As at the date of this announcement, condition (f) has been fulfilled.

The Vendor shall use its best endeavours to procure the fulfilment of the aforesaid conditions precedent (except the conditions precedent labelled (a) and (b) above which shall be fulfilled by the Company) on or before 31 January 2013 (or such other date as the parties to the S&P and Subscription Agreement may agree in writing). As soon as any condition precedent (other than the conditions precedent labelled (g), (h), (i) and (j) to be fulfilled or waived before Completion) have been fully satisfied (or waived), as the case may be, the Vendor shall give written notice of the same to the Company.

In the event that not all of the conditions precedent are fulfilled, or waived, as the case may be, by the Company pursuant to the terms of the S&P and Subscription Agreement by 31 January 2013 (or such other date as the parties to the S&P and Subscription Agreement may agree in writing), then the Company shall not be bound to proceed with the Acquisition and the Subscription and the Company shall be entitled to terminate the S&P and Subscription Agreement by notice in writing to the Vendor. Upon termination, the parties to the S&P and Subscription Agreement shall be released and discharged from their respective obligations under the S&P and Subscription Agreement, except as otherwise provided in the S&P and Subscription Agreement, any cause of action accrued or any liability arising before or in relation to such termination shall continue notwithstanding such termination.

Completion

Completion shall take place on the Completion Date, being the third Business Day following the fulfilment (or waiver thereof) of the conditions precedent or such other date as the parties to the S&P and Subscription Agreement may agree in writing.

Consideration Shares

Upon Completion, the Company shall issue 527,906,976 new Shares to the Vendor at the issue price of HK\$0.43 per Share in partial settlement of the consideration for the Acquisition. The Consideration Shares represent approximately 47.73% of the issued share capital of the Company as at the date of this announcement and approximately 32.31% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming no further Shares will be allotted and issued prior to the issue of the Consideration Shares). The issue price for each Consideration Share represents:

- (i) the closing price per Share of HK\$0.43 as quoted on the Stock Exchange on the Last Trading Day;
- (ii) the average closing price per Share of approximately HK\$0.43 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

- (iii) a discount of approximately 3.70% to the average closing price per Share of approximately HK\$0.4465 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 40.07% over the audited consolidated net assets value attributable to the Shareholders per Share of approximately HK\$0.307 as at 31 December 2011; and
- (v) a premium of approximately 58.09% over the unaudited consolidated net assets value attributable to the Shareholders per Share of approximately HK\$0.272 as at 30 June 2012.

Principal terms of the Convertible Bonds

Pursuant to the S&P and Subscription Agreement, the Company will issue to the Vendor, at Completion, (i) the Consideration Convertible Bonds, in partial settlement of the consideration for the Acquisition; and (ii) the Subscription Convertible Bonds to the Vendor at the consideration of HK\$62 million. The gross and net proceeds of the Subscription are both HK\$62 million. The terms and conditions of the Convertible Bonds have been negotiated between the Company and the Vendor on an arm's length basis. The following sets out the principal terms of the Convertible Bonds:

Issuer:	The Company
Aggregate principal amount:	HK\$310 million for the Consideration Convertible Bonds and HK\$62 million for the Subscription Convertible Bonds
Interest:	The Convertible Bonds shall not bear any interest
Maturity date:	The date falling on the fifth anniversary of the issue of the Convertible Bonds

Conversion right: Subject to and upon compliance with the terms and conditions of the Convertible Bonds and all regulatory requirements (including without limitation the Takeovers Code and the Listing Rules), each Bondholder shall have the right, at the sole option of such Bondholder, at any time during the Conversion Period to convert the Convertible Bonds held by such Bondholder in whole, or in any part representing at least HK\$1,000,000 of the outstanding principal amount of the Convertible Bonds into the Conversion Shares, calculated for each conversion to be the greatest number of Shares, disregarding fractions, obtainable by dividing the aggregate principal amount of the Convertible Bonds to be converted by the conversion price of HK\$0.43 per Conversion Share, by giving two Business Days' notice (such notice, once given, may not be withdrawn without the consent in writing of the Directors). Each Bondholder shall not convert the Convertible Bonds which will cause the Company to be unable to meet the public float requirements as required under Rule 8.08 of the Listing Rules or will result in a change of control (as defined in the Takeovers Code) in the Company. The Bondholder shall take all necessary steps to ensure the public float requirements under Rule 8.08 of the Listing Rules be complied with before such conversion and there be no change of control (as defined in the Takeovers Code) in the Company. If conversion of the Convertible Bonds on the Bond Maturity Date will result in the non-compliance with the public float requirements as required under Rule 8.08 of the Listing Rules or will result in a change of control (as defined in the Takeovers Code) in the Company, the Bond Maturity Date shall be extended to a further five years automatically with all other terms and conditions of the Convertible Bonds remaining the same. For avoidance of doubt, such extension of the Bond Maturity Date shall repeat until conversion of the Convertible Bonds on the extended Bond Maturity Date will neither result in the non-compliance with the public float requirements as required under Rule 8.08 of the Listing Rules nor will result in a change of control (as defined in the Takeovers Code) in the Company. In other words, the Company is entitled to disallow conversion under the terms of the Convertible Notes if such conversion will cause the Company unable to meet the public float requirements as required under Rule 8.08 of the Listing Rules or will result in change in control (as defined in the Takeovers Code) of the Company.

Conversion Shares: The Conversion Shares shall be allotted and issued pursuant to the specific mandate to be sought at the SGM, and shall rank pari passu with the Shares in issue on the Conversion Date, except that they shall not be entitled to receive any dividend, distribution or entitlement declared, paid or made by reference to a record date prior to the relevant Conversion Date.

Upon conversion in full of the Convertible Bonds, an aggregate of 865,116,278 Conversion Shares will be issued, representing approximately 78.22% of the issued share capital of the Company as at the date of this announcement and approximately 34.62% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming no further Shares will be allotted and issued prior to such conversion except for the Consideration Shares).

Conversion price: HK\$0.43 per Conversion Share which, for the avoidance of doubt, shall be subject to adjustment provided in the Convertible Bonds. The conversion price represents:

- (i) the closing price per Share of HK\$0.43 as quoted on the Stock Exchange on the Last Trading Day;
- (ii) the average closing price per Share of approximately HK\$0.43 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 3.70% to the average closing price per Share of approximately HK\$0.4465 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 40.07% over the audited consolidated net assets value attributable to the Shareholders per Share of approximately HK\$0.307 as at 31 December 2011; and
- (v) a premium of approximately 58.09% over the unaudited consolidated net assets value attributable to the Shareholders per Share of approximately HK\$0.272 as at 30 June 2012.

The conversion price of the Convertible Bonds was determined based on arm's length negotiations between the Company and the Vendor with reference to the prevailing market prices of the Shares as quoted on the Stock Exchange.

Conversion period: The period commencing from the Business Day immediately after two months of the Bond Issue Date and ending on the Bond Maturity Date, both dates inclusive.

Redemption:	<p>Unless previously redeemed, converted or purchased and cancelled, the Company shall redeem each Convertible Bond then outstanding at a value equal to the aggregate principal amount then outstanding on the Bond Maturity Date by issuing Shares to the Bondholder at the conversion price of HK\$0.43 per Conversion Share, subject to adjustment provided in the Convertible Bonds.</p> <p>The Company shall, on the occurrence of any event of default (as specified in the terms and conditions of the Convertible Bonds), redeem all the Convertible Bonds then outstanding at a value equal to the aggregate of the principal amount outstanding under the Convertible Bonds by issuing Shares to the Bondholder at the conversion price of HK\$0.43 per Conversion Share, subject to adjustment provided in the Convertible Bonds. In the event that such conversion will result in the non-compliance with the public float requirements as required under Rule 8.08 of the Listing Rules or will result in a change of control (as defined in the Takeovers Code) in the Company, the Company has no obligation to issue Shares to the Bondholder until the public float requirements can be met and there will be no change of control (as defined in the Takeovers Code) in the Company upon such conversion. Except as otherwise provided, the Convertible Bonds shall not be redeemed or repaid prior to the Bond Maturity Date.</p>
Ranking:	<p>The Convertible Bonds constitute direct unconditional, unsubordinated and unsecured obligations of the Company and rank at least pari passu and rateably without preference (with the exception of obligations in respect of taxes and certain other statutory exceptions) equally with all other present and future unsubordinated and unsecured obligations of the Company.</p>
Transferability:	<p>The Convertible Bonds shall not be transferable without prior written consent of the Company.</p>
Voting rights:	<p>The Convertible Bonds shall not confer on the Bondholder(s) the right to vote at any general meetings of the Company.</p>
Listing:	<p>The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange.</p>
Covenants in relation to the conversion rights:	<p>So long as any Convertible Bond shall remain convertible the Company shall, unless with the prior written approval of all the Bondholders, among other things:</p>

- (a) not make any redemption of share capital, share premium account or capital redemption reserve involving any repayment to Shareholders either in cash or in specie (other than as contemplated under the S&P and Subscription Agreement or to the Shareholders having the right on a winding up of the Company to return of capital in priority to other Shareholders) or reduce any uncalled liability in respect thereof;
- (b) not issue or pay up any securities by way of capitalisation of profits or reserves other than (1) by the issue of fully paid Shares to the Shareholders or (2) by the issue of fully-paid share capital of the Company (other than Shares) to the holders thereof of the same class;
- (c) not in any way modify the rights attaching to the Shares or create or issue or permit to be in issue any other class of share capital of the Company carrying any right to income or capital which is more favourable in any respect than the corresponding right attaching to the Shares or attach any special rights or privileges to any such other class of the share capital of the Company provided that nothing in this paragraph (c) shall prevent any consolidation or sub-division of the Shares; and
- (d) if an offer is made to all Shareholders (or all Shareholders other than the offeror and/or any offeror controlled by the Company and/or persons acting in concert with the offeror) to acquire all or a proportion of the Shares forthwith give notice of such offer to the Bondholders and use its reasonable endeavours to procure that a like offer is extended to the holders of any Shares allotted or issued pursuant to the exercise by Bondholders of their rights of conversion by reference to a Conversion Date falling during the period of such offer; publication of a scheme of arrangement under the laws of Bermuda or a voluntary arrangement under any applicable law providing for the acquisition by any person of the whole or any part of the Shares shall be deemed to be the making of an offer.

Event of Default:

- (a) if there is a default in the performance or observance by the Group of any obligations set out in the Convertible Bonds and (except where such failure is not capable of remedy) such default shall continue for ten (10) Business Days after written notice of such default shall have been given to the Company by the Bondholder;
- (b) if an order is made or an effective resolution is passed for winding up, liquidation or dissolution of the Company or any of its subsidiaries;

- (c) if the holder of any encumbrance takes possession or a receiver is appointed of the whole or material part of the assets or undertaking of the Company and of its subsidiaries;
- (d) if the Company or any of its subsidiaries ceases or threatens to cease to carry on its business or a part thereof which is a material part of the business of the Group taken as a whole;
- (e) if the Company or any of its subsidiaries is unable to fulfil any of its obligations for or in respect of its financial indebtedness as and when they fall due or the Company or any such subsidiary shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, reorganisation or insolvency law or make an assignment for the benefit of, or enter into any composition with, its creditors;
- (f) if the trading of the Shares on the Stock Exchange is withdrawn or suspended other than for a temporary suspension of trading for a period of not more than 14 consecutive Business Days;
- (g) if it shall become unlawful for the Company to perform all or any of its obligations under the Convertible Bonds or the Convertible Bonds shall for any reason cease to be in full force or effect or shall be declared to be void or illegal by any court of competent jurisdiction;
- (h) if there are any litigation, arbitration, prosecution or other legal proceedings outstanding for the time being against the Company or any of its subsidiaries, or any litigation, arbitration, prosecution or other legal proceedings involving such amount are threatened against the Company or any of its subsidiaries, which may have a significant financial impact on the Group and/or may have a material adverse effect on the operations or the financial position of the Group taken as a whole; and
- (i) if any representation or warranty made or deemed to be made by the Company in the S&P and Subscription Agreement proves to have been incorrect or misleading in any material respect.

Company's
undertakings:

So long as any Convertible Bond shall remain convertible the Company shall (among other things) not effect any consolidation or amalgamation with, or merger into any other corporation, or any sale or transfer of all or substantially all of the assets of the Company without the written consent of the majority of Bondholder(s) (such consent not to be unreasonably withheld or delayed). In case of any consolidation or amalgamation of the Company with, or merger of Company into, any other corporation (other than a consolidation or amalgamation or merger in which the Company is the continuing corporation), or in case of any sale or transfer of all or substantially all of the assets of the Group, the Company shall use its best endeavours to cause the corporation formed by such consolidation or amalgamation or the corporation into which the Company shall have been merged or the corporation which shall have acquired such assets, as the case may be, to execute with the holders of all Convertible Bonds then outstanding a supplemental agreement providing that the holder of each Convertible Bond then outstanding shall have the right, during the period such Convertible Bond shall be convertible and to the full extent permitted by law and regulations (including without limitation the Takeovers Code and the Listing Rules), to convert such Convertible Bond into the kind and amount of shares or stock and other securities and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Shares into which such Convertible Bond might have been converted immediately prior to such consolidation, amalgamation, merger, sale or transfer provided that such conversion shall not result in non-compliance with the public float requirements under Rule 8.08 of the Listing Rules for the Company. Such provisions shall similarly apply to successive consolidations, amalgamations, mergers, sales or transfers.

The conversion price for the Convertible Bonds will be subject to adjustment in certain events as provided in the Convertible Bonds, a summary of which is set out below:

- (i) any alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification;
- (ii) the issue of Shares by the Company credited as fully paid to Shareholders by way of capitalization of profits or reserves (including any share premium account), including Shares paid up out of distributable profits or reserves and/or share premium account, except where the Shares are issued in lieu of the whole or any part of a specifically declared cash dividend so long as such declared dividend does not constitute a Capital Distribution (as defined in sub-paragraph (iii) below);
- (iii) the making or payment of dividend or distribution of cash or assets in specie or other property by way of capitalization of reserves ("Capital Distribution") to the Shareholders;

- (iv) the issue of Shares to all or substantially all Shareholders as a class by the Company by way of rights, or issue or grant to all or substantially all Shareholders as a class, by way of rights, of options, warrants or other rights to subscribe for or purchase any Shares, in each cases at less than the average of the closing prices for Share for the five consecutive trading days ending on the trading day immediately preceding such date (the “Current Market Price”) per Share on the date of the announcement of the terms of such issue or grant;
- (v) the issue of any securities (other than Shares or options, warrants or other rights to subscribe or purchase Shares) to all or substantially all Shareholders as a class by the Company, by way of rights, or the grant to all or substantially all Shareholders as a class, by way of rights, of any options, warrants or other rights to subscribe for or purchase any securities (other than Shares or options, warrants or other rights to subscribe or purchase Shares);
- (vi) except for the issue of any share options under the Share Option Scheme or the share option scheme dated 7 May 2001 and the issue of shares upon the exercise of the share options granted under the Share Option Scheme or the share option scheme dated 7 May 2001, the issue (otherwise than as mentioned in sub-paragraph (v) above) by the Company wholly for cash of any Shares (other than Shares issued on the exercise of rights under the Convertible Bonds or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or the issue or grant of (otherwise than as mentioned in sub-paragraph (v) above) options, warrants or other rights to subscribe or purchase Shares in each case at a price per Share which is less than of 80% of the Current Market Price on the date of announcement of the terms of such issue;
- (vii) except in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within the provisions of this sub-paragraph (vii), the issue of any securities (other than the Convertible Bonds) by the Company or any subsidiary which by their terms of issue carry rights of conversion into, or exchange or subscription at a total effective consideration per Share which is less than 80% of the Current market Price on the date of the announcement of the terms of issue of such securities; and
- (viii) any modification of the rights of conversion, exchange or subscription attaching to any such securities mentioned above (other than in accordance with the terms applicable to such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 80% of the Current Market Price on the last dealing day preceding the date of announcement of the proposals for such modification.

The Directors (excluding the independent non-executive Directors who will express their view after receiving advice from the independent financial adviser) consider that the issue of the Consideration Convertible Bonds as part of the consideration for the Acquisition and the issue of the Subscription Convertible Bonds for Subscription is fair and reasonable and in the interests of the Company and the Shareholders as a whole. The issue of the Consideration Convertible Bonds will pose less pressure on the cash resources of the Company, which can otherwise be utilized for the Group’s general working capital purposes. Besides, the proceeds from the Subscription is primarily intended, but not restricted to be used for property development of the Acquired Group, which provides additional working capital for the operation of the Group, especially for the property business after completion of the Acquisition.

Tax indemnity

Pursuant to the S&P and Subscription Agreement, the Vendor will, at Completion, enter into a deed of indemnity in favour of the Company, Tianranju and Tianhe (the “Deed of Indemnity”) whereby the Vendor will undertake to indemnify and keep indemnified the Company (for itself and as trustee for the Acquired Group) and any member of the Acquired Group against any loss or liability suffered or incurred by the Company or any member of the Acquired Group including but not limited to, any diminution in the value of the assets of or shares in any member of the Acquired Group, any payment made or required to be made by the Company or any member of the Acquired Group and any costs and expenses incurred as a result of or in connection with any claim incurred by any member of the Acquired Group resulting from or by reference to any income, profits or gains earned, accrued or received on or before the Completion Date or any event on or before the Completion Date whether alone or in conjunction with other circumstances and whether or not such taxation is chargeable against or attributable to any other person, firm or company.

Application for Listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares to be issued upon conversion pursuant to the terms and conditions of the Convertible Bonds.

Shareholding Structure of the Company

As at the date of this announcement, except for the outstanding 42,056,200 share options granted under the Share Option Scheme, the Company has no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares. The following table sets out the shareholding structure of the Company (i) immediately after the issue of the Consideration Shares (assuming that there will be no change in the issued share capital of the Company other than the issue of the Shares pursuant to the exercise of option granted under the Share Option Scheme from the date of this announcement up to the Completion Date); and (ii) immediately after full exercise of the conversion rights attaching to the Convertible Bonds (assuming that there will be no change in the issued share

capital of the Company, other than the issue of the Consideration Shares and the Shares pursuant to the exercise of options granted under the Share Option Scheme, from the date of this announcement up to the exercise in full of the conversion rights attaching to the Convertible Bonds):

	As at the date of this announcement		Immediately after the issue of the Consideration Shares				After the issue of the Consideration Shares and upon full exercise of the conversion rights attaching to the Convertible Bonds			
			Assuming none of the outstanding share options granted under the Share Option Scheme will be exercised		Assuming all outstanding share options granted under the Share Option Scheme will be exercised		Assuming none of the outstanding share options granted under the Share Option Scheme will be exercised		Assuming all outstanding share options granted under the Share Option Scheme will be exercised	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
The Vendor and parties acting in concert with it (Note 4)	363,265,000	32.84	891,171,976	54.54	891,171,976	53.17	1,756,288,254	70.28	1,756,288,254	69.12
Directors										
Zhang Zhao Dong (Note 1)	3,956,000	0.36%	3,956,000	0.24%	14,470,050	0.86%	3,956,000	0.16%	14,470,050	0.57%
Zheng Fu Shuang (Note 2)	200,019,000	18.08%	200,019,000	12.24%	200,019,000	11.93%	200,019,000	8.00%	200,019,000	7.87%
Chen Geng (Note 3)	-	-	-	-	10,514,050	0.63%	-	-	10,514,050	0.41%
Xia Yang Jun (Note 3)	-	-	-	-	10,514,050	0.63%	-	-	10,514,050	0.41%
Xie Ke Hai (Note 3)	-	-	-	-	10,514,050	0.63%	-	-	10,514,050	0.41%
Sub-total	203,975,000	18.44%	203,975,000	12.48%	246,031,200	14.68%	203,975,000	8.16%	246,031,200	9.67%
Other non-public Shareholders										
Cheung Shuen Lung	36,890,100	3.34%	36,890,100	2.26%	36,890,100	2.20%	36,890,100	1.47%	36,890,100	1.45%
F2 Consultant Limited	60,671,600	5.49%	60,671,600	3.71%	60,671,600	3.62%	60,671,600	2.43%	60,671,600	2.39%
Sub-total	97,561,700	8.83%	97,561,700	5.97%	97,561,700	5.82%	97,561,700	3.90%	97,561,700	3.84%
Public Shareholders	441,260,340	39.89%	441,260,340	27.01%	441,260,340	26.33%	441,260,340	17.66%	441,260,340	17.37%
Total	1,106,062,040	100%	1,633,969,016	100%	1,676,025,216	100%	2,499,085,294	100%	2,541,141,494	100%

Notes:

- (1) Zhang Zhao Dong is interested in 3,956,000 Shares and the share options to subscribe for 10,514,050 Shares.
- (2) Zheng Fu Shuang directly holds these Shares.
- (3) Each of Chen Geng, Xia Yang Jun and Xie Ke Hai is interested in the share options to subscribe for 10,514,050 Shares.
- (4) The Bondholder shall not convert the Convertible Bonds which will cause the Company to be unable to meet the public float requirements as required under Rule 8.08 of the Listing Rules.

Information on Tianranju

Overview

Tianranju is an investment holding company incorporated in Hong Kong with limited liability. As at the date of this announcement, the Vendor is interested in the entire issued share capital of Tianranju. Tianranju is directly interested in 100% of the equity interests in Hubei Tianranju and is indirectly interested in (i) 51% of the equity interests in Kunshan Hi-Tech; and (ii) 100% of the equity interest in Beijing Tianranju. Tianranju acquired 100% equity interest in Hubei Tianranju in March 2011, whereas Hubei Tianranju acquired 51% of the equity interest in Kunshan Hi-Tech in November 2011.

Hubei Tianranju is a company established in the PRC with limited liability and is principally engaged in property investment business and property leasing. Kunshan Hi-Tech is a company established in the PRC with limited liability and is principally engaged in property development business. Beijing Tianranju is a company established in the PRC with limited liability and is principally engaged in property leasing.

The original purchase cost of 100% equity interests in Hubei Tianranju by Tianranju is approximately RMB16.11 million; the original purchase cost of 51% equity interests in Kunshan Hi-Tech by Hubei Tianranju is approximately RMB152.64 million. Beijing Tianranju is established by Hubei Tianranju in June 2012 with registered capital of RMB1 million.

Tianranju is an investment holding company with no commercial operation and only minimal expenses were incurred for the two years ended 31 December 2011. Other than holding 100% equity interests in Hubei Tianranju, Tianranju has no other major assets or liabilities. The following illustrates the audited financial information of Hubei Tianranju and Kunshan Hi-Tech at company level prepared under PRC GAAP for the two years ended 31 December 2011.

Hubei Tianranju

	For the year ended 31 December 2010	For the year ended 31 December 2011
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Audited (loss) before tax	(1,795)	(1,408)
Audited (loss) after tax	(1,347)	(1,408)
Audited net assets value	47,488	46,081

	For the year ended 31 December 2010 <i>(RMB'000)</i>	For the year ended 31 December 2011 <i>(RMB'000)</i>
Audited (loss) before and after tax	(313)	(10,681)
Audited net assets value	197,334	186,653

Property interests owned by Hubei Tianranju

1. International Building of Wuhan

International Building of Wuhan is an A-grade office building with total gross floor area of approximately 35,000 square meters. Hubei Tianranju owns 26,963.32 square meters of gross floor area in the International Building of Wuhan, equivalent to approximately 77% of the total gross floor area of International Building of Wuhan. It is located in Wuguang business district, one of the four major business areas of Wuhan with established transportation network, as well as hotel and other business related facilities. Such business district has successfully attracted a lot of large scale renowned domestic and international corporations to set up their Wuhan offices there. For the three years ended 31 December 2011, the average occupancy rate of International Building of Wuhan based on the gross floor area owned by Hubei Tianranju was approximately 80.9%, 97.4% and 99.2%, respectively.

2. PKU Resource – Li Cheng Project in Kunshan

PKU Resource – Li Cheng Project is wholly owned by Kunshan Hi-Tech, a 51% owned subsidiary of Hubei Tianranju. PKU Resource – Li Cheng Project is located in Hongqi Industrial District, Bacheng Town, Kunshan City, Jiangsu, which is in the Yangchenghu Recreation and Tourism District (陽澄湖休閒旅遊片區) under the overall city development plan of Kunshan. The total planned site area of PKU Resource – Li Cheng Project is approximately 655,567 square meters and is expected to develop under two phases. The total planned site area of Phase I development is approximately 451,567 square meters, which will comprise an arts exhibition centre, a creative arts workshop, low-rise apartment buildings and auxiliary facilities. The total planned site area of Phase II development is approximately 204,000 square meters, which will comprise an electronic arts complex (including offices, exhibition centres and training centres), as well as auxiliary business and residential buildings and facilities. The development period for Phase I development is expected to be from 2011 to 2018. The total expected investment amount of Phase I development is approximately RMB4.67 billion. As at 31 August 2012, approximately RMB450 million had been invested in PKU Resource – Li Cheng Project. It is expected that Kunshan Hi-Tech will need to make additional investment of approximately RMB4.22 billion to complete Phase I development and the expected capital commitment required for the two years ending 31 December 2014 is approximately RMB350 million. It is expected Kunshan Hi-Tech will be able to self-finance the project after 31 December

2014 without material additional capital commitment. As of 31 August 2012, approximately RMB318 million of construction costs incurred and approximately 9.7% of Phase I development has been completed. There is currently no definite timetable for Phase II development. Depends on the progress of Phase I development, Kunshan Hi-Tech will continuously assess the prevailing market condition, the availability of funds and the macro economic environment to formulate the detailed timetable, capital commitment and project development plan for Phase II development.

The Directors confirm that all the requisite approvals for the aforementioned projects have been obtained in accordance with the progress of the development.

Phase I development comprises three pieces of land and Kunshan Hi-Tech has obtained the land use rights for and commenced development of two out of the three pieces of lands with the total site area of approximately 288,518 square metres as at the date of this announcement. The land use rights of the third piece of land of approximately 163,049 square metres for Phase I development is expected to be obtained by January 2013 with land premium of approximately RMB200 million, being part of the abovementioned RMB4.67 billion total investment amount of Phase I development which should be borne by Kunshan Hi-Tech. Phase II development shall comprise two pieces of land and Kunshan Hi-Tech will consider the timing of acquiring the land based on the actual progress of Phase I development and will by then negotiate with relevant authorities including the local bureau of land and resources for the land premium required. At present, no agreement has been reached with the relevant regulators regarding the land premium of such two pieces of land. Kunshan Hi-Tech will apply to acquire such two pieces of land through the normal “bid invitation, auction and listing” (招、拍、掛) process as depicted by the prevailing rules and regulations in the PRC. Should Kunshan Hi-Tech fail to acquire such two pieces of land, Kunshan Hi-Tech will look for other pieces of land available nearby and formulate the development plan for Phase II development accordingly. Upon completion of the Acquisition, the Group (including Kunshan Hi-Tech) will closely monitor the property market of Kunshan City and prepare for the bidding of the abovementioned two pieces of land for Phase II of the project. Considering Kunshan Hi-Tech’s success in Phase I of the PKU Resource – Li Cheng Project, the Directors are optimistic of Kunshan Hi-Tech’s ability to acquire the appropriate lands for Phase II development of the project. Due to the uncertain nature of Phase II development, when determining the consideration for the Acquisition, no value has been assigned to Phase II development.

The pre-sale of the villas with total gross floor area of approximately 41,463 square metres under Phase I development has been formally commenced in March 2012. By 30 August 2012, 10 units or equivalent to approximately 2,651 square metres of gross floor area at a total sales consideration of approximately RMB30.5 million under the Phase I development has been sold. Deposit have been received for another 10 units representing approximately 2,896 square metres of gross floor area. It is expected that the relevant sales will be recognised in 2013.

Information on Tianhe

Overview

Tianhe is an investment holding company incorporated in Hong Kong with limited liability. As at the date of this announcement, the Vendor is interested in the entire issued share capital of Tianhe. Tianhe directly owns 90% of the equity interests in Tianhe Property which in turn owns 95% of the equity interests in Ezhou Jinfeng. Tianhe acquired 90% equity interest in Tianhe Property in March 2011, whereas Tianhe Property acquired 95% equity interest in Ezhou Jinfeng in June 2009. Tianhe Property is a company established in the PRC with limited liability and is principally engaged in property development, leasing and sales. Ezhou Jinfeng is a company established in the PRC with limited liability and is principally engaged in property development.

The original purchase cost of 90% equity interests in Tianhe Property by Tianhe is approximately RMB81.73 million and the original purchase cost of 95% equity interests in Ezhou Jinfeng by Tianhe Property is approximately RMB62.60 million.

Tianhe is an investment holding company with no commercial operation and only minimal expenses were incurred for the two years ended 31 December 2011. Other than holding 90% equity interests in Tianhe Property, Tianhe has no other major assets or liabilities. The following illustrates the audited financial information of Tianhe Property and Ezhou Jinfeng at company level prepared under PRC GAAP for the two years ended 31 December 2011.

Tianhe Property

	For the year ended 31 December 2010	For the year ended 31 December 2011
	<i>(RMB '000)</i>	<i>(RMB '000)</i>
Audited (loss) before and after tax	(106)	(3,365)
Audited net assets value	229,466	229,150

Ezhou Jinfeng

	For the year ended 31 December 2010	For the year ended 31 December 2011
	<i>(RMB '000)</i>	<i>(RMB '000)</i>
Audited (loss) before and after tax	(7)	(10)
Audited net assets value	7,184	7,174

1. Honglianhu Project in Ezhou

Honglianhu Project is wholly owned by Tianhe Property and its subsidiary Ezhou Jinfeng. It is located in the Honglianhu Tourism New Town (紅蓮湖旅遊新城) in Ezhou City, Hubei, which is part of the Honglianhu Recreation and Vacation Area (紅蓮湖旅遊度假區) (“Honglianhu Vacation Area”). Honglianhu Vacation Area is one of the first Provincial-level tourism districts approved by the government of Hubei Province in 1994. Currently, Honglianhu Vacation Area has a golf club comprising an international standard 18-holes golf course, hotel and business centre; a water sports training and competition base, as well as other travel related auxiliary facilities.

The site area of Honglianhu Project is approximately 675,000 square meters, which will comprise low-rise apartment buildings, high-rise residential buildings and other travel facilities. Honglianhu Project is currently under planning and preparation stage with no construction cost being incurred up to the date of this announcement. It is expected that the construction of Honglianhu Project will be started in 2013 and completed by 2019. All the relevant land use rights of Honglianhu Project have been properly obtained. The total expected investment amount of Honglianhu Project is approximately RMB3.32 billion and the expected capital commitment required for the two years ending 31 December 2014 is approximately RMB330 million. It is expected the project will be able to self-finance itself after 31 December 2014 without additional material capital commitment required.

The Directors confirm that all the requisite approvals for the aforementioned projects have been obtained in accordance with the progress of the development.

Information on Vendor and Peking Founder Group

As at the date of this announcement, the Vendor is a subsidiary of Peking Founder and the controlling shareholder of the Company with a shareholding interest of approximately 32.84% in the Company. Other than through the Vendor, Peking Founder does not hold any Share or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. The Vendor is an investment holding company. 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.

Reasons for the Acquisition and the Subscription

The Group is principally engaged in distribution of information products in Hong Kong and the PRC (“Distribution Business”). According to the 2011 annual report of the Company, the Group recorded audited profit attributable to owners of the parent of approximately HK\$15.8 million for the year ended 31 December 2010 and loss attributable to owners of the parent of approximately HK\$8.4 million for the year ended 31 December 2011.

As stated in the annual report of the Company for the year ended 31 December 2011, the Group is dedicated for a medium to long term development plan of maintaining a satisfactory growth in results and fulfilling its objective to enhance Shareholders' value.

In view of the intense competition of the Distribution Business and the loss-making results in 2011, the Group has been looking for opportunity to diversify its existing business into a new line of business with growth potential. The Board has been active in seeking opportunities to diversify the Group's revenue stream in order to enhance Shareholders' value, and is optimistic about the expansion into the new PRC property business engaged by the Acquired Group.

The Acquisition provides an opportunity for the Group to tap into the PRC property market and to generate diversified income and additional cashflow.

In 2011, the property market in China saw a minor correction, thanks to the austerity measures imposed by the PRC Government during the year. The Directors consider that while such correction resulted in a slowdown in the property market in the short term, it also helped curbing speculative activities which should be beneficial to the market in the long run. It is expected that the PRC Government will likely continue imposing such austerity measures on the property market in the short term. Besides, the stringent PRC banking policies may affect the debt financing ability of property developers.

Recently, however, the Directors noted that there are signs of bottoming out in the PRC property market, after the rate cut announced by the People's Bank of China in June 2012. The Directors believe that such monetary loosening policy is likely to continue and expect the PRC property price to start to stabilize in the second half of 2012. Given the PRC's continued economic growth, the resultant increase in disposable income per capita and urbanization, the Directors are optimistic towards the property market in China in the medium to long term. The Directors also consider the Company, being a listed company on the Stock Exchange, can serve as a better fund raising platform for Tianranju and Tianhe, which should partially alleviate the burden of Tianranju and Tianhe to raise funds themselves in the PRC.

International Building of Wuhan, which is owned by Hubei Tianranju as to approximately 77% in terms of the gross floor area, is a commercial building located in the central business area of Wuhan. With an occupancy rate of around 99.2% for the year ended 31 December 2011, International Building of Wuhan shall provide an immediate stable income stream for the Group upon completion of the Acquisition to complement the existing business. Upon Completion, the Company intends to retain International Building of Wuhan for rental purpose. The income may not be significant to the Group at the moment, but nonetheless it provides steady cashflow to the Group. In addition, the Directors are optimistic towards the future income growth from International Building of Wuhan, having considered the potential economic growth of Wuhan and Hebei Province.

The PKU Resource – Li Cheng Project owned by Kunshan Hi-Tech is a combined property development project which features an arts exhibition centre, commercial properties and residential properties in Bacheng, Kunshan, Jiangsu Province, which forms part of the Yangchenghu Recreation and Tourism District (陽澄湖休閒旅遊片區). Jiangsu Province has the highest GDP per capita of all Chinese provinces. Kunshan is located in southeastern part of Jiangsu Province, adjacent to the border with the Shanghai Municipality, and is currently regarded as one of the most economically successful county-level administrations in China. Having considered the quality and location of the PKU Resource – Li Cheng Project and the potential economic growth of Kunshan and Jiangsu Province, the Directors consider that the Acquisition is a strategic move for the Group for future sustainable and steady development.

The Honglianhu Project, which is owned by Tianhe Property and its subsidiary Ezhou Jinfeng, is located in the Honglianhu Tourism New Town (紅蓮湖旅遊新城), Ezhou City, Hubei Province. Traditionally an industrial and agricultural province, Hubei Province ranked 11th in China in terms of GDP in 2011. The Honglianhu Vacation Area is one of the first Provincial-level tourism districts approved by the Hubei Provincial Government. The property project is located adjacent to Hulianhu Lake and Honglianhu golf course, and is in close proximity to Wuhan. The villa type of property of the project, coupled with the scenic surroundings and the established transportation network, is expected to be well received by potential buyers. The Directors are confident that the Honglianhu Project will generate long term investment return for the Group.

Although currently loss making, the PKU Resource – Li Cheng Project has commenced pre-sale in March 2012 and has been generating cash inflow to Kunshan Hi-Tech and by 30 August 2012, approximately 2,651 square metres of gross floor area have been sold. The Honglianhu Project is expected to start pre-sale in October 2013. Following the commencement of pre-sale of both projects upon completion of the Acquisition, both projects should be able to generate positive cashflow to the Group. The Company intends to sell all of the units of Phase I in the PKU Resource – Li Cheng project and the Honglianhu Project upon completion.

Total expected capital commitment for Tianranju and Tianhe for the two years ending 31 December 2014 is estimated to be RMB680 million, which is expected to be funded by the Group's internal resources, bank borrowings and proceeds from the pre-sale and sale of properties. The Group is currently negotiating with various banks and other financial institutions for possible funding facilities but no definite agreement has been reached. Nonetheless, on top of the Entrusted Loan, the Group has received confirmation from the PKU Resource that it will procure necessary capital for the development of the PKU Resource – Li Cheng Project and the Honglianhu Project in the future of up to RMB680 million in the two years ending 31 December 2014, in the case where the Group is not able to obtain the required financing from the financial institutions in the PRC. PKU Resource is principally engaged in property development, real estate activities, trading and education investment. PKU Resource is a fellow subsidiary of Peking Founder, which in turn is the parent company of the Vendor, the controlling shareholder of the Company. The detailed terms of such capital procurement have not yet been determined, which may be in the form of borrowing and/or capital injection. The Group and PKU Resource will fully comply with the Listing Rules, the Takeovers Code and other relevant regulatory requirements when procuring such capital to the Group. It is expected that Tianranju and Tianhe should be able to self-finance their respective projects after 31 December 2014 without the financial assistance from PKU Resource. The Group will carefully assess the then market condition, the PRC Government's policies towards PRC property markets as well as the availability of funding before deciding to proceed with the projects.

Further, the properties owned by the Acquired Group include both residential properties and commercial offices and therefore the Acquisition enables the Group to generate a more diversified income not only by selling residential properties but also by renting commercial offices.

Three Directors namely Mr. Zhang Zhao Dong, Mr. Chen Geng and Mr. Xia Yang Jun have years of experience in property development and management in the PRC. Mr. Zhang Zhao Dong and Mr. Xia Yang Jun have held positions as directors and senior management of PKU Resource and have been engaged in the management of PKU Resource's property businesses. Mr. Chen Geng has held position as general manager of Peking University Science Park Co., Ltd. and has been responsible for overseeing its property development and project management businesses. The Directors therefore consider that they have personnel among themselves that possess the relevant experience to engage in property development and property management business in the PRC.

In view of the above, the Directors (excluding the independent non-executive Directors who will express their view after receiving advice from the independent financial adviser) consider that the terms of the S&P and Subscription Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Currently, the Company has no intention to make any change in its board composition. The Company intends to maintain its existing business, while it will continue seeking opportunities to diversify to new businesses with an aim to achieve sustainable growth.

Further, the Directors (excluding the independent non-executive Directors who will express their view after receiving advice from the independent financial adviser) consider that the issue of the Subscription Convertible Bonds is fair and reasonable and in the interests of the Company and the Shareholders as a whole, as it provides additional working capital for the operation of the Group. The Company did not have any fund raising activities in the 12 months immediately preceding the date of the announcement.

Listing Rules Implications

As one or more of the applicable percentage ratios, where appropriate, calculated with reference to Rule 14.07 of the Listing Rules, exceed 100%, the Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules and is therefore subject to the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Company is owned as to approximately 32.84% of the issued Shares by the Vendor. As the Vendor is a controlling shareholder of the Company, it is a connected person of the Company under the Listing Rules. Accordingly, the Acquisition and the issue of the Subscription Convertible Bonds and the transactions contemplated under the S&P and Subscription Agreement also constitute non-exempt connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to approval by the Independent Shareholders at the SGM. The Vendor, its associates and those who are involved in or interested in the Acquisition and the Subscription will abstain from voting at the SGM in respect of the resolutions approving the Acquisition, the issue of Convertible Bonds and the allotment and issue of the Consideration Shares and the Conversion Shares upon conversion pursuant to the terms and conditions of the Convertible Bonds.

2. WHITEWASH WAIVER

As at the date of this announcement, the Vendor owns approximately 32.84% shareholding in the Company. After the issuance of the Consideration Shares to the Vendor, the Vendor and parties acting in concert with it will be interested in a total of 891,171,976 Shares, representing approximately 54.54% of the enlarged issued share capital of the Company (assuming no further Shares will be allotted and issued prior to the issue of the Consideration Shares). The Vendor will then have an obligation to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by the Vendor and parties acting in concert with it pursuant to Rule 26 of the Takeovers Code, unless the Whitewash Waiver is granted by the Executive.

As a result, an application will be made by the Vendor to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders taken by way of a poll at the SGM. The Vendor, parties acting in concert with it or those who are interested in or involved in the Acquisition, the Whitewash Waiver and the transactions contemplated thereunder will abstain from voting in respect of the resolution approving the Acquisition, the Whitewash Waiver and the transactions contemplated thereunder at the SGM.

3. CONTINUING CONNECTED TRANSACTIONS: LOAN AGREEMENT AND ENTRUSTED LOAN AGREEMENT

On 6 May 2012, Kunshan Hi-Tech entered into the Loan Agreement with PKU Resource pursuant to which PKU Resource would entrust Founder Finance to provide a one-year term loan in the sum of RMB250,000,000 to Kunshan Hi-Tech. On 5 July 2012, Founder Finance entered into the Entrusted Loan Agreement with Kunshan Hi-Tech to give effect to the aforesaid.

Principal terms of the Loan Agreement and Entrusted Loan Agreement

Loan Agreement

Lender:	PKU Resource, which is principally engaged in property development, real estate activities, trading and education investment
Borrower:	Kunshan Hi-Tech
Loan Amount:	RMB250,000,000
Term:	one year from the date when the subject loan is drawn
Interest:	at the interest rate at 12.5% per annum and to be paid semi-annually
Security provided:	charge over the Land Use Rights to the entity designated by PKU Resource
Repayment:	The whole loan shall be repaid on at the end of the term

Entrusted Loan Agreement

The principal terms of the Entrusted Loan Agreement are substantially the same as the Loan Agreement except that the Lender is Founder Finance instead of PKU Resource.

Reasons for and benefits of the Entrusted Loan

In view of recent stringent PRC banking policies in releasing loans to property companies, it is very difficult for Kunshan Hi-Tech to apply for new loans from banks. As Kunshan Hi-Tech needs capital to develop the PKU Resource – Li Cheng Project in Kunshan, the Entrusted Loan can effectively reduce the working capital pressure on Kunshan Hi-Tech at commercially reasonable rate, which is in turn beneficial to the long term development of Kunshan Hi-Tech. As it is a general practice for loan terms in the PRC to be not more than one year, the one-year term of the Entrusted Loan is in line with market practice. Since the Entrusted Loan is provided by PKU Resource, being the associate of the ultimate controlling shareholder of the Company, it is more likely that the Entrusted Loan will be extended than loans provided by independent third parties. However, as at the date of this announcement, no agreement has been reached between the Group and PKU Resource to extend the Entrusted Loan. Should there be any extension of the Entrusted Loan subsequently, the Company will take steps to comply with the requirements under the Listing Rules.

The terms of the Loan Agreement and the Entrusted Loan Agreement were negotiated on an arm's length basis between all parties thereto and were determined on normal commercial terms. The Directors (excluding the independent non-executive Directors who will express their view after receiving advice from the independent financial adviser) are of the view that the Loan Agreement and the Entrusted Loan Agreement are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole. As the passing by the Independent Shareholders of all necessary resolutions at the SGM approving the Loan Agreement and Entrusted Loan Agreement is one of the conditions precedent of the Acquisition which cannot be waived, in the event that the Loan Agreement and the Entrusted Loan Agreement are not approved by the Independent Shareholders, the Acquisition will be lapsed and the Loan Agreement and the Entrusted Loan Agreement will no longer constitute continuing connected transaction of the Company.

Listing Rules Implications

Upon Completion, Kunshan Hi-Tech will become an indirect non wholly-owned subsidiary of the Company. Further, PKU Resource is a fellow subsidiary of Peking Founder, whereas Founder Finance is a subsidiary of Peking Founder. As Peking Founder is the parent company of the Vendor, the controlling Shareholder of the Company, both PKU Resource and Founder Finance are therefore connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, upon Completion, the Loan Agreement and the Entrusted Loan Agreement will constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules for the transactions contemplated under the Loan Agreement and the Entrusted Loan Agreement exceeds 5% and the consideration for the above transactions exceed HK\$10,000,000, the Loan Agreement and the Entrusted Loan Agreement will constitute non-exempt continuing connected transactions for the Company upon Completion and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. PKU Resource, Founder Finance, their respective associates and those who are involved in or interested in the Loan Agreement and the Entrusted Loan Agreement will abstain from voting at the SGM in respect of the resolutions approving the Loan Agreement and the Entrusted Loan Agreement.

4. CONTINUING CONNECTED TRANSACTIONS: MASTER LEASE AGREEMENT

On 28 August 2012, the Company entered into the Master Lease Agreement with Peking Founder, pursuant to which the Company agrees to procure one of its subsidiaries to lease certain commercial premises at Founder International Building to Peking Founder Group subject to the approval by the Independent Shareholders. Peking Founder shall arrange the members of Peking Founder Group to enter into separate lease agreements with the Group. The commencement date of the individual leases shall be specified in each individual lease agreement and the end date of all the individual leases shall not be later than 31 December 2014.

Principal terms of the Master Lease Agreement

The principal terms of the Master Lease Agreement are set out below:

Lessee : Peking Founder

Lessor : the Company

Condition Precedent : (i) the Company and the owner of the Founder International Building signs an agreement pursuant to which the Group is granted the right to manage Founder International Building

(ii) the Master Lease Agreement is approved by the Independent Shareholders

Property leased : certain commercial premises on floors G3 to 17 in the Founder International Building

Leased Area : approximately 22,000 square meters, representing approximately 50.4% of the total rentable gross floor area of Founder International Building. The remaining approximately 49.6% of the total rentable gross floor area of Founder International Building will be leased to independent third parties

Lease term : from the date specified in the individual lease agreement to the end date not later than 31 December 2014

Rental : determined with reference to the prevailing market rate at a discount given Peking Founder Group is the single largest lessee of Founder International Building. The level of discount is made with reference to the current discount offered to members of Peking Founder Group by 北京新奥特集團有限公司 (Beijing Xinaote Group Company Limited) (“Beijing Xinaote”). Taking into account that the Master Lease Agreement accounts for over half of the Founder International Building, the lease terms are generally longer than 2 years and the existing landlord is offering similar discount, it is considered as normal commercial terms to provide discount to such major lessees which provides stable and predictable income to the lessor in the long run.

On 28 August 2012, the Company signed a memorandum of understanding with Beijing Xinaote, the owner of the Founder International Building. To the best knowledge of the Directors, except that PKU Resource has 18% equity interest in Beijing Xinaote, each of Beijing Xinaote and its ultimate beneficial owners is a third party independent of the Company and its connected persons. Under the said memorandum of understanding, after the transactions contemplated under the Master Lease Agreement have been approved by the Independent Shareholders, Beijing Xinaote and a subsidiary designated by the Company shall enter into a formal agreement pursuant to which the Group shall pay to Beijing Xinaote the sums of RMB22 million, RMB22.5 million and RMB23 million (subject to any possible adjustment as may be agreed by the parties in case there is change in market condition) for the years ended 31 December 2012, 2013 and 2014 respectively in consideration that the Group will be granted the right to manage Founder International Building and shall receive all profits (including but not limited to the rental income received from the tenants) derived from the Founder International Building. The amounts payable to Beijing Xinaote under the aforesaid memorandum of understanding was determined under arm’s length negotiations between the Company and Beijing Xinaote considering, among others, the expected annual rental income to be derived from the Founder International Building, the Group’s relationship with Peking Founder being the largest lessee of the Founder International Building, and the rise in rental rate in the future.

The Master Lease Agreement is not conditional upon the Completion, whereas the Completion is not conditional upon the approval of the Master Lease Agreement by the Independent Shareholders.

Annual caps

The annual caps for all the transactions contemplated under the Master Lease Agreement for each of the three years ending 31 December 2014 is RMB20 million (equivalent to approximately HK\$24.4 million), RMB27 million (equivalent to approximately HK\$33.0 million) and RMB34 million (equivalent to approximately HK\$41.5 million) respectively which are determined with reference to the historical and current market unit rental, historical occupancy rate, tenure of existing tenancy agreements and the expected increase in unit rental and occupancy rate. The Directors (excluding the independent non-executive Directors who will express their view after receiving advice from the independent financial adviser) consider such annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Reasons for and benefits of the Master Lease Agreement

The Directors are of the view that the transactions contemplated under the Master Lease Agreement enable the Group to earn stable rental income by leasing certain commercial premises to members of Peking Founder Group. Besides, Founder International Building is located in the Zhongguancun area in Haidian District of Beijing which is well known as a technology district. Therefore, the target tenants of Founder International Building are mainly technology companies. Taking into account that “Founder” is a renowned technology related brand in the PRC, the Directors are of the view that the leasing of certain commercial premises of Founder International Building to members of Peking Founder Group (a majority of them are technology related companies) can effectively enhance the goodwill of Founder International Building and increase the overall occupancy rate by attracting other high quality technology companies.

The Directors (excluding the independent non-executive Directors who will express their view after receiving advice from the independent financial adviser) are of the view that transactions under the Master Lease Agreement 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 the Shareholders as a whole.

Listing Rules Implications

As at the date of this announcement, the Company is owned as to approximately 32.84% of the issued Shares by the Vendor, which is a subsidiary of Peking Founder. Therefore, Peking Founder is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Master Lease Agreement will constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules for the transactions contemplated under the Master Lease Agreement exceeds 5% and the consideration for the above transactions is expected to exceed HK\$10,000,000, the transactions contemplated under the Master Lease Agreement constitute non-exempt continuing connected transactions for the Company and are subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. Peking Founder, its associates and those who are involved in or interested in the transactions contemplated under the Master Lease Agreement will abstain from voting at the SGM in respect of the resolutions approving the Master Lease Agreement.

GENERAL

An independent board committee (comprising all three independent non-executive Directors) has been established to advise the Independent Shareholders in connection with the Acquisition, the Subscription, the issue of Convertible Bonds, the allotment and issue of the Consideration Shares and the Conversion Shares upon conversion pursuant to the terms and conditions of the Convertible Bonds, the Whitewash Waiver, the Loan Agreement, the Entrusted Loan Agreement and the Master Lease Agreement. The Company, with the approval of the Independent Board Committee, has appointed Anglo Chinese

Corporate Finance, Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the issue of Convertible Bonds, the allotment and issue of the Consideration Shares and the Conversion Shares upon conversion pursuant to the terms and conditions of the Convertible Bonds, the Whitewash Waiver, the Loan Agreement, the Entrusted Loan Agreement and the Master Lease Agreement in accordance with the Listing Rule and the Takeovers Code.

A circular containing, among other things, particulars of the Acquisition, the Subscription, the issue of Convertible Bonds, the allotment and issue of the Consideration Shares and the Conversion Shares upon conversion pursuant to the terms and conditions of the Convertible Bonds, the Whitewash Waiver, the Loan Agreement, the Entrusted Loan Agreement and the Master Lease Agreement, the recommendations of the Independent Board Committee, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and notice convening the SGM is expected to be sent to the Shareholders on or before 27 September 2012 according to the Listing Rules.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 24 August 2012 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 6 September 2012.

DEFINITIONS

Unless otherwise defined, the terms in this announcement have the following meanings:

“Acquired Group”	Tianranju, Tianhe and their respective subsidiaries
“Acquisition”	the acquisition by the Company of the Sale Shares pursuant to the terms of the S&P and Subscription Agreement
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Tianranju”	北京天然居科技有限公司 (Beijing Tianranju Technology Co., Ltd*), a company established in the PRC and is wholly owned by Hubei Tianranju
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds, including all the subsequent transferee(s) of the Convertible Bonds
“Bond Issue Date”	the date on which the Convertible Bonds are issued, being the Completion Date

“Bond Maturity Date”	the date falling on the fifth anniversary of the Bond Issue Date
“Business Day”	means any day (other than a Saturday, Sunday, a public holiday or a day on which typhoon signal no.8 or above or a “black” rainstorm warning is hoisted in Hong Kong) on which banks in Hong Kong are open for business
“Company”	EC-Founder (Holdings) Company Limited (方正數碼(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
“Completion”	completion of the Acquisition and the Subscription in accordance with the terms of the S&P and Subscription Agreement
“Completion Date”	the date of Completion, being the third Business Day following the fulfilment (or waiver thereof) of the conditions precedent or such other date as the parties to the S&P and Subscription Agreement may agree in writing
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration Convertible Bonds”	convertible bonds with terms identical to Subscription Convertible Bonds in the aggregate principal amount of HK\$310 million to be issued on the Completion Date in partial satisfaction of the consideration for the Acquisition
“Consideration Shares”	527,906,976 new Shares to be issued to the Vendor at the issue price of HK\$0.43 on the Completion Date in partial satisfaction of the consideration for the Acquisition;
“Conversion Date”	a day when the conversion rights attaching to the Convertible Bonds are exercised which, unless otherwise provided in the terms and conditions of the Convertible Bonds, shall be deemed to be the second Business Day immediately following the date of service of the relevant notice of conversion together with the relevant Convertible Bond certificate
“Conversion Period”	the period commencing from the Business Day immediately after two months of the Bond Issue Date and ending on the Bond Maturity Date, both dates inclusive
“Conversion Shares”	new Shares to be allotted and issued upon any conversion of the Convertible Bonds
“Convertible Bonds”	the Consideration Convertible Bonds and the Subscription Convertible Bonds
“Director(s)”	the directors of the Company

“Entrusted Loan”	the entrusted loan with principal amount of RMB250,000,000 provided by PKU Resource (through Founder Finance) to Kunshan Hi-Tech under the Loan Agreement and the Entrusted Loan Agreement
“Entrusted Loan Agreement”	the entrusted loan agreement dated 5 July 2012 entered into between Founder Finance and Kunshan Hi-Tech in respect of the Entrusted Loan
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Ezhou Jinfeng”	鄂州金豐房地產開發有限公司 (Ezhou Jinfeng Property Development Co., Limited*), a company established in the PRC and is owned as to 95% by Tianhe Property
“Founder Finance”	北大方正集團財務有限公司 (PKU Founder Group Finance Co., Ltd.*), a company established in the PRC with limited liability and a subsidiary of Peking Founder
“Founder International Building”	Founder International Building (方正國際大廈), situated at No 52, North Fourth Ring Road West, Haidian District, Beijing, the PRC (北京市海澱區北四環西路 52 號)
“Group”	the Company and its subsidiaries
“Hubei Tianranju”	湖北天然居商業運營管理有限公司 (Hubei Tianranju Business Management Limited*), a company established in the PRC and is wholly-owned by Tianranju
“Independent Board Committee”	an independent committee of the Board comprising Mr Li Fat Chung, Ms Wong Lam Kit Yee and Ms Cao Qian, the independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the Acquisition, the issue of the Convertible Bonds, the allotment and issue of the Consideration Shares and the Conversion Shares, the Whitewash Waiver, the Loan Agreement, the Entrusted Loan Agreement and the Master Lease Agreement
“Independent Shareholders”	in respect of the resolutions approving the Acquisition, the Whitewash Waiver and the transactions contemplated thereunder, the Shareholders other than the Vendor, parties acting in concert with it and those who are involved in or interested in the Acquisition, the Whitewash Waiver and the transactions contemplated thereunder, whereas in respect of other resolutions to be approved at the SGM, the Shareholders other than those who are involved in or interested in those resolutions

“Kunshan Hi-Tech”	昆山高科電子藝術創意產業發展有限公司 (Kunshan Hi-Tech Electronic Arts Creative Industry Development Co., Ltd.*), a company established in the PRC and is owned by Hubei Tianranju as to 51%
“Land Use Rights”	the land use rights over two parcels of land with a total area of 288,518 square meters owned by Kunshan Hi-Tech, both of which are situated at the south of Yingbin Road and the west of Hongqi Road, Bacheng Town, Kunshan City, Jiangsu Province, the PRC
“Last Trading Day”	23 August 2012, being the last day on which the Shares were traded on the Stock Exchange pending the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 6 May 2012 entered into between Kunshan Hi-Tech and PKU Resource, pursuant to which PKU Resource would, subject to certain conditions, entrust Founder Finance to provide a one-year term loan in the sum of RMB250,000,000 to Kunshan Hi-Tech
“Master Lease Agreement”	a master lease agreement dated 28 August 2012 entered into between the Company and Peking Founder in relation to the lease of certain commercial premises in Founder International Building
“Peking Founder”	北大方正集團有限公司 (Peking University Founder Group Co., Ltd.*), a company established in the PRC with limited liability
“Peking Founder Group”	Peking Founder, its subsidiaries and any company owned as to 30% or more by Peking Founder
“PKU Resource”	北大資源集團有限公司 (Peking University Resource Group Co., Ltd.*), a company established in the PRC with limited liability and a subsidiary of 北大資產經營有限公司 (Peking University Asset Management Company Limited*), the holding company of Peking Founder
“PRC”	the People’s Republic of China
“PRC GAAP”	Accounting Standards for Business Enterprises and its interpretations issued by the Ministry of Finance of the PRC in 2006
“S&P and Subscription Agreement”	the sale and purchase and subscription agreement dated 23 August 2012 and entered into among the Company and the Vendor in relation to the Acquisition and the Subscription

“Sale Shares”	means the 19,822,000 shares in Tianranju representing the entire issued shares in Tianranju and 10,000 shares in Tianhe representing the entire issued shares in Tianhe, all of which are legally and beneficially owned by the Vendor as at the date of this announcement
“SFC”	Securities and Futures Commission
“SGM”	the special general meeting of the Company to be held to approve, among other things, the Acquisition, the Subscription, the issue of the Convertible Bonds and the allotment and issue of the Consideration Shares and the Conversion Shares, the Whitewash Waiver, the Loan Agreement, the Entrusted Loan Agreement and the Master Lease Agreement
“Share(s)”	ordinary share(s) with a par value of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Option Scheme”	the share option scheme of the Company adopted on 24 May 2002
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by the Vendor of the Subscription Convertible Bonds pursuant to the terms of the S&P and Subscription Agreement
“Subscription Convertible Bonds”	convertible bonds with terms identical to Consideration Convertible Bonds in aggregate principal amount of HK\$62 million to be issued by the Company to the Vendor on the Completion Date at a consideration of HK\$62 million
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Tianhe”	Hong Kong Tianhe Holdings Limited, a company incorporated in Hong Kong which is wholly-owned by the Vendor as at the date of this announcement
“Tianhe Property”	天合地產發展有限公司(Tianhe Property Development Limited*), a company established in the PRC and is owned as to 90% by Tianhe
“Tianranju”	Hong Kong Tianranju Holdings Limited, a company incorporated in Hong Kong which is wholly-owned by the Vendor as at the date of this announcement

“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code to waive the obligation of Vendor to make a mandatory offer for all the Shares not already owned or agreed to be acquired by the Vendor and parties acting in concert with it under Rule 26 of the Takeovers Code as a result of issue of the Consideration Shares
“Vendor”	Founder Information (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, which was owned as to 96.92% by Peking Founder as at the date of this announcement and the controlling Shareholder
“RMB”	means Renminbi, the lawful currency of the PRC
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board of
EC-Founder (Holdings) Company Limited
Zhang Zhao Dong
Chairman

Hong Kong, 6 September 2012

As at the date of this announcement, the board of directors of the Company comprises executive directors of Mr Zhang Zhao Dong (Chairman), Mr Chen Geng (President), Mr Xia Yang Jun, Mr Xie Ke Hai and Mr Zheng Fu Shuang, and the independent non-executive directors of Mr Li Fat Chung, Ms Wong Lam Kit Yee and Ms Cao Qian.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

For illustrative purpose only, HK\$ is converted into RMB at an exchange rate of HK\$1 = RMB0.819 in this announcement.

* *For identification purpose only*