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## FOUNDER HOLDINGS LIMITED

方正控股有限公司\*

(Incorporated in Bermuda with limited liability)

### ANNOUNCEMENT TERMINATION OF PROPOSED ESTABLISHMENT OF A JOINT VENTURE WITH SHENZHEN FIYTA HOLDINGS LIMITED

#### SUMMARY

The Company wishes to inform the public of the termination of the proposed establishment of a joint venture company in the PRC with Shenzhen Fiyta as previously announced on 10 December 2001 and 19 March 2002, and that Shenzhen Fiyta has ceased to be a connected person of the Company following the lapsing of the Acquisition Agreement.

#### ESTABLISHMENT OF JOINT VENTURE

As announced on 10 December 2001, the Company, through Founder HK, has entered into the Heads Agreement with Shenzhen Fiyta in relation to the proposed establishment of a joint venture company in the PRC to engage in the business of systems integration and the development and distribution of computer-related hardware and software. The proposed transaction structure was subsequently revised in accordance with the Memorandum as announced on 19 March 2002.

The Company wishes to inform the public that the Heads Agreement (as amended by the Memorandum) has lapsed as none of the pre-conditions of the agreement was satisfied on or before the prescribed time i.e. 30 June 2002. Founder HK has accordingly issued a termination notice to Shenzhen Fiyta in accordance with the Heads Agreement to the effect that each of the parties thereto be released from its rights and obligations under the Heads Agreement (as amended by the Memorandum).

#### TERMINATION OF ACQUISITION AGREEMENT

As announced on 10 December 2001, Peking Founder and Catic Holdings have entered into the Acquisition Agreement in relation to the proposed acquisition of 29% interest in Shenzhen Fiyta by Peking Founder. Due to its contractual right under the Acquisition Agreement, Shenzhen Fiyta was deemed to be an associate of Peking Founder and hence a connected person of the Company. The Company now wishes to inform the public that as one of the pre-conditions of the Acquisition Agreement, namely, the obtaining of the approval of the Acquisition Agreement from State Assets Bureau (國有資產管理部門), was not fulfilled on or before the prescribed time, i.e. 30 June 2002, the Acquisition Agreement has lapsed accordingly. As a result of the lapsing of the Acquisition Agreement, Shenzhen Fiyta has ceased to be an associate of Peking Founder and hence has ceased to be a connected person of the Company.

#### DEFINITIONS

In this announcement, the following expressions have the meanings as set out below unless the context requires otherwise:—

“Acquisition Agreement”	a conditional agreement entered into between Peking Founder and Catic Holdings on 7 December 2001 for, inter alia, the acquisition of 29% interest in Shenzhen Fiyta by Peking Founder;
“associate”	has the meaning ascribed thereto under the Listing Rules;
“Catic Holdings”	Catic Shenzhen Holdings Limited, a joint stock company with limited liability incorporated under the laws of the PRC, the H shares of which are listed on the Stock Exchange;
“Company”	Founder Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on the Stock Exchange;
“Founder HK”	Founder (Hong Kong) Limited, a company incorporated in Hong Kong being a wholly-owned subsidiary of the Company;
“Heads Agreement”	the heads of agreement relating to the establishment of a joint venture company dated 7 December 2001 and entered into between Founder HK and Shenzhen Fiyta;
“Memorandum”	the memorandum dated 19 March 2002 and entered into between Founder HK and Shenzhen Fiyta as supplement to the Heads Agreement;
“Peking Founder”	Peking University Founder Group Corporation (北京北大方正集團公司);
“PRC”	the People’s Republic of China;
“Shenzhen Fiyta”	Shenzhen Fiyta Holdings Limited, a joint stock limited company incorporated under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By order of the Board  
**Cheung Shuen Lung**  
Director

Hong Kong, 5 July 2002

\* For identification purpose only

*Please also refer to the published version of this announcement in  
The Standard and Hong Kong Economic Times.*