

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(Incorporated in Bermuda with limited liability)
(Stock Code : 00418)

CONTINUING CONNECTED TRANSACTIONS MASTER SALES AGREEMENT

MASTER SALES AGREEMENT

On 7 December 2012, the Company and EC-Founder entered into the Master Sales Agreement, pursuant to which the Group would provide EC-Founder Group with the information products developed by the Group, the systems integration products and the related services on a non-exclusive basis, from the date of the agreement to 31 December 2014.

LISTING RULES REQUIREMENTS

As at the date of this announcement, the Company is owned as to approximately 32.49% by Peking Founder, whereas EC-Founder is owned as to approximately 32.84% by Founder Information, a subsidiary of Peking Founder. Therefore, EC-Founder is an associate of Peking Founder, a connected person of the Company for the purposes of the Listing Rules. Accordingly, the transactions contemplated under the Master Sales Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios of the Company calculated in accordance with Rule 14.07 of the Listing Rules in respect of the annual caps under the Master Sales Agreement is less than 5%, the entering into of the Master Sales Agreement is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules and the Company will comply with the reporting, announcement and annual review requirements as set out in Chapter 14A of the Listing Rules.

A. INTRODUCTION

On 7 December 2012, the Company and EC-Founder entered into the Master Sales Agreement, pursuant to which the Group would provide EC-Founder Group with the information products developed by the Group, the systems integration products and the related services on a non-exclusive basis, from the date of the agreement until 31 December 2014.

B. THE MASTER SALES AGREEMENT

Date: 7 December 2012

Supplier: The Company

Purchaser: EC-Founder

The Group would, subject to certain conditions, provide EC-Founder Group with the information products developed by the Group, the systems integration products and the related services on a non-exclusive basis.

Pursuant to the Master Sales Agreement, the Group shall sell such products at market prices determined at the relevant time (i) with reference to the prices and credit terms at which such products are supplied, on normal commercial terms in its ordinary and usual course of business, to independent third party customers in the local market and/or adjacent regions; or (ii) where no comparables as stated in (i) are available, with reference to the prices and credit terms at which such products are supplied, on normal commercial terms in its ordinary and usual course of business, to independent third party customers in the PRC; or (iii) where none of the above comparables is available, with reference to the prices and credit terms agreed between the parties on arm's length basis.

The terms of the Master Sales Agreement shall become effective from the date of the agreement and will be valid until 31 December 2014. The Master Sales Agreement, or any contract signed pursuant to the Master Sales Agreement, can be terminated by 30 days' notice in writing by either party.

Annual caps

Since this is a new continuing connected transaction for the Company, there was no historical purchase pattern on which the Company could base upon. However, based on the expected total value of the transactions between the Group and EC-Founder Group under the Master Sales Agreement, the expected maximum annual value, also referred to as the "annual caps", for each of the three years ending 31 December 2014 shall not exceed RMB5,000,000, RMB11,500,000 and RMB11,500,000 respectively.

The annual caps for the Master Sales Agreement are determined with reference to expected sales and anticipated future business needs estimated by the Company.

C. REASONS FOR AND BENEFITS OF THE MASTER SALES AGREEMENT

The Group is principally engaged in software development and the provision of systems integration services relating to the media and non-media industries including financial institutions, enterprises and government departments.

EC-Founder Group is principally engaged in distribution of information products in Hong Kong and the PRC.

As EC-Founder Group has more experience and better network to distribute the information products than the Group, it is more effective for the Group to leverage on EC-Founder Group's such edge to distribute the Group's self-developed software.

The Directors (including the independent non-executive directors) consider that the Master Sales Agreement was entered into in the ordinary course of business on normal commercial terms, the terms of the Master Sales Agreement and its annual caps are fair and reasonable and the transactions contemplated under the Master Sales Agreement are in the interests of the Company and its shareholders as a whole.

Except for Ms Wong Lam Kit Yee and Mr Li Fat Chung who are also independent non-executive directors of EC-Founder and Mr Fung Man Yin, Sammy and his spouse together own 450,000 shares in EC-Founder, none of the Directors have any material interest in the Master Sales Agreement. Ms Wong Lam Kit Yee, Mr Li Fat Chung and Mr Fung Man Yin, Sammy have abstained from voting at the board meeting approving the Master Sales Agreement.

D. LISTING RULES REQUIREMENTS FOR THE MASTER SALES AGREEMENT

As at the date of this announcement, the Company is owned as to approximately 32.49% by Peking Founder, whereas EC-Founder is owned as to approximately 32.84% by Founder Information, a subsidiary of Peking Founder. Therefore, EC-Founder is an associate of Peking Founder, a connected person of the Company for the purposes of the Listing Rules. Accordingly, the transactions contemplated under the Master Sales Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios of the Company calculated in accordance with Rule 14.07 of the Listing Rules in respect of the annual caps under the Master Sales Agreement is less than 5%, the entering into of the Master Sales Agreement is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules and the Company will comply with the reporting, announcement and annual review requirements as set out in Chapter 14A of the Listing Rules.

DEFINITIONS

“Company”	Founder Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EC-Founder”	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;
“EC-Founder Group”	EC-Founder and its subsidiaries;
“Founder Information”	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;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Master Sales Agreement”	the agreement dated 7 December 2012 between the Company and EC-Founder pursuant to which the Group would provide EC-Founder Group with the information products developed by the Group, the systems integration products and the related services, on a non-exclusive basis, from the date of the agreement to 31 December 2014;
“Peking Founder”	北大方正集團有限公司 (Peking University Founder Group Company Limited*), a company established in the PRC with limited liabilities;
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;

“Stock Exchange” The Stock Exchange of Hong Kong Limited; and

“%” per cent.

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

Hong Kong, 7 December 2012

As at the date of this announcement, the board of directors of the Company comprises executive directors of Mr Fang Zhong Hua (Chairman), Professor Xiao Jian Guo (Deputy Chairman), Mr Liu Xiao Kun (President), Ms Yi Mei, Professor Yang Bin and Mr Wo Fei Yu, and the independent non-executive directors of Mr Li Fat Chung, Ms Wong Lam Kit Yee and Mr Fung Man Yin, Sammy.

* *For identification purpose only*