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2012 ANNUAL CAP OF CONTINUING CONNECTED TRANSACTIONS

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Reference is made to the announcement of the Company dated 3 December 2010, the circular of the Company dated 24 December 2010 and the special general meeting of the Company held on 12 January 2011 in relation to the Financial Services Agreement.

The Board wishes to announce that the Group's deposit amount under the Deposit Services in the Financial Services Agreement had slightly exceeded the 2012 Annual Cap in five days from 26 December 2012 to 30 December 2012. This constitutes a breach of Rule 14A.36 of the Listing Rules.

LISTING RULES REQUIREMENTS

Under Rule 14A.38 of the Listing Rules, the Company's auditors must for each financial year provide a letter to the Board, confirming among others that the continuing connected transactions have not exceeded the cap disclosed in previous announcement(s).

For reasons disclosed herein, the Company's auditors informed the Company that they would not be able to confirm this matter for the financial year ended 31 December 2012.

2012 ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS

This announcement is made in compliance with Rule 14A.40 of the Listing Rules.

Reference is made to the announcement of the Company dated 3 December 2010, the circular of the Company dated 24 December 2010 and the special general meeting of the Company held on 12 January 2011 in relation to the Financial Services Agreement.

The Board wishes to announce that the Group's deposit amount under the Deposit Services in the Financial Services Agreement had slightly exceeded the 2012 Annual Cap in December 2012. The reasons for exceeding the 2012 Annual Cap were set out below.

REASONS FOR EXCEEDING THE 2012 ANNUAL CAP

The independent shareholders have approved, among others, the 2012 Annual Cap (which was RMB110 million) at the special general meeting of the Company on 12 January 2011.

As at 26 December 2012, the Group's deposit under the Deposit Services in the Financial Services Agreement was approximately RMB120.7 million, which had slightly exceeded the 2012 Annual Cap by approximately RMB10.7 million or approximately 9.7%.

On 31 December 2012, Founder Electronics withdrew a deposit of RMB76 million from Founder Finance leaving the balance of approximately RMB44.7 million as at 31 December 2012. Other than this incident, the deposit amount for the Deposit Services had been well below the 2012 Annual Cap throughout the year 2012.

The Directors (including independent non-executive Directors) accept the fact that the deposit amount under the Deposit Services in the Financial Services Agreement had slightly exceeded the 2012 Annual Cap in five days from 26 December 2012 to 30 December 2012. This constitutes a breach of Rule 14A.36 of the Listing Rules. The reason for exceeding the 2012 Annual Cap was mainly due to the change of the financial manager of Founder Electronics in December 2012. Nevertheless, as (i) the interest rate for the Group's deposit with Founder Finance was same as the interest rate for the Group's deposit with other banks in the PRC and (ii) the interest for the exceeding portion of the deposit during such short period was not significant, the Group did not suffer any financial loss as a result of this incident. In view of this, the Directors (including independent non-executive Directors) consider that disclosure of this incident by way of announcement and reporting in the Company's 2012 annual report which is expected to be published in April 2013 are appropriate.

In order to avoid re-occurrence of this incident, the Group has strengthened its internal control in monitoring all continuing connected transactions by, among others, provision of specific training to any new staff who needs to take up the responsibilities of monitoring continuing connected transactions.

LISTING RULES REQUIREMENTS

Under Rule 14A.38 of the Listing Rules, the Company's auditors must for each financial year provide a letter to the Board, confirming, among others, that the continuing connected transactions have not exceeded the cap disclosed in previous announcement(s).

For reasons disclosed above, the Company's auditors informed the Company that they would not be able to confirm this matter for the financial year ended 31 December 2012. The Company has promptly notified the Stock Exchange about this pursuant to Rule 14A.40 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the meanings set out below:

“Board”	the board of Directors;
“Company”	Founder Holdings Limited (方正控股有限公司*), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“Deposit Services”	the deposit and related services to be provided by Founder Finance to the Group under the Financial Services Agreement;
“Director(s)”	the director(s) of the Company;
“Financial Services Agreement”	the financial services agreement in relation to, among others, the Deposit Services, entered into among the Company, Founder Finance and Peking Founder on 3 December 2010;
“Founder Electronics”	Beijing Founder Electronics Co., Ltd., (北京北大方正電子有限公司) a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company;
“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 an indirect wholly-owned subsidiary of Peking Founder;
“Group”	the Company and its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Peking Founder”	Peking University Founder Group Company Limited* (北大方正集團有限公司), a company established in the PRC with limited liability, the controlling shareholder of the Company, which holds approximately 32.49% of the issued share capital of the Company;
“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;
“subsidiary”	has the meaning ascribed to it under the Listing Rules; and
“2012 Annual Cap”	the maximum deposit of RMB110 million for the year ended 31 December 2012 under the Deposit Services in the Financial Services Agreement as approved by the independent shareholders at the special general meeting of the Company held on 12 January 2011.

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

Hong Kong, 19 March 2013

As at the date of this announcement, the Board 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*