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2010 ANNUAL CAP OF CONTINUING CONNECTED TRANSACTIONS

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Reference is made to the announcement of the Company dated 15 July 2009 and the circular of the Company dated 4 August 2009 and the special general meeting of the Company held on 20 August 2009 in relation to the Entrusted Loan Master Agreement.

The Board wishes to announce that the balance of the entrusted loan amount had slightly exceeded the 2010 Annual Cap in September 2010.

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 2010.

2010 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 15 July 2009 and the circular of the Company dated 4 August 2009 and the special general meeting of the Company held on 20 August 2009 in relation to the Entrusted Loan Master Agreement.

The Board wishes to announce that the balance of the entrusted loan amount had slightly exceeded the 2010 Annual Cap in September 2010. The reasons for exceeding the 2010 Annual Cap were set out below.

REASONS FOR EXCEEDING THE 2010 ANNUAL CAP

The independent shareholders have approved, among others, the 2010 Annual Cap at the special general meeting of the Company on 20 August 2009. By the end of September 2010, the balance of the entrusted loan amount pursuant to the Entrusted Loan Master Agreement were approximately RMB191 million comprising, among others, RMB100 million of entrusted loan lent by Founder Order.

Following the announcement dated 24 June 2010 and the circular dated 14 July 2010 and the approval by the independent shareholders at the special general meeting of the Company on 3 August 2010 in relation to the disposal of the entire equity interests in Founder Order by the Company, the responsible staff of the Company's Beijing office mistakenly believed that disposal of Founder Order was completed in August 2010 which led him into believing that Founder Order was no longer a subsidiary of the Company and that the entrusted loan amount lent by Founder Order should be excluded from the balance of the entrusted loan amount in September 2010. However, as announced by the Company on 4 November 2010, disposal of Founder Order had not been completed until 4 November 2010.

In early October 2010, the Directors discovered that the 2010 Annual Cap was exceeded after reviewing the management accounts of the Group. The Company took immediate action by requiring the borrower to return the exceeded amounts. On 13 October 2010, the exceeded amounts were received and since then the maximum balance of the entrusted loan had been well below the 2010 Annual Cap up to and including 31 December 2010.

The Directors (including independent non-executive Directors) accept the fact that the balance of the entrusted loan in September 2010 had exceeded the 2010 Annual Cap was due to the misunderstanding of the responsible staff in the Company's Beijing office. Since the Company has rectified the situation as soon as it discovered the incident where the 2010 Annual Cap was exceeded by approximately RMB9.7 million representing approximately only 5% during such short period of time and no material financial loss was suffered by the Company, the Directors (including independent non-executive Directors) consider that disclosure of this incident by way of announcement and reporting in the Company's 2010 annual report which is expected to be published on or about 19 April 2011 were appropriate.

In order to avoid re-occurrence of this incident, the Board has strengthen its internal control in monitoring all continuing connected transactions by, among others, regular review of annual cap amounts of all continuing connected transactions and provision of specific training to the responsible staff in the Company's Beijing office.

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 2010. The Company has promptly notified the Stock Exchange about this pursuant to Rule 14A.40 of the Listing Rules.

DEFINITIONS

“ 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
“Directors”	the directors of the Company
“Entrusted Loan Master Agreement”	the master agreement dated 15 July 2009 entered into between the Company and Peking Founder, pursuant to which the Group would, subject to certain conditions, provide entrusted loans to Peking Founder Group
“Founder Order”	北京方正奧德計算機系統有限公司 (Beijing Founder Order Computer Systems Co. Ltd.*), a wholly foreign owned enterprise established in the PRC and a wholly-owned subsidiary of the Company until 4 November 2010
“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
“Peking Founder”	北大方正集團有限公司 (Peking University Founder Group Company Limited*), a company established in the PRC with limited liabilities, the controlling shareholder of the Company, holding approximately 32.49% of the issued share capital of the Company
“Peking Founder Group”	Peking Founder and its subsidiaries
“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
“2010 Annual Cap”	the maximum balance of the principal and interests of RMB181,125,000 for the year ended 31 December 2010 under the Entrusted Loan Master Agreement as approved by the independent shareholders at the special general meeting of the Company held on 20 August 2009

“%”

per cent.

By order of the Board of
Founder Holdings Limited
Zhang Zhao Dong
Chairman

Hong Kong, 31 March 2011

As at the date of this announcement, the Board comprises the executive Directors of Mr Zhang Zhao Dong (Chairman), Professor Xiao Jian Guo (Deputy Chairman), Mr Liu Xiao Kun (President), Professor Wei Xin, Mr Chen Geng and Mr Xie Ke Hai, and the independent non-executive Directors of Mr Li Fat Chung, Dr Hu Hung Lick, Henry and Ms Wong Lam Kit Yee.

* *For identification purpose only*