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CANCELLATION AND GRANT OF SHARE OPTIONS

This announcement is made pursuant to Rule 17.06A of the Listing Rules.

The Board would like to announce that:–

- (i) it resolved to cancel the outstanding Old Options to subscribe for a total of 32,000,000 Shares previously granted to the Executive Directors and the Employees of the Group subject to their respective acceptance; and
- (ii) on 17 November 2011, the Company offered to grant the New Options to subscribe for a total of 73,879,900 Shares of the Company to certain Executive Directors and Employees of the Group subject to the acceptance of the grantees, under the Scheme.

This announcement is made pursuant to Rule 17.06A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Founder Holdings Limited (the “Company”) has granted certain share options (the “Old Options”) to subscribe for shares of HK\$0.10 each in the capital of the Company (the “Shares”) to certain executive directors (the “Executive Directors”) and employees (the “Employees”) of the Company and its subsidiaries (the “Group”) under the share option scheme of the Company adopted on 24 May 2002 (the “Scheme”). Due to the significant drop in the price of Shares resulting from global market downturn, the Old Options no longer serve as effective incentives for the Executive Directors and the Employees as the exercise price of these share options are much higher than the current market price of the Shares. Therefore, the board of directors (the “Board”) of the Company resolved to cancel the outstanding Old Options previously granted to the Executive Directors and the Employees to subscribe for a total of 32,000,000 Shares at an exercise price of HK\$1.104 per Shares with validity period of 10 years ending 4 February 2014 subject to their respective acceptance. In consideration that the Executive Directors and the Employees will irrevocably and unconditionally agree to the cancellation of the Old Options, the Company will pay each of the Executive Directors and the Employees of HK\$1.00.

The Board also announces that on 17 November 2011, the Company offered to grant new share options (the “New Options”) to subscribe for a total of 73,879,900 Shares of the Company to certain Executive Directors and Employees of the Group subject to the acceptance of the grantees, under the Scheme.

Details of the New Options granted to the Executive Directors and the Employees of the Group are set out as follows:

<i>Date of grant</i>	:	17 November 2011
<i>Exercise price of share options granted</i>	:	HK\$0.296 per Share
<i>Total number of Shares subject to the options granted</i>	:	73,879,900 Shares
<i>Closing price of Shares at the date of grant</i>	:	HK\$0.295 per Share
<i>Validity period of the share options</i>	:	The New Options are exercisable in the following two tranches:
		<u>Exercisable Period</u>
		1st tranche From 17 November 2012 to 16 November 2013
		2nd tranche From 17 November 2013 to 16 November 2014
<i>Vesting Conditions</i>	:	(i) First 40% of New Options are exercisable between the period from 17 November 2012 to 16 November 2013
		(ii) The balance of 60% of New Options are exercisable between the period from 17 November 2013 to 16 November 2014
<i>Consideration for the grant</i>	:	HK\$1.00 payable to the Company upon acceptance of the offer

Out of the above New Options to subscribe for 73,879,900 Shares, a total of New Options to subscribe for 14,776,000 Shares were granted to the Executive Directors of the Company, details of which are as follows:

Name of Executive Director	Number of Shares to be subscribed under New Options
Professor Xiao Jian Guo	7,388,000
Mr Liu Xiao Kun	7,388,000
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Total	14,776,000
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The grant of the New Options to the Executive Directors was approved by the Independent Non-executive Directors of the Company.

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

Hong Kong, 17 November 2011

As at the date of this announcement, the board of directors of the Company comprises 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, Ms Wong Lam Kit Yee and Mr Fung Man Yin Sammy.

* *For identification purpose only*