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**CONTINUING CONNECTED TRANSACTIONS
MAJOR TRANSACTION
ENTRUSTED LOAN MASTER AGREEMENT**

ENTRUSTED LOAN MASTER AGREEMENT

On 15 July 2009, the Company has entered into the Entrusted Loan Master Agreement with Peking Founder pursuant to which the Group would, subject to certain conditions, provide short-term loans through a financial institution (to be designated by the parties and being an independent third party to the Company and its connected persons) to the Peking Founder Group.

The provision of the entrusted loans under the Entrusted Loan Master Agreement constitutes (i) advance to an entity under Rule 13.13 of the Listing Rules, (ii) financial assistance provided by the Company not in the ordinary and usual course of business and a major transaction under Chapter 14 of the Listing Rules, and (iii) continuing connected transactions under Chapter 14A of the Listing Rules. Since one of the applicable percentage ratios in respect of the Entrusted Loan Master Agreement exceeds 25%, the transactions contemplated under the Entrusted Loan Master Agreement shall be subject to the reporting, announcement and independent shareholders' approval requirements pursuant to the Listing Rules.

LISTING RULES REQUIREMENTS

The Company is owned as to approximately 32.49% by Peking Founder. Peking Founder is a connected person of the Company for the purposes of Chapter 14A of the Listing Rules.

An independent board committee (comprising all three independent non-executive Directors) will be established to advise the independent shareholders in connection with the Entrusted Loan Master Agreement (including the proposed annual caps for the three years ending 31 December 2011).

The Company will appoint an independent financial adviser to advise the independent board committee in this regard. The Company will despatch to its shareholders a circular containing further details of the Entrusted Loan Master Agreement, the letters from the independent board committee and the independent financial adviser, and a notice convening the SGM as soon as possible.

Peking Founder and its associates will abstain from voting at the SGM in respect of the relevant resolutions.

ENTRUSTED LOAN MASTER AGREEMENT

Date

15 July 2009

Parties

- (1) The Company, as the lender; and
- (2) Peking Founder, as the borrower.

Entrusted loans to be provided by the Company

The Company has entered into the Entrusted Loan Master Agreement with Peking Founder pursuant to which the Group would provide subject to certain conditions short-term loans through a financial institution (to be designated by the parties and being an independent third party to the Company and its connected persons) to the Peking Founder Group. Such loans will be unsecured and interest-bearing at the prevailing benchmark RMB lending rate for loan period of six months offered by The People's Bank of China ("PBOC") plus 10% of such rate. For example, if the prevailing benchmark RMB lending interest rate as quoted by the PBOC is 5% per annum, the interest rate for the entrusted loans would be 5.5% per annum. Under the Entrusted Loan Master Agreement, no collateral was provided by Peking Founder to the Company. Separate entrusted loan agreements will be entered into between the Group, Peking Founder Group and the designated financial institution upon request by Peking Founder pursuant to the terms and conditions of the Entrusted Loan Master Agreement.

Period

The Entrusted Loan Master Agreement shall take immediate effect after satisfaction of the conditions as set out therein and shall continue for a period up to 31 December 2011.

Annual caps for the entrusted loans

The following table sets out the annual caps for the entrusted loans under the Entrusted Loan Master Agreement (representing the maximum balance of the principal and interests of the relevant entrusted loans) for the three years ending 31 December 2011:

	Year ending 31 December 2009 <i>RMB</i>	Year ending 31 December 2010 <i>RMB</i>	Year ending 31 December 2011 <i>RMB</i>
Annual caps	175,000,000	181,125,000	187,464,000

The annual cap amounts for the Entrusted Loan Master Agreement are determined based on the Group's average cash and bank balance as at 31 December for the three years ended 31 December 2008 which is approximately HK\$274,106,000. After deducting the average total quarterly selling and administrative expenses of the Group of approximately HK\$77,760,000, the average excess of cash and bank balance of the Group amounts to approximately HK\$196,346,000 (approximately equivalent to RMB173,079,000). It is expected that there will be a 3.5% annual increase in the Group's net asset value and therefore the Company intends to have a 3.5% year-to-year increase for the annual caps for the three years ending 31 December 2011. Based on the above, the relevant annual caps are set in the amount of RMB175,000,000, RMB181,125,000 and RMB187,464,000 respectively for the three years ending 31 December 2011.

Repayment term

The entrusted loans are repayable within six months from the date of drawing of the relevant entrusted loan. If Peking Founder Group fails to repay the outstanding amount under the relevant entrusted loan agreements, Peking Founder Group shall be liable to pay, on a daily basis, a default interest at the rate of 0.02% of the total outstanding loan amount, until all of the principal amount, the interests together with other applicable charges and/or fees are fully repaid.

Events of default

If any of the following matters arises, the entrusted loans are repayable forthwith, unless otherwise waived by the Company in writing:

1. Peking Founder Group provides false balance sheets, profit and loss statements and other financial statements or provides such statements which withhold material facts;
2. The representations and warranties and undertakings made and given by Peking Founder under the Entrusted Loan Master Agreement or those made and given by the borrower pursuant to the relevant entrusted loan agreement proves to be untrue or misleading;
3. In the reasonable opinion of the Company, there has been a serious deterioration in the operating and financial position of Peking Founder or of the borrower pursuant to the relevant entrusted loan agreement;
4. Peking Founder or the borrower pursuant to the relevant entrusted loan agreement is in breach of its obligations as borrower or guarantor under any other loan agreements;
5. Peking Founder or the borrower pursuant to the relevant entrusted loan agreement fails to make a repayment arrangement or debt restructuring plan to the satisfaction of the trustee when it is undergoing a merger, split or share reform;
6. Peking Founder or the borrower pursuant to the relevant entrusted loan agreement is insolvent, dissolved, closed down, revoked, suspended and deregistered;
7. Peking Founder ceases to be a controlling shareholder (as defined in the Listing Rules) of the Company;
or
8. Peking Founder fails to honour its undertaking or other obligations given under the Entrusted Loan Master Agreement.

Conditions

The Entrusted Loan Master Agreement is conditional upon the fulfillment of the following conditions:

- (1) the passing of the resolutions by the independent shareholders of the Company at the SGM for approving the terms of the Entrusted Loan Master Agreement as required under the Listing Rules;
- (2) the Board having approved the terms of the Entrusted Loan Master Agreement in accordance with the Company's bye-laws;

- (3) the board of directors of Peking Founder having approved the terms of the Entrusted Loan Master Agreement in accordance with Peking Founder's articles of associations;
- (4) the warranties and representations as set out in the Entrusted Loan Master Agreement given by both parties remains true and accurate; and
- (5) any other regulatory approval (if any) applicable to the Company and Peking Founder is obtained.

Reasons and benefit to the Group

The Peking Founder Group is principally engaged in the information technology industry, including software and system development for the publishing sector and various government bureaus and financial institutions and hardware manufacturing for personal computers, chips, circuit boards and other terminal equipment, and the healthcare and pharmaceutical industry, including hospitals, pharmaceuticals, logistics, equipment leasing and hospital management.

The Group is principally engaged in software development and system integration relating to the media industry and non-media industries relating to financial institutions, commercial enterprises and government departments in the PRC.

Since no member of the Group is a licensed financial institution, the Group is not authorized to carry out banking related businesses in the PRC. As such, in order to fully utilize the Group's surplus cash in the PRC and enhance the monetary return of such surplus fund, the Company has made proposals for loan arrangements in the form of entrusted loans through a financial institution designated by the Group and the Peking Founder Group. The entrusted loans are granted by the designated financial institution to the Peking Founder Group on behalf of the Group, from time to time, on a short-term basis and on normal and commercial terms.

The terms of the Entrusted Loan Master Agreement, including the interest rate applicable, were agreed by the parties after arm's length negotiations having taken into account the prevailing market interest rates and practices. The Directors (excluding all independent non-executive Directors whose views will be based on the opinion of an independent financial adviser to be appointed pursuant to the Listing Rules) consider that the interest rate under the Entrusted Loan Master Agreement is favourable to the Group and the provision of the entrusted loans to the Peking Founder Group could generate a higher return for the idle surplus cash of the Group. Due to the scarce investment opportunity under the current financial environment and taken into consideration the creditworthiness of the Peking Founder Group and its sound financial performance in the past, the Directors (excluding all independent non-executive Directors whose views will be based on the opinion of an independent financial adviser to be appointed pursuant to the Listing Rules) consider that the entrusted loan arrangement will definitely bring in more value to the shareholders of the Company as a whole by enhancing the monetary return of the Group's surplus funds generated from operations. Based on the above, the Directors (excluding all independent non-executive Directors whose views will be based on the opinion of an independent financial adviser to be appointed pursuant to the Listing Rules) consider that the terms of the Entrusted Loan Master Agreement and the transactions contemplated therein are on normal commercial terms and are fair and reasonable though not in the ordinary and usual course of business of the Group but are in the interests of the Company and its shareholders as a whole.

LISTING RULES REQUIREMENTS

The Company is owned as to approximately 32.49% by Peking Founder. Peking Founder is a connected person of the Company for the purposes of Chapter 14A of the Listing Rules.

The provision of the entrusted loans under the Entrusted Loan Master Agreement constitutes (i) advance to an entity under Rule 13.13 of the Listing Rules, (ii) financial assistance provided by the Company not in the ordinary and usual course of business and a major transaction under Chapter 14 of the Listing Rules, and (iii) continuing connected transactions under Chapter 14A of the Listing Rules. Since one of the applicable percentage ratios in respect of the Entrusted Loan Master Agreement exceeds 25%, the transactions contemplated under the Entrusted Loan Master Agreement shall be subject to the reporting, announcement and independent shareholders' approval requirements pursuant to the Listing Rules.

An independent board committee (comprising all three independent non-executive Directors) will be established to advise the independent shareholders in connection with the Entrusted Loan Master Agreement (including the proposed annual caps for the three years ending 31 December 2011).

The Company will appoint an independent financial adviser to advise the independent board committee in this regard. The Company will despatch to its shareholders a circular containing further details of the Entrusted Loan Master Agreement, the letters from the independent board committee and the independent financial adviser, and a notice convening the SGM as soon as possible.

Peking Founder and its associates will abstain from voting at the SGM in respect of the relevant resolutions.

DEFINITIONS

“associate(s)”	has the meaning as ascribed to it in the Listing Rules
“Board”	the board of Directors
“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
“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 Company has agreed, subject to certain conditions, to provide entrusted loans to Peking Founder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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, which holds 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
“SGM”	the special general meeting of the Company to be held by the Company for approving, inter alia, the transactions contemplated under the Entrusted Loan Master Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For illustrative purposes only, HK\$ is converted into RMB at an exchange rate of HK\$1 = RMB0.88166 in this announcement.

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

Hong Kong, 15 July 2009

As at the date of this announcement, the Board 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, Dr Hu Hung Lick, Henry and Ms Wong Lam Kit Yee.

** For identification purposes only*