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(Stock Code: 00418)

ANNOUNCEMENT PURSUANT TO RULE 13.18 OF THE LISTING RULES

This announcement is made pursuant to the disclosure obligation under Rule 13.18 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

On 12 May 2010, Founder (Hong Kong) Limited, a wholly-owned subsidiary of the Company as borrower, the Company as guarantor and DBS Bank (Hong Kong) Limited as lender entered into a Facility Agreement. The Facility Agreement imposes a covenant relating to specific performance of the controlling shareholder of the Company.

This announcement is made pursuant to the disclosure obligation under Rule 13.18 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board of directors (the “Board”) of Founder Holdings Limited (the “Company”) announces that on 12 May 2010, Founder (Hong Kong) Limited, a wholly-owned subsidiary of the Company as borrower (the “Borrower”), the Company as guarantor and DBS Bank (Hong Kong) Limited as lender (the “Lender”) entered into a facility agreement (the “Facility Agreement”), pursuant to which a banking facility relating to a revolving term loan and credit facility of up to US\$5,000,000 (the “Facility”) was made available by the Lender to the Borrower on the terms and conditions therein contained. The Facility Agreement imposes a covenant relating to specific performance of the controlling shareholder of the Company.

The Facility Agreement provides that it would constitute an event of default under the Facility Agreement if 北大方正集團有限公司 (Peking University Founder Group Company Limited*) (the controlling shareholder of the Company held as to approximately 32.49% of the equity interests of the Company as at the date of the Facility Agreement) hold less than 32% of the shareholding interest in the Company, and in such event (amongst other things) the loans under the Facility may immediately become payable on demand.

Disclosure will be included in the interim and annual reports of the Company for so long as the said specific performance obligation continues to exist.

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

Hong Kong, 12 May 2010

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, Dr Hu Hung Lick, Henry and Ms Wong Lam Kit Yee.

**For identification purpose only*