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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Founder Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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(Stock Code : 418)

**PROPOSED DIRECTORS FOR RE-ELECTION,
GENERAL MANDATES TO REPURCHASE
AND TO ISSUE SHARES,
PROPOSED AMENDMENTS TO THE BYE-LAWS
AND
NOTICE OF SPECIAL GENERAL MEETING**

The notice of an annual general meeting of Founder Holdings Limited to be held at 11:15 a.m. on 24 May 2004 at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong is set out on pages 76 to 78 of the Annual Report 2003 of Founder Holdings Limited despatched together with this circular. Whether or not you are able to attend the annual general meeting in person, you are requested to complete and return the enclosed form of proxy for the annual general meeting in accordance with the instructions printed thereon to the Company's principal place of business in Hong Kong at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the annual general meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting.

A notice convening a special general meeting of Founder Holdings Limited to be held at 11:30 a.m. (or as soon as thereafter as the annual general meeting of Founder Holdings Limited convened for the same day and at the same place shall have concluded or been adjourned) on 24 May 2004 at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong is set out in Appendix III to this circular. Whether or not you are able to attend the special general meeting in person, you are requested to complete and return the enclosed form of proxy for the special general meeting in accordance with the instructions printed thereon to the Company's principal place of business in Hong Kong at the address mentioned above as soon as possible and in any event not less than 48 hours before the time appointed for holding of the special general meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting.

16 April 2004

* For identification purpose only

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context otherwise requires:

“AGM”	the annual general meeting of the Company to be held at 11:15 a.m. on 24 May 2004 at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong or any adjournment thereof;
“Board”	the board of Directors;
“Bye-laws”	the bye-laws of the Company;
“Company”	Founder Holdings Limited (方正控股有限公司*), an exempted company and incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	13 April 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as modified from time to time;
“Peking Founder”	Peking University Founder Group Corporation, the controlling shareholder of the Company;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company to be held at 11:30 a.m. (or as soon as thereafter as the AGM convened for the same day and at the same place shall have concluded or been adjourned) on 24 May 2004 at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong or any adjournment thereof;

DEFINITIONS

“Share Repurchase Rules”	the applicable provisions under the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange;
“Share(s)”	ordinary shares of HK\$0.10 each of the Company;
“Shareholder(s)”	registered holder(s) of Share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers.

LETTER FROM THE BOARD



(incorporated in Bermuda with limited liability)

Executive Directors:

Mr Cheung Shuen Lung (*Chairman and President*)

Professor Xiao Jian Guo (*Deputy Chairman*)

Professor Wei Xin

Mr Zhang Zhao Dong

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

Independent Non-executive Directors:

Dr Hu Hung Lick, Henry

Mr Li Fat Chung

Principal place of business

in Hong Kong:

Unit 1408

14th Floor

Cable TV Tower

9 Hoi Shing Road

Tsuen Wan

New Territories

Hong Kong

16 April 2004

To the Shareholders

Dear Sirs,

**PROPOSED DIRECTORS FOR RE-ELECTION,
GENERAL MANDATES TO REPURCHASE
AND TO ISSUE SHARES,
PROPOSED AMENDMENTS TO THE BYE-LAWS
AND
NOTICE OF SPECIAL GENERAL MEETING**

I. INTRODUCTION

At the annual general meeting of the Company held on 28 May 2003, resolutions were passed by the then Shareholders giving general mandates to the Directors to issue Shares and to exercise the powers of the Company to repurchase its own Shares. Such general mandates will lapse at the conclusion of the forthcoming AGM. Resolutions will therefore be proposed by the Directors to the Shareholders at the AGM to renew the grant of these general mandates.

* For identification purpose only

LETTER FROM THE BOARD

In light of the proposed amendments to the Listing Rules as announced by the Stock Exchange on 30 January 2004, the Directors propose to seek the approval of the Shareholders at the SGM to amend the Bye-laws to comply with the revised Listing Rules.

The purpose of this circular is to provide you with information relating to (i) the proposed Directors for re-election; (ii) the proposed renewal of the general mandates to repurchase Shares and to issue Shares; and (iii) the proposed amendments to the Bye-laws so as to give you all information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM and the SGM (as appropriate).

II. PROPOSED DIRECTORS FOR RE-ELECTION

In accordance with Bye-law 99 of the Bye-laws, the Directors retiring by rotation at the AGM are Professor Wei Xin and Dr Hu Hung Lick, Henry, who, being eligible, offer themselves for re-election at the AGM. Relevant details, as at the Latest Practicable Date, of each of the Directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

III. GENERAL MANDATES

1. General mandate to repurchase Shares

At the AGM, an ordinary resolution will be proposed to grant the Board a general and unconditional mandate to exercise all the powers of the Company to purchase Shares not exceeding 10 per cent. of the Company's issued share capital as at the date of such resolution for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution) ("**Repurchase Mandate**").

An explanatory statement required under the Share Repurchase Rules providing the requisite information in respect of the Repurchase Mandate is set out in Appendix I to this circular.

2. General mandate to issue Shares

At the AGM, an ordinary resolution will also be proposed to grant the Board a general and unconditional mandate to allot, issue, grant, distribute and otherwise deal with additional Shares not exceeding 20 per cent. of the Company's issued share capital as at the date of such resolution (as adjusted in accordance with the resolution) for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution) ("**Share Issue Mandate**").

LETTER FROM THE BOARD

Conditional upon the passing of the above resolutions to grant the Repurchase Mandate and the Share Issue Mandate, a separate ordinary resolution will be further proposed at the AGM granting authorisation to the Board to exercise all powers to allot, issue, grant, distribute and otherwise deal with additional Shares under the Share Issue Mandate in respect of the aggregate nominal amount of share capital in the Company repurchased by the Company.

IV. AMENDMENTS TO THE BYE-LAWS

The Stock Exchange published amendments to the Listing Rules on 30 January 2004. Subject to specific transitional arrangements in respect of some of the new provisions, the revised Listing Rules became effective on 31 March 2004. The revised Listing Rules have imposed certain new requirements which have to be reflected in the articles of association/bye-laws of all issuers. To align the Bye-laws with the revised Listing Rules, the Board proposes that certain provisions in the Bye-laws be amended to comply with the revised Listing Rules.

The Board also proposes to update the definition of recognised clearing house following the repeal of the Securities (Clearing House) Ordinance and the commencement of the SFO on 1 April 2003.

In addition to the above, the Board proposes to amend the Bye-laws relating to votes of Shareholders to reflect each proxy representing a Shareholder shall be entitled to exercise the same powers on behalf of the Shareholder which he represents as such Shareholder could exercise.

Full details of the proposed amendments to the Bye-laws are set out in the notice convening the SGM as set out in Appendix III of this circular.

V. GENERAL INFORMATION

The notice convening the AGM is set out on pages 76 to 78 of the Annual Report 2003 of the Company at which resolutions will be proposed to approve, among other matters, the grant of the Repurchase Mandate and the Share Issue Mandate. Whether or not you are able to attend the AGM in person, you are requested to complete and return the enclosed form of proxy for the AGM in accordance with the instructions printed thereon to the Company's principal place of business in Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding of the AGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting.

LETTER FROM THE BOARD

A notice convening the SGM for the purpose of, inter alia, considering and, if thought fit, passing the resolution relating to the proposed amendments to the Bye-laws is set out in Appendix III to this circular. A form of proxy for the SGM is enclosed for use by Shareholders at the SGM. You are requested to complete and return the form of proxy to the Company's principal place of business in Hong Kong as soon as possible, but in any event not less than 48 hours before the scheduled time of the SGM or any adjourned meeting (as the case may be). The lodging of the form of proxy will not preclude you from attending the SGM and voting in person should you so wish.

Your right to demand a poll on the resolutions proposed at the AGM and the SGM is set out in Appendix IV to this circular.

VI. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

VII. RECOMMENDATION

The Directors believe that the proposed Directors for re-election, the Repurchase Mandate, the Share Issue Mandate, and the proposed amendments to the Bye-laws are all in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of all the resolutions to be proposed at the AGM and the SGM.

Yours faithfully,
For and on behalf of the Board
Cheung Shuen Lung
Chairman

This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

SHARE REPURCHASE RULES

The Share Repurchase Rules provide that all proposed repurchases of securities by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders in general meeting, either by way of a general mandate or by a specific approval of a particular transaction. A maximum of 10 per cent. of the fully paid-up securities of a company as at the date of the passing of the relevant resolution may be repurchased on the Stock Exchange.

SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company comprised 2,100,000,000 Shares and the number of Shares in issue was 1,123,799,893.

Subject to the passing of the relevant ordinary resolution and on the basis that no further Shares will be issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 112,379,989 Shares during the period in which the Repurchase Mandate remains in force. Any Shares repurchased pursuant to the Repurchase Mandate must be fully paid-up.

SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2003		
April	0.66	0.46
May	0.73	0.53
June	0.82	0.67
July	0.98	0.69
August	0.94	0.77
September	1.05	0.88
October	1.01	0.88
November	0.99	0.77
December	0.89	0.80
2004		
January	1.20	0.81
February	1.29	0.99
March	1.14	0.85

REASONS FOR REPURCHASE

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to purchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share and will only be made when the Board believes that such repurchases will benefit the Company and the Shareholders.

FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association, the Bye-laws and the applicable laws of Bermuda.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements of the Company for the year ended 31 December 2003) in the event that the Repurchase Mandate was to be exercised in full at any time during the repurchase period. However, the Board does not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing level of the Company.

UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda so far as the same may be applicable.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) has any present intention to sell Shares to the Company or its subsidiaries under the Repurchase Mandate, if such is approved by the Shareholders.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company or its subsidiaries, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

EFFECT OF THE TAKEOVERS CODE

If, as a result of a share repurchase by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase may be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company or become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Peking Founder, being the only controlling shareholder of the Company, was interested in 367,179,610 Shares, representing approximately 32.67% of the issued share capital of the Company. In the event that the Directors exercised in full the power to repurchase Shares in accordance with the Repurchase Mandate, the shareholding of Peking Founder in the Company will be increased to approximately 36.30% of the issued share capital of the Company. As a result, Peking Founder would be required under Rule 26 of the Takeovers Code to make a mandatory offer pursuant to such increase. The Directors have no present intention to exercise in full the power to repurchase Shares pursuant to the Repurchase Mandate so as to trigger the Takeovers Code.

SHARE REPURCHASE MADE BY THE COMPANY

There have been no repurchases of Shares by the Company made in the six months prior to the date of this circular (whether on the Stock Exchange or otherwise).

The following are the relevant details of the two Directors proposed to be re-elected at the AGM.

1. Professor Wei Xin, aged 48, is an executive director of the Company. Professor Wei joined the Group in October 1999. He is the Chairman of Peking Founder, an executive director of EC-Founder (Holdings) Company Limited, a non-executive director of PUC Founder (MSC) Berhad, and the Chairman of Founder Technology Group Corp. He also holds directorships in certain companies controlled by the Group or Peking Founder. He is also the Executive Dean of College of Education of Peking University. Professor Wei obtained a master degree from the College of Economics at Peking University.

Saved as disclosed above, Professor Wei does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Professor Wei has a personal interest of share options to subscribe for 8,000,000 shares in the Company. Save as disclosed above, he does not have any interest in shares of the Company within the meaning of Part XV of the SFO.

The amount of director's remuneration specified in his service contract with the Company includes a fixed salary of HK\$1.00 per annum, a director fee of HK\$10,000.00 per month, and a bonus payment in an amount to be determined by the Board in its absolute discretion provided that the total amount of bonuses payable to all the executive directors of the Company shall not exceed 5 per cent. of the consolidated audited net profit of the Company (after payment of all bonuses) after taxation and minority interests but before extraordinary items for that financial year. The remuneration of Directors is determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

2. Dr Hu Hung Lick, Henry, G.B.S., O.B.E., PhD, J.P., aged 84, is an independent non-executive director of the Company and China National Aviation Company Limited. He joined the Group since December 1995. Dr Hu has been practicing as barrister for over 49 years and is currently the President of Shue Yan College in Hong Kong, and a member of the China International Economic and Trade Arbitration Commission. Dr Hu is also an adviser to the China Research Committee of Juvenile Delinquency.

Dr Hu does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company.

Dr Hu does not have any interest in shares of the Company within the meaning of Part XV of the SFO.

There is no service contract between the Company and Dr Hu but he receives a director fee of HK\$11,000.00 per month. The remuneration of Directors is determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.



NOTICE IS HEREBY GIVEN that a special general meeting of Founder Holdings Limited (the “Company”) will be held at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong on 24 May 2004 at 11:30 a.m. (or as soon as thereafter as the annual general meeting of the Company convened for the same day and at the same place shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolution as special resolution of the Company:

SPECIAL RESOLUTION

“**THAT** the bye-laws of the Company (the “Bye-laws”) be amended as follows:—

- (A) By deleting the existing definition of “associates” in Bye-law 1(A) and substituting therefor the following new definition:—

““associate(s)” shall have the meaning attributed to it in the rules of the Designated Stock Exchange.”

- (B) By deleting the existing definition of “Clearing House” in Bye-law 1(A) and substituting therefor the following new definition:—

““Clearing House” shall mean a recognised clearing house within the meaning of Schedule 1 to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or, if the shares of the Company for the time being listed or quoted on a stock exchange, a clearing house or authorised share depository recognised by the laws of the jurisdiction in which such stock exchange is located.”

- (C) By deleting the existing definition of “holding company” and “subsidiary” in Bye-law 1(A) and substituting therefor the following new definition:—

““holding company” and “subsidiary” shall have the meanings attributed to them in the rules of the Designated Stock Exchange.”

(D) By inserting the following new definition of “Designated Stock Exchange” in Bye-law 1(A):—

““Designated Stock Exchange” shall mean a stock exchange in respect of which the shares of the Company are listed or quoted and where such stock exchange deems such listing or quotation to be the primary listing or quotation of the shares of the Company.”

(E) By inserting in the sixth line of Bye-law 76 immediately after the words “authorised corporate representative” the words “or by proxy”.

(F) By deleting in the twenty-first line of Bye-law 87(B) immediately after the words “show of hands” the words “notwithstanding the provisions of Bye-laws 76 and 81”.

(G) By inserting the following as new Bye-law 80(B):—

“80.(B) Where any shareholder of the Company is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.”

(H) By re-numbering existing Bye-law 80(B) as Bye-law 80(C).

(I) By deleting the existing Bye-law 81 in its entirety and replacing therewith the following new Bye-law 81:—

“81. Any shareholder of the Company entitled to attend and vote at a meeting of the Company or a meeting of the holders of any class of shares in the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder. In addition, a proxy or proxies representing either an individual shareholder or a shareholder which is a corporation, shall be entitled to exercise the same powers on behalf of the shareholder which he or they represent as such shareholder could exercise.”

(J) By deleting the existing Bye-laws 98(H), (I), (J) and (K) in their entirety and replacing therewith the following new Bye-laws 98(H), (I), (J) and (K):—

- “98. (H) A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or any other proposal in which he or any of his associates, is to his knowledge, materially interested, and if he do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution), but this prohibition shall not apply to any of the following matters namely:
- (i) any contract or arrangement for the giving by the Company to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
 - (ii) any contract or arrangement for the giving by the Company of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/ themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
 - (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
 - (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company or any of its subsidiaries by virtue only of his/their interest in shares or debentures or other securities of the Company;
 - (v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder other than a company in which the Director and/or his associate(s) is/are beneficially interested in five (5) per cent. or more of the issued shares or of the voting rights of any class of shares of such company (or any third company through which his interest or that of any of his associates is derived); or

- (vi) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme involving the issue or grant of options over shares or other securities by the Company under which the Directors or his associate(s) may benefit; or
 - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to Directors, his associates, and employees of the Company or any of its subsidiaries and does not provide in respect of any Directors or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates.

- (I) A company shall be deemed to be a company in which a Director and/or his associate(s) owns five (5) per cent. or more if and so long as (but only if and so long as) he and/or his associates, (either directly or indirectly) are the holders of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his/their interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.

- (J) Where a company in which a Director and/or his associate(s) holds five (5) per cent. or more is/are materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.

- (K) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or his associate(s) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director and/or his associate(s) concerned

as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.”

(K) By deleting the existing Bye-law 103 in its entirety and replacing therewith the following new Bye-law 103:—

“103. No person, other than a retiring Director at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice in writing signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice in writing signed by the person to be proposed of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office provided that the minimum length of the period, during which such notice(s) in writing are given, shall be at least seven days and that the period for lodgment of such notice(s) in writing shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.”

By Order of the Board
Tang Yuk Bo, Yvonne
Company Secretary

Hong Kong, 16 April 2004

Notes:

1. Any shareholder entitled to attend and vote at the special general meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company.
2. Where there are joint holders of any share, any one of such joint holders may vote at the special general meeting, either in person or by proxy, in respect of such share as if he were solely entitled thereto but if more than one of such joint holders is present at the special general meeting, then one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
3. To be valid, the instrument appointing a proxy, together with a power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power or authority) must be deposited at the Company's principal place of business in Hong Kong at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (as the case may be). Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the meeting or at any adjourned meeting.

Bye-law 70 of the Bye-Laws sets out the procedure by which Shareholders may demand a poll:

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll. A poll may be demanded by:

- (a) the Chairman of the meeting; or
- (b) at least three Shareholders present in person or by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (c) any Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (d) any Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll be so demanded and the demand is not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.



Form of Proxy for Special General Meeting

I/We ¹, _____ of _____ being the registered holder(s) of ² _____ share(s) of HK\$0.10 each in the capital of Founder Holdings Limited (the "Company") hereby appoint ³ the Chairman of the meeting or _____ of _____ or failing him _____ of _____ as my/our proxy to vote for me/us on my/our behalf at the Special General Meeting of the Company to be held at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong on 24 May 2004 at 11:30 a.m. (or as soon as thereafter as the annual general meeting of the Company convened for the same day and at the same place shall have concluded or been adjourned) and at any adjournment thereof on the undermentioned resolution referred to in the notice convening the Special General Meeting, or if no such indication is given, as my/our proxy thinks fit.

	For ⁴	Against ⁴
SPECIAL RESOLUTION	<input type="checkbox"/>	<input type="checkbox"/>

Signature(s) ⁵: _____

Date: _____

Notes:

1. Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**.
2. Please insert the number of shares registered in your name(s). If no number is inserted, this proxy form will be deemed to relate to all the shares in the capital of the Company registered in your name(s).
3. Any shareholder entitled to attend and vote at the Special General Meeting is entitled to appoint one or more proxy to attend and vote in his stead. A proxy need not be a shareholder of the Company.
4. **IMPORTANT: IF YOU WISH TO VOTE FOR THE RESOLUTION, TICK THE BOX MARKED "FOR". IF YOU WISH TO VOTE AGAINST THE RESOLUTION, TICK THE BOX MARKED "AGAINST"**. Failure to tick either box will entitle your proxy to cast your vote or abstain at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the said meeting other than that referred to in the notice convening the meeting.
5. This proxy form must be signed by the appointor, or his attorney duly authorised in writing, or if such appointor be a corporation, either under its Common Seal or under the hand of an officer, attorney or other person so authorised.
6. In the case of joint registered holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding.
7. To be valid, this proxy form together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the Company's principal place of business in Hong Kong at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong not later than 48 hours before the time of the meeting or any adjournment thereof.
8. Any alterations made in this proxy form should be initialled by the person who signs it.

* For identification purpose only