FOUNDER HOLDINGS LIMITED
方正控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code : 00418)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008

The board of directors (the "Board") of Founder Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim financial results and financial position of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2008, together with the comparative figures for the corresponding period in 2007. The condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2008	2007
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*2*	**477,224**	279,879
Cost of sales		**(367,745)**	(210,372)
Gross profit		**109,479**	69,507
Other income and gains	*3*	**17,657**	18,777
Selling and distribution costs		**(69,394)**	(75,215)
Administrative expenses		**(30,420)**	(40,809)
Other expenses, net		**(42,455)**	(27,151)
Finance costs	*4*	**(1,180)**	(121)
Share of profits and losses of associates		**11,165**	3,928
LOSS BEFORE TAX	*5*	**(5,148)**	(51,084)
Tax	*6*	**(198)**	(64)
LOSS FOR THE PERIOD		**(5,346)**	(51,148)
Attributable to:			
Equity holders of the parent		**(5,459)**	(51,193)
Minority interests		**113**	45
		(5,346)	(51,148)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT – BASIC	*7*	**(0.48 cents)**	(4.56 cents)

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**30 June 2008 (Unaudited) *HK$'000***	31 December 2007 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**62,760**	60,468
Investment properties		**27,785**	27,785
Interests in associates		**119,052**	99,111
Total non-current assets		**209,597**	187,364
CURRENT ASSETS			
Inventories		**32,092**	36,606
Systems integration contracts		**186,289**	106,907
Trade and bills receivables	*8*	**236,786**	132,935
Prepayments, deposits and other receivables		**200,841**	54,386
Equity investments at fair value through profit or loss		**2,483**	2,072
Pledged deposits		**20,880**	25,431
Cash and cash equivalents		**146,193**	314,888
Total current assets		**825,564**	673,225
CURRENT LIABILITIES			
Trade and bills payables	*9*	**251,262**	123,785
Other payables and accruals		**373,734**	348,270
Interest-bearing bank borrowings		**22,014**	10,670
Tax payable		**–**	44
Total current liabilities		**647,010**	482,769
NET CURRENT ASSETS		**178,554**	190,456
Net assets		**388,151**	377,820
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**113,030**	113,030
Reserves		**268,968**	258,769
		381,998	371,799
Minority interests		**6,153**	6,021
Total equity		**388,151**	377,820

Notes:

1. ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2007, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period's financial statements:

HK(IFRIC)-Int 11	*HKFRS 2 – Group and Treasury Share Transactions*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 14	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

HK(IFRIC)-Int 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments, to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group.

HK(IFRIC)-Int 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services.

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 *Employee Benefits*, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

The adoption of the above new and revised HKFRSs has no material impact on the Group's results of operations and financial position.

2. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments.

The following table presents revenue and results for the Group's primary segments for the six months ended 30 June 2008 and 2007.

	Software development and systems integration for media business		**Software development and systems integration for non-media business**		**Corporate**		**Others**		**Eliminations**		**Consolidated**	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Sales to external customers	**218,075**	168,311	**256,799**	108,821	**–**	–	**2,350**	2,747	**–**	–	**477,224**	279,879
Intersegment sales	**9,548**	–	**2,742**	–	**–**	–	**–**	–	**(12,290)**	–	**–**	–
Other income	**14,124**	13,887	**935**	1,127	**1,327**	1,477	**42**	99	**–**	–	**16,428**	16,590
Total	**241,747**	182,198	**260,476**	109,948	**1,327**	1,477	**2,392**	2,846	**(12,290)**	–	**493,652**	296,469
Segment results	**(8,137)**	(37,370)	**(2,705)**	(14,289)	**(5,542)**	(5,511)	**22**	92			**(16,362)**	(57,078)
Interest income and unallocated gains											**1,229**	2,187
Finance costs											**(1,180)**	(121)
Share of profits and losses of associates											**11,165**	3,928
Loss before tax											**(5,148)**	(51,084)
Tax											**(198)**	(64)
Loss for the period											**(5,346)**	(51,148)

3. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Bank interest income	**977**	1,809
Gross rental income	**638**	623
Government grants	**14,607**	14,438
Foreign exchange differences, net	**252**	378
Others	**1,183**	1,529
	17,657	18,777

4. FINANCE COSTS

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	**1,180**	121

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**4,605**	6,500
Loss on disposal of items of property, plant and equipment	**–**	14
Impairment of trade receivables	**7,115**	2,857
Provision and write-off of obsolete inventories	**3,500**	4,135

6. TAX

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Elsewhere	**198**	64

No provision for Hong Kong profits tax has been made as the relevant subsidiaries either did not generate any assessable profits arising in Hong Kong during the period or have available tax losses brought forward from prior years to offset the assessable profits generated during the period (2007: Nil).

Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The corporate income tax provision in the People's Republic of China (the "PRC") in respect of operations in the PRC was calculated at the applicable tax rates on the estimated assessable profits for the period based on the existing legislation, interpretations and practices in respect thereof. Pursuant to the PRC Corporate Income Tax Law passed by the 10th National People's Congress on 16 March 2007, the new corporate income taxes for domestic and foreign enterprises are unified at 25%, which is effective from 1 January 2008. As a result, the corporate income tax rate of the PRC subsidiaries of the Group has changed to 25% with effect from 1 January 2008.

The share of tax attributable to associates amounting to approximately HK$2,317,000 (2007: HK$979,000) is included in "Share of profits and losses of associates" on the face of the condensed consolidated income statement.

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share amounts is based on the unaudited loss for the period attributable to equity holders of the parent of approximately HK$5,459,000 (2007: HK$51,193,000), and the weighted average number of approximately 1,130,300,000 (2007: 1,123,800,000) ordinary shares in issue during the period.

Diluted loss per share for the six months ended 30 June 2008 and 2007 have not been calculated as the exercise price of the outstanding share options during the period was higher than the average market price of the Company's shares during the periods.

8. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Trade and bills receivables are settled in accordance with the terms of the respective contracts. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables as at the balance sheet date, based on the invoice date and net of provisions, is as follows:

	30 June 2008 (Unaudited) *HK$'000*	31 December 2007 (Audited) *HK$'000*
Within 6 months	**178,872**	107,298
7 – 12 months	**46,428**	13,619
13 – 24 months	**10,086**	9,749
Over 24 months	**1,400**	2,269
	236,786	132,935

Included in the Group's trade and bills receivables are amounts due from the Group's related companies and associates of approximately HK$849,000 (31 December 2007: HK$2,924,000) and HK$3,146,000 (31 December 2007: HK$2,088,000), respectively, which are repayable on similar credit terms to those offered to the major customers of the Group.

9. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2008 (Unaudited) *HK$'000*	31 December 2007 (Audited) *HK$'000*
Within 6 months	**215,897**	96,780
7 – 12 months	**23,527**	19,616
13 – 24 months	**9,266**	4,204
Over 24 months	**2,572**	3,185
	251,262	123,785

Included in the Group's trade and bills payables are amounts due to the Group's related companies and associates of approximately HK$18,875,000 (31 December 2007: HK$3,581,000) and HK$72,497,000 (31 December 2007: HK$7,778,000), respectively, which are repayable on similar credit terms to those obtained from major suppliers of the Group.

The trade payables are non-interest-bearing and are normally settled on terms of 15 to 90 days.

INTERIM DIVIDEND

The directors does not recommend the payment of any interim dividend for the six months ended 30 June 2008 (2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

The Group recorded an unaudited consolidated loss attributable to equity holders of the parent of HK$5.5 million for the six months ended 30 June 2008 (six months ended 30 June 2007: HK$51.2 million). The Group recorded a significant increase in turnover during the current interim period by approximately 70.5% to HK$477.2 million (six months ended 30 June 2007: HK$279.9 million) and a slight decrease in gross profit ratio from 24.83% for the six months ended 30 June 2007 to 22.94% for the current interim period.

Basic loss per share attributable to equity holders of the parent for the current interim period was HK0.48 cents (six months ended 30 June 2007: HK4.56 cents).

Operating Review

(A) Software development and systems integration for media sector ("Media Business")

The turnover of the Media Business for the current interim period increased by 29.6% to approximately HK$218.1 million (six months ended 30 June 2007: HK$168.3 million) while the segment results recorded a loss of approximately HK$8.1 million (six months ended 30 June 2007: segment loss of HK$37.4 million). The gross profit ratio for the Media Business for the current interim period has increased to 45.0% as compared to 41.6% for the six months ended 30 June 2007.

The segment loss of the current interim period for the Media Business has decreased by 78.2% as compared to the six months ended 30 June 2007. The improvement in the segment results is mainly because of the disposal of the loss making business of Founder Apabi Technology Co., Ltd. (北京方正阿帕比技術有限公司) ("Founder Apabi") in November 2007. Founder Apabi has contributed a segment loss of approximately HK$22.4 million to the Media Business for the six months ended 30 June 2007. If the segment loss for Founder Apabi for the six months 30 June 2007 is excluded, the current interim period's segment loss represents a decrease of 46% as compared with the last interim period. Besides, the rise in the gross profit ratio and increase in turnover also contributed to the improvement in the segment results for the Media Business. After the disposal of the Founder Apabi business in late 2007, the Group has been able to allocate more resources for new product development and marketing effort for its traditional graphic arts and e-publishing business.

The Group's first own developed and advanced technology computer-to-plate CTP product, Founder Diao Long (方正雕龍) has received wide support and strong demand from both domestic and overseas market. The continued development of the CTP product will not only enable the Group to integrate vertically as a software and hardware developer but also horizontally as a system integrator and service provider. The Group envisages that the demand for fast, efficient and cost-effecting printing process will continue to grow in the future, therefore the continued development of the Group's CTP products and its related graphic arts and e-publishing software solutions for the needs of newspaper and publishing houses will bring the Group into another thriving era in the printing industry.

On 12 June 2008, the Group's software development arm, Beijing Founder Electronics Co., Ltd., was awarded by China Information World (中國計算機報) as China's most technologically innovative software developer since the "Thirty Years of Reform and Opening-Up" (改革開放三十周年中國軟件行業最佳技術創新獎) and its flagship product, Founder FIT 5.0 (方正飛騰創藝5.0) was awarded China's most reliable software product in the tools software category (中國軟件行業最值得信賴產品-工具軟件信賴產品).

(B) Software development and systems integration for non-media sector ("Non-Media Business")

The turnover of the Non-Media Business for the current financial year increased by 136.0% to approximately HK$256.8 million (six months ended 30 June 2007: HK$108.8 million) while its segment results has recorded a loss of approximately HK$2.7 million (six months ended 30 June 2007: segment loss of HK$14.3 million).

The segment loss for the Non-Media Business narrowed significantly because of management's continued effort to streamline the operation and opening up new customer channel. During the current interim period, the Non-Media Business was mainly focused on the systems integration business for the finance and securities industries and the government bureaus in China. The major products and services provided by the Non-Media Business include various solutions for the banking, insurance and securities industries, call center solutions, security and identity verification systems, documents imaging systems and fingerprint related security solutions.

Prospects

Facing the trend of globalisation and the new demands in the publishing sector and system integration business, the Group is set to continue its focus in technological innovation by bringing a full range of technologies to address the business development needs of its customer base in this "electronics age" and the Group is also dedicated to the continued development of the digital information production and communication. To broaden its income base and mitigate the seasonality characteristics of the software business in China, the Group will continue to expand its product range and depth to create a more stable and sustainable customer base and demand.

Financial Review

Liquidity, financial resources and capital commitments

During the Period, the Group generally financed its operations with internally generated resources and banking facilities provided by its principal bankers in Hong Kong and the PRC. As at 30 June 2008, the Group had approximately HK$22.0 million interest-bearing bank borrowings (31 December 2007: HK$10.7 million), which were floating interest bearing and denominated in Renminbi ("RMB") and United States Dollars ("U.S. Dollars") with maturity within one year. The Group's banking facilities were secured by corporate guarantees given by the Company and Peking University Founder Group Company Limited, certain of the Group's land and buildings and investment properties and bank deposits.

At 30 June 2008, the Group recorded total assets of HK$1,035.2 million which were financed by liabilities of HK$647.0 million, minority interests of HK$6.2 million and equity of HK$382.0 million. The Group's net asset value per share as at 30 June 2008 amounted to HK$0.34 (31 December 2007: HK$0.33).

The Group had a total cash and bank balances of HK$167.1 million as at 30 June 2008. After deducting total bank borrowings of HK$22.0 million, the Group recorded net cash and bank balances of HK$145.1 million as at 30 June 2008 as compared to HK$329.6 million as at 31 December 2007. The Group's borrowings, which are subject to little seasonality, consist of mainly short term bank loan and trust receipt loans. As at 30 June 2008, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 0.06 (31 December 2007: 0.03) while the Group's working capital ratio was 1.28 (31 December 2007: 1.39).

At 30 June 2008 and 31 December 2007, the Group did not have any material capital expenditure commitments.

Treasury policies

The Group adopts conservative treasury policies and controls tightly over its cash and risk management. The Group's cash and cash equivalents are held mainly in Hong Kong Dollars, RMB and U.S. Dollars. Surplus cash is generally placed in short term deposits denominated in Hong Kong dollars, RMB and U.S. Dollars.

Exposure to fluctuations in exchange rates and related hedges

The Group mainly operates in the PRC, so most of its revenue and expenses are measured in RMB. The value of RMB against U.S. Dollars and currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of RMB into foreign currencies, including U.S. Dollars and Hong Kong Dollars, has been based on rates set by the People's Bank of China.

In the first half of 2008, though the exchange rates of RMB to U.S. Dollars and Hong Kong Dollars kept on increasing, the directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group, therefore, no financial instruments have been used for hedging purposes.

Contracts

At 30 June 2008, the major contracts in hand for the software development and systems integration business amounted to approximately HK$483.0 million (31 December 2007: HK$379.6 million).

Charges on assets

At 30 June 2008, certain of the Group's land and buildings in Hong Kong of approximately HK$31.2 million and investment properties of approximately HK$27.3 million and bank deposits of approximately HK$20.9 million were pledged to banks to secure banking facilities granted.

Contingent liabilities

At 30 June 2008, the Group did not have any significant contingent liabilities.

Employees and Remuneration Policies

The Group has developed its human resources policies and procedures based on performance and merit. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus systems. The Group provides on-the-job training to its employees in addition to retirement benefit schemes and medical insurance.

The Group operates share option scheme for the purpose of providing incentives and rewards to eligible directors and employees of the Group who contribute to the success of the Group's operations. The Company had not granted any share options during the current period.

As at 30 June 2008, the Group had 1,336 employees (31 December 2007: 1,327).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

CORPORATE GOVERNANCE

None of the directors of the Company is aware of any information which would reasonably indicate that the Company has not, throughout the six months ended 30 June 2008, complied with the code provisions of the Code of Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted a model code of conduct regarding securities transactions by directors of the Company on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's condensed consolidated interim financial statements for six months ended 30 June 2008, including the accounting principles adopted by the Group, with the Company's management.

DISCLOSURE OF INFORMATION ON WEBSITE OF THE STOCK EXCHANGE

The 2008 interim report of the Company containing all the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders of the Company and published on the Stock Exchange's website (http://www.hkex.com.hk) and the Company's website (http://www.irasia.com/listco/hk/founder/index.htm) in due course.

By Order of the Board
FOUNDER HOLDINGS LIMITED
Zhang Zhao Dong
Chairman

Hong Kong
26 September 2008

As at the date of this announcement, the Board of the Company 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*