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(Incorporated in Bermuda with limited liability)

(Stock code: 00418)

## FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

The Board of Directors (the “Board”) of Founder Holdings Limited (the “Company”) is pleased to announce the consolidated results and financial position of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2008 together with the comparative figures.

### CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>REVENUE</b>	2	<b>1,285,617</b>	784,211
Cost of sales		<u>(1,032,081)</u>	<u>(578,108)</u>
Gross profit		<b>253,536</b>	206,103
Other income and gains	3	<b>48,386</b>	55,618
Selling and distribution costs		<b>(122,829)</b>	(140,228)
Administrative expenses		<b>(76,427)</b>	(93,662)
Other expenses, net		<b>(83,473)</b>	(82,052)
Finance costs	4	<b>(2,168)</b>	(681)
Share of profits and losses of associates		<u><b>6,753</b></u>	<u>4,454</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>	5	<b>23,778</b>	(50,448)
Tax	6	<u><b>(424)</b></u>	<u>(69)</u>
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<u><b>23,354</b></u>	<u>(50,517)</u>
Attributable to:			
Equity holders of the parent		<b>23,535</b>	(50,928)
Minority interests		<u><b>(181)</b></u>	<u>411</u>
		<u><b>23,354</b></u>	<u>(50,517)</u>
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT – BASIC</b>	7	<u><b>HK2.1 cents</b></u>	<u>HK(4.5) cents</u>

# CONSOLIDATED BALANCE SHEET

31 December 2008

	Notes	2008 HK\$'000	2007 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		58,338	60,468
Investment properties		25,823	27,785
Interests in associates		110,755	99,111
Available-for-sale investment		802	–
Total non-current assets		<u>195,718</u>	<u>187,364</u>
<b>CURRENT ASSETS</b>			
Inventories		18,344	36,606
Gross amount due from contract customers		64,346	106,907
Trade and bills receivables	8	183,653	132,935
Prepayments, deposits and other receivables		270,810	54,386
Equity investments at fair value through profit or loss		–	2,072
Pledged deposits		42,377	25,431
Cash and cash equivalents		277,373	314,888
Total current assets		<u>856,903</u>	<u>673,225</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	9	222,618	123,785
Gross amount due to contract customers		41,923	–
Other payables and accruals		323,991	348,270
Interest-bearing bank borrowings		55,143	10,670
Tax payable		–	44
Total current liabilities		<u>643,675</u>	<u>482,769</u>
<b>NET CURRENT ASSETS</b>		<u>213,228</u>	<u>190,456</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>408,946</b>	<b>377,820</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		3,795	–
Net assets		<u><b>405,151</b></u>	<u><b>377,820</b></u>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Issued capital		113,030	113,030
Reserves		291,630	258,769
		<u>404,660</u>	<u>371,799</u>
Minority interests		491	6,021
Total equity		<u><b>405,151</b></u>	<u><b>377,820</b></u>

Notes:

## 1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, land and buildings and equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

## 1.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year’s financial statements.

HKAS 39 & HKFRS 7 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement</i> and HKFRS 7 <i>Financial Instruments: Disclosures – Reclassification of Financial Assets</i>
HK(IFRIC)-Int 11	<i>HKFRS 2 – Group and Treasury Share Transactions</i>
HK(IFRIC)-Int 12	<i>Service Concession Arrangements</i>
HK(IFRIC)-Int 14	<i>HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

The adoption of these new interpretations and amendments has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

## 2. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; an appropriate proportion of contract revenue of systems integration contracts; and the value of services rendered during the year.

### (a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 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
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue:</b>												
Sales to external customers	562,512	500,740	711,864	277,377	-	-	11,241	6,094	-	-	1,285,617	784,211
Intersegment sales	13,516	690	2,491	-	-	-	-	-	(16,007)	(690)	-	-
Other income	37,046	30,401	5,462	4,574	3,039	4,127	419	18	-	-	45,966	39,120
<b>Total</b>	<b>613,074</b>	<b>531,831</b>	<b>719,817</b>	<b>281,951</b>	<b>3,039</b>	<b>4,127</b>	<b>11,660</b>	<b>6,112</b>	<b>(16,007)</b>	<b>(690)</b>	<b>1,331,583</b>	<b>823,331</b>
<b>Segment results</b>	<b>25,214</b>	<b>(45,677)</b>	<b>6,940</b>	<b>(12,405)</b>	<b>(11,956)</b>	<b>(12,533)</b>	<b>270</b>	<b>(104)</b>			<b>20,468</b>	<b>(70,719)</b>
Interest income and unallocated gains											2,420	16,498
Unallocated expenses											(3,695)	-
Finance costs											(2,168)	(681)
Share of profits and losses of associates											6,753	4,454
Profit/(loss) before tax											23,778	(50,448)
Tax											(424)	(69)
Profit/(loss) for the year											23,354	(50,517)

	Software development and systems integration for media business		Software development and systems integration for non-media business		Others		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Assets and liabilities</b>										
Segment assets	405,908	356,923	477,347	339,542	-	7,691	985	(1,310)	884,240	702,846
Interests in associates									110,755	99,111
Corporate and other unallocated assets									57,626	58,632
Total assets									<u>1,052,621</u>	<u>860,589</u>
Segment liabilities	203,713	200,741	383,763	270,005	-	1,321	734	(256)	588,210	471,811
Corporate and other unallocated liabilities									59,260	10,958
Total liabilities									<u>647,470</u>	<u>482,769</u>
<b>Other segment information:</b>										
Depreciation	6,364	13,705	1,193	1,156	372	593	-	-	7,929	15,454
Capital expenditure	4,076	15,745	2,848	667	30	105	-	-	6,954	16,517

**(b) Geographical segments**

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 December 2008 and 2007.

	Hong Kong		Mainland China		Overseas		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue:</b>										
Sales to external customers	144,558	121,722	1,130,244	653,298	10,815	9,191	-	-	1,285,617	784,211
Intersegment sales	192,317	90,781	-	-	-	-	(192,317)	(90,781)	-	-
Other income	2,911	3,042	41,649	35,215	1,406	863	-	-	45,966	39,120
Total	<u>339,786</u>	<u>215,545</u>	<u>1,171,893</u>	<u>688,513</u>	<u>12,221</u>	<u>10,054</u>	<u>(192,317)</u>	<u>(90,781)</u>	<u>1,331,583</u>	<u>823,331</u>

	Hong Kong		Mainland China		Overseas		Consolidated			
	2008	2007	2008	2007	2008	2007	2008	2007		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
<b>Other segment information:</b>										
Segment assets			88,464	77,899	790,868	612,048	4,908	12,899	884,240	702,846
Capital expenditure			30	105	6,835	16,313	89	99	6,954	16,517

### 3. OTHER INCOME AND GAINS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>Other income</b>		
Bank interest income	2,362	3,777
Other interest income	–	242
Gross rental income	1,759	1,879
Government grants	40,018	33,443
Others	4,189	3,798
	<u>48,328</u>	<u>43,139</u>
<b>Gains</b>		
Fair value gains on investment properties	–	2,425
Gain on disposal of subsidiaries	–	7,628
Gain on deemed disposal of interest in an associate	–	219
Foreign exchange differences, net	–	1,504
Others	58	703
	<u>58</u>	<u>12,479</u>
	<u><b>48,386</b></u>	<u><b>55,618</b></u>

### 4. FINANCE COSTS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Interest on bank loans and overdrafts	<u>2,168</u>	<u>681</u>

### 5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Cost of inventories sold	844,902	447,028
Depreciation	7,929	15,454
Loss on disposal of items of property, plant and equipment	181	65
Loss on partial disposal of subsidiary and associates	374	–
	<u><b>853,386</b></u>	<u><b>462,547</b></u>

## 6. TAX

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current – Elsewhere		
Charge for the year	241	69
Underprovision in prior years	<u>183</u>	<u>–</u>
Total tax charge for the year	<u><u>424</u></u>	<u><u>69</u></u>

No Hong Kong profits tax has been provided as there are no assessable profits arising in Hong Kong during the year (2007: Nil).

On 16 March 2007, the People's Republic of China (the "PRC") promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Corporate Income Tax Law") by Order No.63 of the President of the PRC. On 6 December 2007, the State Council issued Implementation Regulation of the New Corporate Income Tax Law. The New Corporate Income Tax Law and Implementation Regulation changed the tax rate of the PRC subsidiaries to 25% from 1 January 2008 onwards.

Pursuant to the relevant approval document issued by the PRC tax bureau, Beijing Founder Electronics Co., Ltd., a wholly-owned subsidiary of the Company, being registered as a major new and high technology enterprise, is granted a tax concession to pay PRC corporate income tax at a preferential rate of 10% for the year ended 31 December 2008.

Beijing Founder Order Computer Systems Co., Ltd. ("Founder Order"), a wholly-owned subsidiary of the Company, was registered as a new and high technology enterprise. Pursuant to the New Corporate Income Tax Law, Founder Order is subject to PRC corporate income tax at a rate of 15% on its assessable profits.

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 share of tax attributable to associates amounting to approximately HK\$3,081,000 (2007: HK\$609,000) is included in "Share of profits and losses of associates" on the face of the consolidated income statement.

## 7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings/(loss) per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent of approximately HK\$23,535,000 (2007: loss of HK\$50,928,000), and the weighted average number of approximately 1,130,300,000 (2007: 1,127,050,000) ordinary shares in issue during the year.

Diluted earnings/(loss) per share amounts for the years ended 31 December 2008 and 2007 have not been calculated as the exercise price of the outstanding share options during the year was higher than the average market price of the Company's shares during the year.

## 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:

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 6 months	<b>141,432</b>	107,298
7-12 months	<b>28,738</b>	13,619
13-24 months	<b>12,631</b>	9,749
Over 24 months	<b>852</b>	2,269
	<b>183,653</b>	132,935

## 9. TRADE AND BILLS PAYABLES

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

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 6 months	<b>193,670</b>	96,780
7-12 months	<b>18,782</b>	19,616
13-24 months	<b>6,027</b>	4,204
Over 24 months	<b>4,139</b>	3,185
	<b>222,618</b>	123,785



## **DIVIDEND**

No interim dividend was paid during the year and previous year. The Board does not recommend the payment of any final dividend for the year (2007: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Overall Performance**

During the year under review, the Group achieved encouraging results performance with its continuous efforts in exploring new products and streamlining the operation.

The Group reported a profit attributable to equity holders of the parent for the year ended 31 December 2008 of approximately HK\$23.5 million (year ended 31 December 2007: loss of HK\$50.9 million). The Group's turnover for the current financial year surged by 63.9% to approximately HK\$1,285.6 million (year ended 31 December 2007: HK\$784.2 million). Gross profit for the current year increased by 23.0% to HK\$253.5 million compared with last financial year's HK\$206.1 million. However, gross profit ratio decreased from last financial year's 26.3% to 19.7% for the current financial year. Basic earnings per share for the year was HK2.1 cents (year ended 31 December 2007: basic loss per share of HK4.5 cents).

### **Operating Review and Prospects**

#### **(A) Software development and systems integration for media sector (“Media Business”)**

The turnover of the Media Business for the current financial year increased by 12.3% to approximately HK\$562.5 million (year ended 31 December 2007: HK\$500.7 million) while the segment results recorded a profit of approximately HK\$25.2 million (year ended 31 December 2007: segment loss of HK\$45.7 million). The gross profit ratio for the Media Business for the current financial year increased slightly to 39.7% from last financial year's 39.2%.

The Media Business recorded a segment profit of HK\$33.3 million in the second half of the current financial year as compared with the segment loss of HK\$8.1 million for the six months ended 30 June 2008. With the disposal of Founder Apabi Technology Co., Ltd. (北京方正阿帕比技術有限公司) (“Founder Apabi”) in November 2007, the Media Business was able to allocate more resources for new product development and marketing activities on the traditional graphic arts and e-publishing business. By excluding the segment loss for Founder Apabi of approximately HK\$27.6 million in 2007, the Media Business for the traditional graphic arts and e-publishing line has turned around from 2007's segment loss of HK\$18.1 million to the current financial year's segment profit of HK\$25.2 million.

The Group's first own developed and advanced technology computer-to-plate ("CTP") product, Founder DiaoLong (方正雕龍) has received encouraging support and strong demand from both domestic and overseas market. The development of the CTP product has enabled the Group to integrate vertically as a software and hardware developer and horizontally as a system integrator and service provider. The Group envisages that the demand for fast, efficient and cost-effective 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. ("Founder Electronics") 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). In addition, Founder Electronics also obtained the special honours of "Key Software Enterprise in National Plan Department of 2008" (2008年度國家規劃佈局內重點軟件企業) and a preferential income tax concession pursuant to the certification as a major New and High Technology Enterprise (重點高新技術企業) in December 2008. In the 2009 CPCC Annual Meeting organized by the Copyright Protection Center of China (中國版權保護中心) held in Beijing, Founder Electronics was presented with the award of excellence for TOP 10 Leaders (2008年度CPCC十大中國著作權人) for its long-term work of copyright protection program.

**(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 156.6% to approximately HK\$711.9 million (year ended 31 December 2007: HK\$277.4 million) while its segment results has recorded a profit of approximately HK\$6.9 million (year ended 31 December 2007: segment loss of HK\$12.4 million).

With management's continued effort to streamline the operation and opening up new customer channel, the Non-Media Business was able to secure a number of large scale systems integration contracts for the finance, insurance and securities industries and various 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**

The Group sees the year 2009 to be a year with challenges and opportunities. In spite of the global financial crisis and its effect upon the China's economy, the Group believes that the impact on the Group will be relatively small with the huge growth potential coming from the Group's continuous launching and provision of new products to the domestic media and non-media sectors. In the future, the Group will continue the development of innovative solutions and provide our customers with more cost-effective products and solutions to meet our customers' demands for enhancing their competitiveness. On the contrary, the Group will also continue to strengthen its relationship with various international printing solution providers. On 26 March 2009, Founder Electronics has signed a co-operation agreement with Agfa for a closer co-operation on the development of CTP, CTP plate and other related products.

Leading edge R&D and innovative product development are the crucial elements for the Group's overall success. In this regard, the Group will engage more resources in our R&D to enhance our product development capabilities. The Group will further enhance its marketing strategies in order to strengthen its brand position and market influence in the China's software and systems integration industries. In addition, the Group will strive to expand its business to the overseas markets with an aim of enhancing the international standing of China's software and printing solutions enterprises and exploring the contemporary trend for the market and product development of other advanced overseas publishing markets.

## **Employees**

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 Group had not granted any share options to its eligible directors and employees during the current financial year.

At 31 December 2008, the number of employees of the Group was approximately 1,397 (31 December 2007: 1,327).

## **FINANCIAL REVIEW**

### **Liquidity, financial resources and capital commitments**

During the current financial year, 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 31 December 2008, the Group had interest-bearing bank borrowings of approximately HK\$58.9 million (31 December 2007: HK\$10.7 million), of which approximately HK\$31.9 million (2007: Nil) were fixed interest bearing and HK\$27.0 million (2007: HK\$10.7 million) were floating interest bearing. The bank borrowings were denominated in Renminbi (“RMB”) and United States Dollars (“U.S. dollars”), of which approximately HK\$55.1 million (31 December 2007: HK\$10.7 million) and HK\$3.8 million (31 December 2007: Nil) were repayable within one year and two to five years, respectively. 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 31 December 2008, the Group recorded total assets of HK\$1,052.6 million which were financed by liabilities of HK\$647.5 million, minority interests of HK\$0.5 million and equity of HK\$404.6 million. The Group’s net asset value per share as at 31 December 2008 amounted to HK\$0.36 (31 December 2007: HK\$0.33).

The Group had total cash and bank balances of HK\$319.8 million as at 31 December 2008 (31 December 2007: HK\$340.3 million). After deducting total bank borrowings of HK\$58.9 million (31 December 2007: HK\$10.7 million), the Group recorded net cash and bank balances of HK\$260.9 million as at 31 December 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 and long term bank loans and trust receipt loans. As at 31 December 2008, the Group’s gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders’ equity, was 0.15 (31 December 2007: 0.03) while the Group’s working capital ratio was 1.33 (31 December 2007: 1.39).

At 31 December 2008, 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 current financial year, 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 31 December 2008, the major contracts in hand for the software development and systems integration business amounted to approximately HK\$338.4 million (31 December 2007: HK\$379.6 million), which are all expected to be completed within one year time.

## **Material acquisitions and disposals of subsidiaries and associates**

The Group had no material acquisition or disposals of subsidiaries and associates in 2008.

## **Charges on assets**

At 31 December 2008, the Group's land and buildings in Hong Kong of approximately HK\$29.0 million and investment properties of approximately HK\$25.8 million and bank deposits of approximately HK\$42.4 million were pledged to banks to secure banking facilities granted.

## **Contingent liabilities**

At 31 December 2008, the Group did not have any significant contingent liabilities.

## **AUDIT COMMITTEE**

The Audit Committee of the Board has reviewed the accounting policies, accounting standards and practices adopted by the Group and the consolidated financial statements and results of the Group for the year ended 31 December 2008.

## **CORPORATE GOVERNANCE**

In the opinion of the directors, the Company met with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year ended 31 December 2008.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as the Company’s code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2008.

## **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 year.

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

Hong Kong, 23 April 2009

*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*