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**FOUNDER HOLDINGS LIMITED**

**方正控股有限公司\***

(Incorporated in Bermuda with limited liability)

(Stock code: 00418)

**FINAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2009**

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 2009 together with the comparative figures.

**CONSOLIDATED INCOME STATEMENT**

*Year ended 31 December 2009*

	<i>Notes</i>	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<b>REVENUE</b>	4	<b>1,912,093</b>	1,285,617
Cost of sales		<u>(1,633,203)</u>	<u>(1,032,081)</u>
Gross profit		<b>278,890</b>	253,536
Other income and gains	4	<b>54,517</b>	48,386
Selling and distribution costs		<b>(138,514)</b>	(122,829)
Administrative expenses		<b>(67,269)</b>	(76,427)
Other expenses, net		<b>(113,472)</b>	(83,473)
Finance costs	5	<b>(2,902)</b>	(2,168)
Share of profits and losses of associates		<u><b>12,295</b></u>	<u>6,753</u>
<b>PROFIT BEFORE TAX</b>	6	<b>23,545</b>	23,778
Income tax expense	7	<u><b>(179)</b></u>	<u>(424)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>23,366</b></u>	<u>23,354</u>
Attributable to:			
Owners of the parent		<b>23,155</b>	23,535
Minority interests		<u><b>211</b></u>	<u>(181)</u>
		<u><b>23,366</b></u>	<u>23,354</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	8		
– Basic		<u><b>HK2.0 cents</b></u>	<u>HK2.1 cents</u>
– Diluted		<u><b>HK2.0 cents</b></u>	<u>HK2.1 cents</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2009

	<i>Notes</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		119,262	58,338
Investment properties		30,560	25,823
Interests in associates		123,882	110,755
Available-for-sale investment		802	802
Total non-current assets		<u>274,506</u>	<u>195,718</u>
<b>CURRENT ASSETS</b>			
Inventories		26,349	18,344
Gross amount due from contract customers		94,048	64,346
Trade and bills receivables	9	211,472	183,653
Prepayments, deposits and other receivables		344,053	270,810
Pledged deposits		92,572	42,377
Cash and cash equivalents		333,031	277,373
Total current assets		<u>1,101,525</u>	<u>856,903</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	10	368,913	222,618
Gross amount due to contract customers		44,758	41,923
Other payables and accruals		363,835	323,991
Interest-bearing bank borrowings		102,733	55,143
Tax payable		7	–
Total current liabilities		<u>880,246</u>	<u>643,675</u>
<b>NET CURRENT ASSETS</b>		<u>221,279</u>	<u>213,228</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		495,785	408,946
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		1,062	3,795
Deferred tax liabilities		5,907	–
Total non-current liabilities		<u>6,969</u>	<u>3,795</u>
Net assets		<u><u>488,816</u></u>	<u><u>405,151</u></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital		113,030	113,030
Reserves		375,079	291,630
		488,109	404,660
<b>Minority interests</b>		<u>707</u>	<u>491</u>
Total equity		<u><u>488,816</u></u>	<u><u>405,151</u></u>

Notes:

## 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 and land and buildings, 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.

## 2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HKFRS 8 Amendment*	Amendment to HKFRS 8 <i>Operating Segments – Disclosure of information about segment assets</i> (early adopted)
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 <i>Revenue – Determining whether an entity is acting as a principal or as an agent</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i>
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement – Embedded Derivatives</i>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
HK(IFRIC)-Int 18	<i>Transfers of Assets from Customers</i> (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008) **	Amendments to a number of HKFRSs

\* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

\*\* The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 *Non-current assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary, which is effective for annual periods beginning on or after 1 July 2009*.

Other than as further explained below regarding the impact of HKAS 1 (Revised) and HKFRS 8, the adoption of these new and revised HKFRSs 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.

**(a) HKFRS 8 *Operating Segments***

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 3 below.

**(b) HKAS 1 (Revised) *Presentation of Financial Statements***

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

### **3. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) the software development and systems integration for media business segment provides electronic publishing and broadcasting systems to media companies;
- (b) the software development and systems integration for non-media business segment provides banking and information systems to financial institutions, enterprises and government departments;
- (c) the corporate segment comprises corporate income and expense items; and
- (d) the "others" segment comprises principally the Group's editing services for newspapers and magazines.

	Software development and systems integration for media business		Software development and systems integration for non-media business		Corporate		Others		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	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	752,689	562,512	1,159,180	719,886	-	-	224	3,219	1,912,093	1,285,617
Intersegment sales	9,169	13,516	-	2,491	-	-	-	-	9,169	16,007
	<b>761,858</b>	<b>576,028</b>	<b>1,159,180</b>	<b>722,377</b>	<b>-</b>	<b>-</b>	<b>224</b>	<b>3,219</b>	<b>1,921,262</b>	<b>1,301,624</b>
<i>Reconciliation:</i>										
Elimination of intersegment sales									(9,169)	(16,007)
Revenue									<b>1,912,093</b>	<b>1,285,617</b>
<b>Segment results</b>	<b>21,826</b>	<b>24,488</b>	<b>(7,675)</b>	<b>7,057</b>	<b>(7,337)</b>	<b>(13,266)</b>	<b>1,879</b>	<b>203</b>	<b>8,693</b>	<b>18,482</b>
<i>Reconciliation:</i>										
Interest income and unallocated gains									5,459	2,362
Unallocated expenses									-	(1,651)
Finance costs									(2,902)	(2,168)
Share of profits and losses of associates									12,295	6,753
Profit before tax									<b>23,545</b>	<b>23,778</b>

	Software development and systems integration for media business		Software development and systems integration for non-media business		Others		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment assets</b>	<b>335,281</b>	172,462	<b>481,125</b>	457,441	<b>65,060</b>	56,174	<b>881,466</b>	686,077
<i>Reconciliation:</i>								
Elimination of intersegment receivables							(55,233)	(64,292)
Interests in associates							123,882	110,755
Corporate and other unallocated assets							<u>425,916</u>	<u>320,081</u>
Total assets							<u><b>1,376,031</b></u>	<u>1,052,621</u>
<b>Segment liabilities</b>	<b>292,039</b>	224,606	<b>535,819</b>	407,414	<b>10,525</b>	20,569	<b>838,383</b>	652,589
<i>Reconciliation:</i>								
Elimination of intersegment payables							(55,233)	(64,292)
Corporate and other unallocated liabilities							<u>104,065</u>	<u>59,173</u>
Total liabilities							<u><b>887,215</b></u>	<u>647,470</u>
<b>Other segment information:</b>								
Depreciation	<b>6,068</b>	6,364	<b>1,564</b>	1,193	<b>15</b>	372	<b>7,647</b>	7,929
Capital expenditure*	<u><b>4,758</b></u>	<u>4,076</u>	<u><b>305</b></u>	<u>2,848</u>	<u>-</u>	<u>30</u>	<u><b>5,063</b></u>	<u>6,954</u>

\* Capital expenditure consists of additions to property, plant and equipment.

## Geographical information

### (a) Revenue from external customers

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Hong Kong	255,461	144,558
Mainland China	1,652,990	1,130,244
Others	<u>3,642</u>	<u>10,815</u>
	<u><b>1,912,093</b></u>	<u><b>1,285,617</b></u>

The revenue information above is based on the location of the customers.

### (b) Non-current assets

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Hong Kong	172,742	154,207
Mainland China	86,723	27,858
Others	<u>14,239</u>	<u>12,851</u>
	<u><b>273,704</b></u>	<u><b>194,916</b></u>

The non-current asset information above is based on the location of assets and excludes financial instruments.

## Information about a major customer

Revenue of approximately HK\$274,748,000 was derived from sales by the software development and systems integration for non-media segment to a single customer.

During the year ended 31 December 2008, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

#### 4. REVENUE, OTHER INCOME AND GAINS

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.

An analysis of revenue, other income and gains is as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<b>Revenue</b>		
Software development and systems integration	1,911,869	1,282,398
Others	<u>224</u>	<u>3,219</u>
	<b><u>1,912,093</u></b>	<b><u>1,285,617</u></b>
<b>Other income</b>		
Bank interest income	4,641	2,362
Gross rental income	1,242	1,759
Government grants	36,987	40,018
Others	<u>5,984</u>	<u>4,189</u>
	<b><u>48,854</u></b>	<b><u>48,328</u></b>
<b>Gains</b>		
Fair value gains on investment properties	4,737	–
Foreign exchange differences, net	818	–
Others	<u>108</u>	<u>58</u>
	<b><u>5,663</u></b>	<b><u>58</u></b>
	<b><u>54,517</u></b>	<b><u>48,386</u></b>

#### 5. FINANCE COSTS

An analysis of finance costs is as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interest on bank loans	<b><u>2,902</u></b>	<b><u>2,168</u></b>



## 6. PROFIT BEFORE TAX

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Cost of inventories sold	1,428,269	844,902
Depreciation	7,647	7,929
Loss on disposal of items of property, plant and equipment	<u>321</u>	<u>181</u>

## 7. INCOME TAX

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current – Elsewhere		
Charge for the year	160	241
Underprovision in prior years	<u>19</u>	<u>183</u>
Total tax charge for the year	<u>179</u>	<u>424</u>

No Hong Kong profits tax has been provided as there are no assessable profits arising in Hong Kong during the year (2008: 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 the 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. ("Founder Electronics"), 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 two years ended 31 December 2009.

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 for the two years ended 31 December 2009.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

The share of tax attributable to associates amounting to approximately HK\$830,000 (2008: HK\$3,081,000) is included in "Share of profits and losses of associates" on the face of the consolidated income statement.

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of approximately 1,130,300,000 (2008: 1,130,300,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2009 and 2008 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

## 9. 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 and bills receivables are non-interest-bearing.

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Within 6 months	149,191	141,432
7 to 12 months	33,833	28,738
13 to 24 months	26,461	12,631
Over 24 months	1,987	852
	<u>211,472</u>	<u>183,653</u>

## 10. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Within 6 months	275,996	193,670
7 to 12 months	57,470	18,782
13 to 24 months	27,365	6,027
Over 24 months	8,082	4,139
	<u>368,913</u>	<u>222,618</u>

## **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 (2008: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Overall Performance**

The Group reported a profit attributable to equity holders of the parent for the year ended 31 December 2009 of approximately HK\$23.2 million (year ended 31 December 2008: HK\$23.5 million). The Group's turnover for the current financial year surged by 48.7% to approximately HK\$1,912.1 million (year ended 31 December 2008: HK\$1,285.6 million). Gross profit for the current year increased by 10.0% to HK\$278.9 million compared with last financial year's HK\$253.5 million. However, gross profit ratio decreased from last financial year's 19.7% to 14.6% for the current financial year. Basic and diluted earnings per share for the year were HK2.0 cents (year ended 31 December 2008: HK2.1 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 33.8% to approximately HK\$752.7 million (year ended 31 December 2008: HK\$562.5 million) while the segment results recorded a profit of approximately HK\$21.8 million (year ended 31 December 2008: HK\$24.5 million). The gross profit ratio for the Media Business for the current financial year decreased slightly to 33.1% from last financial year's 39.7%.

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 26 March 2009, the Group's software development arm, Founder Electronics, entered into a cooperation agreement with Agfa, one of the leading international printing solutions providers, for a closer cooperation on the development of CTP, CTP plate and other related products. This cooperation enables the Group to provide more competitive systems integration solutions in the publishing industry. In October 2009, Founder Electronics entered into cooperation agreement with East View Information Service, one of the world's leading suppliers of information products, for the distribution of digital media products and services of Founder Electronics in North America

and Europe. In the 2009 CPCC Annual Meeting organised 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. On 30 October 2009, Founder Electronics was awarded by the organising committee of China Electronic government administration application results (中國電子政務優秀應用成果推選活動評委會信息化建設雜誌社) as China's one of the ten best government administration information systems providers (中國十佳電子政務優秀解決方案). Founder Electronics also obtained the special honours of “Key Software Enterprise in National Plan Department of 2009” (2009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 2009. On 4 December 2009, Founder Electronics was presented with the award of Top 100 List of Strength and Innovation in Zhongguancun (中關村Top100 “實力榜” 和 “創新榜”) by Beijing Non-Governmental Entrepreneur Association (北京民營企業家協會), Beijing Zhongguancun High and New Tech Enterprise Association (北京中關村高新技術企業協會) and Beijing Zhongguancun Association of Enterprises with Foreign Investment (北京中關村外商投資企業協會). On 1 February 2010, one of the patents developed by Founder Electronics was awarded as Chinese Outstanding Patented Invention (中國專利獎金獎) by State Intellectual Property Organisation (國家知識產權局).

**(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 significantly by 61.0% to approximately HK\$1,159.2 million (year ended 31 December 2008: HK\$719.9 million) while its segment results has recorded a loss of approximately HK\$7.7 million (year ended 31 December 2008: profit of HK\$7.1 million).

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. The major customers are the finance, insurance and securities industries and various government bureaus in China. On 18 March 2010, Beijing immunisation management information system (北京市免疫規劃信息管理系統) jointly developed by Founder Order and other systems integration services provider for Beijing Municipal Health Bureau (北京市衛生局) were awarded as Top 10 2009 Application Information Results in Beijing (2009信息北京十大應用成果) by Beijing Municipal Party Committee Propaganda Department (北京市委宣傳部).

Faced with the intense competition in Non-Media Business, the gross profit margin has declined from last year's 4.1% to current year's 2.6%. In addition, the delay in the repayment of trade receivables from certain customers of systems integration contracts leads to an increase in aging of trade receivables which increases the impairment of trade receivables during the current year.

## **Prospects**

Given the continuous sign of recovery of the economy of China, the management will closely monitor changes in China's economy and its IT market. 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. In addition, the Group will closely monitor the performance of each business sector to achieve effective cost control and strengthen its brand position and market influence in the China's software and systems integration industries.

## **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.

Due to the increase in the size of operation, at 31 December 2009, the number of employees of the Group was approximately 1,456 (31 December 2008: 1,397).

## **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 2009, the Group had interest-bearing bank borrowings of approximately HK\$103.8 million (31 December 2008: HK\$58.9 million), of which approximately HK\$26.6 million (31 December 2008: HK\$31.9 million) were fixed interest bearing and HK\$77.2 million (31 December 2008: HK\$27.0 million) were floating interest bearing. The bank borrowings were denominated in Renminbi ("RMB") and United States Dollars ("U.S. dollars"), of which approximately HK\$102.7 million (31 December 2008: HK\$55.1 million) and HK\$1.1 million (31 December 2008: HK\$3.8 million) 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 2009, the Group recorded total assets of HK\$1,376.0 million which were financed by liabilities of HK\$887.2 million, minority interests of HK\$0.7 million and equity of HK\$488.1 million. The Group's net asset value per share as at 31 December 2009 amounted to HK\$0.43 (31 December 2008: HK\$0.36).

The Group had total cash and bank balances of HK\$425.6 million as at 31 December 2009 (31 December 2008: HK\$319.8 million). After deducting total bank borrowings of HK\$103.8 million (31 December 2008: HK\$58.9 million), the Group recorded net cash and bank balances of HK\$321.8 million as at 31 December 2009 as compared to HK\$260.9 million as at 31 December 2008. 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 2009, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 0.21 (31 December 2008: 0.15) while the Group's working capital ratio was 1.25 (31 December 2008: 1.33).

At 31 December 2009, 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**

Most of the Group's borrowings are denominated in RMB and U.S. dollars while the sales of the Group are mainly denominated in RMB and U.S. dollars. As the exchange rates of U.S. dollars against Hong Kong dollars and RMB were relatively stable during the year under review, the Group's exposure to fluctuations in exchange rates is considered minimal and no financial instruments have been used for hedging purposes.

### **Contracts**

At 31 December 2009, the major contracts in hand for the software development and systems integration business amounted to approximately HK\$801.1 million (31 December 2008: HK\$338.4 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 2009.

### **Charges on assets**

At 31 December 2009, the Group's land and buildings in Hong Kong of approximately HK\$32.8 million and investment properties of approximately HK\$30.0 million and bank deposits of approximately HK\$92.6 million were pledged to banks to secure banking facilities granted.



## **Contingent liabilities**

At 31 December 2009, 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 2009.

## **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 2009.

## **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 2009.

## **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, 21 April 2010

*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*