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 2014

The Board of Directors (the "Board") of Founder Holdings Limited (the "Company") is pleased to announce the audited consolidated results and financial position of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014 together with the comparative figures.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
REVENUE	4	**1,079,869**	1,291,015
Cost of sales		**(716,389)**	(924,408)
Gross profit		**363,480**	366,607
Other income and gains	4	**81,579**	158,002
Selling and distribution expenses		**(237,297)**	(237,964)
Administrative expenses		**(76,915)**	(64,872)
Other expenses, net		**(111,519)**	(120,882)
Finance costs	5	**(8,599)**	(7,778)
Share of profits and losses of associates		**61**	1,561
PROFIT BEFORE TAX	6	**10,790**	94,674
Income tax expense	7	**(4,404)**	(8,187)
PROFIT FOR THE YEAR		**6,386**	86,487

	Notes	**2014** *HK$'000*	2013 *HK$'000*
Attributable to:			
Owners of the parent	*4*	**6,381**	86,241
Non-controlling interests		**5**	246
		6,386	86,487
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**HK0.5 cents**	HK7.6 cents
Diluted		**HK0.5 cents**	HK7.5 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
PROFIT FOR THE YEAR	**6,386**	86,487
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income of associates	**(290)**	(794)
Exchange differences on translation of foreign operations	**(14,689)**	13,320
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(14,979)**	12,526
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Revaluation surplus of land and buildings	**7,461**	73,230
Income tax effect	**577**	(7,339)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**8,038**	65,891
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(6,941)**	78,417
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(555)**	164,904
Attributable to:		
Owners of the parent	**(551)**	164,651
Non-controlling interests	**(4)**	253
	(555)	164,904

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**302,725**	333,053
Investment properties		**96,321**	70,292
Investments in associates		**6,189**	6,831
Available-for-sale investments		**9,564**	15,860
Capitalised software costs		**7,403**	7,632
Finance lease receivables		**–**	7,216
Total non-current assets		**422,202**	440,884
CURRENT ASSETS			
Inventories		**71,196**	49,979
Gross amount due from contract customers		**45,400**	11,496
Trade and bills receivables	*9*	**257,597**	218,087
Prepayments, deposits and other receivables		**344,028**	313,633
Finance lease receivables		**–**	1,946
Pledged deposits		**25,691**	11,859
Cash and cash equivalents		**524,545**	561,448
Tax recoverable		**1,428**	–
Total current assets		**1,269,885**	1,168,448
CURRENT LIABILITIES			
Trade and bills payables	*10*	**130,504**	106,594
Gross amount due to contract customers		**12,304**	9,882
Other payables and accruals		**361,228**	275,545
Interest-bearing bank borrowings		**194,135**	231,014
Tax payable		**2,298**	3,486
Total current liabilities		**700,469**	626,521
NET CURRENT ASSETS		**569,416**	541,927
TOTAL ASSETS LESS CURRENT LIABILITIES		**991,618**	982,811
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**30,093**	32,540
Net assets		**961,525**	950,271
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**119,975**	115,985
Reserves		**841,169**	833,901
		961,144	949,886
Non-controlling interests		**381**	385
Total equity		**961,525**	950,271

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 ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for investment properties, certain buildings classified as property, plant and equipment and available-for-sale investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010–2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010–2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010–2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011–2013 Cycle*	*Meaning of Effective HKFRSs*

1 Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

(e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

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, systems integration and information products distribution for media business segment provides electronic publishing and broadcasting systems to media companies;

(b) the information products distribution 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 rental income from investment properties.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, gain on deemed disposal of an associate, net foreign exchange differences, finance costs and share of profits and losses of associates as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude pledged deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

	Software development, systems integration and information products distribution for media business		Information products distribution for non-media business		Corporate		Others		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	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	**915,246**	911,664	**164,166**	378,965	**–**	–	**457**	386	**1,079,869**	1,291,015
Revenue									**1,079,869**	1,291,015
Segment results	**10,487**	76,701	**616**	5,496	**(11,355)**	(682)	**1,719**	1,654	**1,467**	83,169
Reconciliation:										
Interest income									**19,050**	13,903
Gain on deemed disposal of an associate									**–**	4,530
Foreign exchange differences, net									**(1,189)**	(711)
Finance costs									**(8,599)**	(7,778)
Share of profits and losses of associates									**61**	1,561
Profit before tax									**10,790**	94,674

	Software development, systems integration and information products distribution for media business		Information products distribution for non-media business		Others		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**880,172**	799,626	**141,199**	125,972	**162,984**	155,301	**1,184,355**	1,080,899
Reconciliation:								
Elimination of intersegment receivables							**(50,350)**	(52,280)
Investments in associates							**6,189**	6,831
Corporate and other unallocated assets							**551,893**	573,882
Total assets							**1,692,087**	1,609,332
Segment liabilities	**547,800**	450,837	**23,493**	15,262	**10,469**	10,530	**581,762**	476,629
Reconciliation:								
Elimination of intersegment payables							**(50,350)**	(52,280)
Corporate and other unallocated liabilities							**199,150**	234,712
Total liabilities							**730,562**	659,061
Other segment information:								
Impairment losses recognised in the statement of profit or loss	**10,071**	6,118	**6,109**	1,263	**–**	–	**16,180**	7,381
Depreciation and amortisation	**18,511**	13,942	**1,750**	1,356	**6**	2	**20,267**	15,300
Capital expenditure*	**4,551**	7,651	**1,735**	36	**9**	4	**6,295**	7,691

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

Geographical information

(a) Revenue from external customers

	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**170,447**	385,428
Mainland China	**909,332**	905,571
Others	**90**	16
	1,079,869	1,291,015

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

(b) *Non-current assets*

	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**162,948**	155,322
Mainland China	**243,989**	263,557
Others	**15,265**	22,005
	422,202	440,884

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about a major customer

During the year ended 31 December 2013, revenue of approximately HK$108,683,000 was derived from sales by the information products for non-media business segment to a single customer.

During the year ended 31 December 2014, there was no revenue derived from transactions with a single external customer which individually amounted to 10% of the Group's 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:

	2014	2013
	HK$'000	*HK$'000*
Revenue		
Software development, systems integration and information products distribution	**1,079,412**	1,290,629
Others	**457**	386
	1,079,869	1,291,015
Other income		
Bank interest income	**3,452**	3,146
Other interest income	**15,598**	10,634
Gross rental income	**1,768**	2,778
Government grants	**40,657**	56,589
Others	**7,670**	6,529
	69,145	79,676
Gains		
Fair value gains on investment properties	**2,058**	14,862
Gain on deemed disposal of an associate	**–**	4,530
Gain on transfer of intellectual properties	**10,343**	58,934
Others	**33**	–
	12,434	78,326
	81,579	158,002

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2014	2013
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	**8,599**	7,778

6. PROFIT BEFORE TAX

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

	2014	2013
	HK$'000	*HK$'000*
Cost of inventories sold	**566,096**	845,339
Depreciation	**17,729**	14,055
Amortisation of capitalised software costs	**2,538**	1,245
(Gain)/Loss on disposal of items of property, plant and equipment	**(33)**	281
Foreign exchange differences, net	**1,189**	711

7. INCOME TAX

	2014	2013
	HK$'000	*HK$'000*
Group:		
Current		
Charge for the year — Hong Kong	**–**	547
Charge for the year — Mainland China	**1,879**	6,856
Underprovision/(overprovision) in prior years	**3,614**	(349)
Deferred	**(1,089)**	1,133
Total tax charge for the year	**4,404**	8,187

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year.

PRC corporate income tax represents the tax charged on the estimated assessable profits arising in Mainland China. In general, the PRC subsidiaries of the Group are subject to the PRC corporate income tax rate of 25% except for certain PRC subsidiaries which are entitled to a preferential tax rate at 15%.

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$49,000 (2013: HK$210,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

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

The calculation of the basic earnings per share amount 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 1,173,368,846 (2013: 1,134,348,107) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent as used in the basic earnings per share calculation. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

	Number of shares	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,173,368,846**	1,134,348,107
Effect of dilution — weighted average number of ordinary shares: share options	**–**	15,199,429
	1,173,368,846	1,149,547,536

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. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

An aging 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:

	2014	2013
Within 6 months	**213,757**	187,485
7 to 12 months	**35,532**	9,956
13 to 24 months	**8,308**	20,646
	257,597	218,087

10. TRADE AND BILLS PAYABLES

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

	2014	2013
	HK$'000	*HK$'000*
Within 6 months	**109,304**	91,684
7 to 12 months	**9,029**	3,207
13 to 24 months	**3,909**	3,112
Over 24 months	**8,262**	8,591
	130,504	106,594

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

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 (2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE

The Group reported a profit attributable to equity holders of the parent for the year ended 31 December 2014 of approximately HK$6.4 million (year ended 31 December 2013: HK$86.2 million). The Group's turnover for the current financial year decreased by 16.4% to approximately HK$1,079.9 million (year ended 31 December 2013: HK$1,291.0 million) due to decrease in sales of information products for non-media segment. Gross profit for the current year decreased slightly by 0.9% to HK$363.5 million compared with last financial year's HK$366.6 million. Gross profit ratio increased from 28.4% for the last financial year to 33.7% for the current financial year as a result of increase in proportion of sales of technical services with higher gross profit margin.

The decline in the Group's operating results for the year attributable to the equity holders of the parent was mainly the net results of:

a. decrease in the revenue by 16.4% to HK$1,079.9 million (year ended 31 December 2013: HK$1,291.0 million);

b. decrease in other income and gains (excluding gain on transfer of intellectual properties in (c)) by 28.2% to HK$71.2 million (year ended 31 December 2013: HK$99.1 million) as a result of decrease in fair value gains on investment properties in Hong Kong;

c. decrease in gain on transfer of intellectual properties relating to broadcasting business to HK$10.3 million (year ended 31 December 2013: HK$58.9 million); and

d. increase in administrative expenses by 18.6% to HK$76.9 million (year ended 31 December 2013: HK$64.9 million) as a result of increase in staff cost for the development of new business and products.

Basic and diluted earnings per share attributable to equity holders of the parent for the year was HK0.5 cents (year ended 31 December 2013: HK7.6 cents) and HK0.5 cents (year ended 31 December 2013: HK7.5 cents) respectively.

OPERATING REVIEW AND PROSPECTS

(A) Software development, systems integration and information products distribution for media sector ("Media Business")

The turnover of the Media Business for the current financial year increased slightly by 0.4% to approximately HK$915.2 million (year ended 31 December 2013: HK$911.7 million). The segment results recorded a profit of approximately HK$10.5 million (year ended 31 December 2013: HK$76.7 million). The gross profit ratio for the Media Business was maintain at around 39%.

Font Library Business

As Beijing Founder Electronics Co., Ltd. ("Founder Electronics", the wholly-owned subsidiary of the Company) won the lawsuits for an infringement against the use of Founder QianTi (方正倩體) font and Founder PingHe (方正平和) font at Nanjing Railway Transportation Court and the Third Intermediate People's Court of Beijing, respectively, more enterprises purchased the authorization of Founder font library with improved font library copyright environment. Various new fonts, including but not limited to Founder YouHei (方正悠黑), Founder LanTingYuan (方正蘭亭圓) and Founder JunHei (方正俊黑), were introduced by Founder Electronics during the year. The 7th "Founder Award" Chinese Font Design Contest was successfully held in Beijing in 2014. The Support Program of Design Schools Genuine Fonts (設計院校正版字體支持計劃) increased its investment in Chinese font design education, driving the development of the overall font library industry. We participated in the Chinese font library project tender, being the major scientific and technological project for the press and publication industry, winning the 17th pack and the 20th pack (the 17th pack: word collection and sorting for contemporary names of people and places; the 20th pack: intermediate font library, the finished font library such as Song (宋) font and Kai (楷) font). In respect of B2C business, the latest "Mr. writing" (寫字先生) with IOS version and Android version, which was freely recommended by Apple App Store, 360 Store (360商店) and MI Store (小米商店), were launched. Users can make use of the program to practice calligraphy and create font design on a phone screen, and then share their works on social networks. Such products are expected to play as a community for calligraphy lovers.

Internet Large-scale Data Business

Founder Electronics fully entered the internet large-scale data business by integrating the existing team with newly introduced talents. Founder Electronics developed Founder Zhisi (方正智思) large-scale data analysis service engine based on internet search and analysis technology with proprietary intellectual property rights, and the internet data center was built in 2014. We launched and operated an internet large-scale data analysis service platform in the middle of the year, achieved internet network-wide data collection and intelligent analysis service based on large-scale data technology and cloud computing technology, successfully providing internet information services for nearly 100 government and enterprise clients. On this basis, for traditional internet public sentiment information service and national network security technology service, we undertook certain large-scale construction projects in the People's Republic of China (the "PRC") to consolidate its traditional strength and market position. Meanwhile, we succeeded in cooperating with famous brands around the world in such field as household appliances and made great progress with respect to enterprise large-scale data analysis and information service, expanding new business field and market presence. Looking forward, we will pool our efforts and increase investments, striving to be one of large-scale data application market leaders in the PRC market.

Printing Business

We continued to help our clients for their business integration and transformation via our "all-in-one" (全能印廠) network printing intelligent production solutions, driving our transformation of business model to the provision of network and service, and continued to strengthen the market leading position of our main products. Founder DiaoLong (方正雕龍) CTP recorded steady sales growth, and Founder EagleJet (方正桀鷹) H500 played a leading position in the coding market of drug supervision code and two-dimension code. We comprehensively achieved safety transmission of primary and secondary school teaching materials through our electronic film solutions with national coverage. We solved such urgent requirements as cloud typesetting and content accuracy and consistency of publication through our digital printing cloud platform solutions, and have sought sample users. We launched K and V series EagleJet (桀鷹) inkjet printers based on the inkjet core technologies, and maintained our leading position in domestic inkjet digital printer market.

Digital Media Business

By capitalizing on the historic opportunities of integration of traditional media with new media to actively drive the development of integration media overall solutions and rapidly boost industry layout, we recorded strong sales of Omni-media System for News Business (暢享全媒體新聞業務系統) and cooperated with a number of heavyweight clients, further consolidating and strengthening the Company's core competitiveness and enhancing our market share. Meanwhile, we actively promoted sales of Omni-media System for Operating Business(暢營全媒體運營業務系統) and successfully established such main clients as Guangzhou Daily (廣州日報) and Chongqing Daily (重慶日報), playing a leading position in the market. Based on our extensive practical experience in the media field and with market trend analysis and continuous technology innovation and product upgrade, the Company also launched such new systems as Client Resources Operating Platform (客戶資源運營平台), YueXiang News (悅享新聞) APP and Internet Hot News Monitoring (互聯網新聞熱點監控) based on cloud computing, large-scale data and mobile internet application, which were widely recognized in the industry. In addition, the Company conducted active industry expansion in operation of news schools and vertical industry information service field, laying a solid foundation for the sustainable and stable development of the Company.

Digital Publishing Business

News publishing industry ushered in the trend of "integration". We led digital publishing technology innovation based on SMAC philosophy and created "Intelligent Publishing" (智慧出版) solution to achieve the transformation and upgrading of digital publishing industry and business model innovation, and provide such digital transformation and upgrading services as digital process upgrading, know-how service, new media application and service, O2O digital operation service and self publishing for the publishing industry, boosting the rapid development and integration of the publishing industry. Founder "Intelligent Publishing" solution has obtained dozens of major orders from the Central Cultural Enterprise Digital Upgrading (中央文化企業數字化升級改造) project, the National Digital Composite Publishing System Project (國家數字複合出版系統工程) of the State Administration of Press, Publication, Radio, Film and Television, Jilin Publishing Group (吉林出版集團), Hubei Changjiang Publishing Group (湖北長江出版集團), Inner Mongolia Publishing Group (內蒙古出版集團) and Central China Publishing & Media Group (中原出版集團), continuing to lead the development of digital publishing industry technologies and solutions.

Digital Education Business

We preliminarily formed a development mechanism based on development of educational software, characterized by development of mobile terminal interactive resources and supported by digital education and teaching service. Founder smart education solutions have been used by over 100 schools in more than 20 provinces nationwide to conduct class interactive and mobile learning experience. Smart education solutions have won the bidding in a number of textbook development projects, such as the digital textbook development project of People's Education Press and Beijing primary and secondary school premium curriculum resource customized purchase project. Through in-depth cooperation with publishers, we undertook the resource development, education cloud service platform development and operation service support of China Labor & Social Security Publishing House (中國勞動社會保障出版社) and the Open University of China Publishing & Media Group (國家開放大學出版傳媒集團), and strategically cooperated with educational publishers, such as Publishing House of Jinan (濟南出版社). Looking ahead, we will continue to increase research and development investment and expand our businesses, striving to become a leading educational resources development service provider and a professional digital teaching service provider in the PRC.

(B) Information products distribution for non-media sector ("Non-Media Business")

The turnover of the Non-Media Business for the current financial year decreased by 56.7% to approximately HK$164.2 million (year ended 31 December 2013: HK$379.0 million) while its segment results has recorded a profit of approximately HK$0.6 million (year ended 31 December 2013: HK$5.5 million).

The major products provided under the Non-Media Business include various information products such as servers, storage devices and workstations of a number of internationally known and branded information products manufacturers such as HP, IBM, Hitachi, Oracle Systems and Siemon. The decrease in segment revenue and segment profit were mainly due to decrease in sales of information products in the banking sector in the PRC and decrease in sales of HP products to a subsidiary of Peking University Resources (Holdings) Company Limited, a related company of the Company. The demand of information products was lower during the current financial year as the banking systems and other information systems had already been upgraded by the customers in the previous year.

PROSPECTS

To deal with the business growth, the management of the Group will closely monitor changes in the PRC'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 maximise shareholders' value.

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.

As at 31 December 2014, the number of employees of the Group was approximately 1,216 (31 December 2013: 1,258).

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 2014, the Group had interest-bearing bank borrowings of approximately HK$194.1 million (31 December 2013: HK$231.0 million), of which HK$75.7 million (31 December 2013: HK$71.8 million) were fixed interest bearing and HK$118.4 million (31 December 2013: HK$159.2 million) were floating interest bearing. The bank borrowings were denominated in Hong Kong Dollars ("HKD"), Renminbi ("RMB") and United States Dollars ("U.S. dollars"), and were repayable within one year. The Group's banking facilities were secured by corporate guarantees given by the Company and 北大方正集團有限公司 (Peking University Founder Group Company Limited*) ("Peking Founder"), a substantial shareholder of the Company, the Government of the Hong Kong Special Administrative Region under the SME Loan Guarantee Scheme, certain of the Group's land and buildings, investment properties and bank deposits.

At 31 December 2014, the Group recorded total assets of HK$1,692.1 million which were financed by liabilities of HK$730.6 million, non-controlling interests of HK$0.4 million and equity of HK$961.1 million. The Group's net asset value per share as at 31 December 2014 amounted to HK$0.80 (31 December 2013: HK$0.82).

The Group had total cash and bank balances of HK$550.2 million as at 31 December 2014 (31 December 2013: HK$573.3 million). After deducting total bank borrowings of HK$194.1 million (31 December 2013: HK$231.0 million), the Group recorded net cash and bank balances of HK$356.1 million as at 31 December 2014 as compared to HK$342.3 million as at 31 December 2013. The Group's borrowings, which are subject to little seasonality, consist of mainly short term bank loans and trust receipt loans. As at 31 December 2014, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 0.20 (31 December 2013: 0.24) while the Group's working capital ratio was 1.81 (31 December 2013: 1.86).

At 31 December 2014, 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 HKD, RMB and U.S. dollars. Surplus cash is generally placed in short term deposits denominated in HKD, RMB and U.S. dollars.

Exposure to fluctuations in exchange rates and related hedges

The Group operates mainly in Hong Kong and Mainland China. For the operations in Hong Kong, most of the transactions are denominated in HKD and U.S. dollars. The exchange rate of U.S. dollars against HKD is relatively stable and the related currency exchange risk is considered minimal. For the operations in Mainland China, most of the transactions are denominated in RMB. No financial instrument was used for hedging purposes. It is expected that the expected appreciation of RMB in the long run would have a favourable impact on the Group.

Contracts

At 31 December 2014, the major contracts in hand for the software development and systems integration business amounted to approximately HK$351.6 million (31 December 2013: HK$392.0 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 disposal of subsidiaries and associates in 2014.

Charges on assets

At 31 December 2014, the Group's land and buildings in Hong Kong of approximately HK$68.0 million and investment properties of approximately HK$87.1 million and bank deposits of approximately HK$25.7 million were pledged to banks to secure banking facilities granted.

Future Plans for Material Investments or Capital Assets

The Group did not have any concrete future plans for material investments or capital assets as at 31 December 2014.

Contingent liabilities

At 31 December 2014, 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 2014.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has fully complied with all the code provisions as set out in the Corporate Governance Code (the "CG Code"), contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), throughout the year ended 31 December 2014, except for the following deviations:

Provision E.1.2 of the CG Code provides that the Chairman of the board should attend the annual general meeting. Mr Fang Zhong Hua could not attend the annual general meeting of the Company held on 23 May 2014 due to business commitment in the PRC. Professor Yang Bin, the President of the Company, was present to be available to answer questions at the annual general meeting.

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 2014.

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.

SCOPE OF WORK OF ERNST & YOUNG ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results from the year ended 31 December 2014 have been agreed by the Group's auditors, Ernst &Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst &Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

The 2014 annual 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 Hong Kong Exchanges and Clearing Limited's website (www.hkexnews.hk) and the Company's website (www.irasia.com/listco/hk/founder) in due course.

By Order of the Board
Founder Holdings Limited
Fang Zhong Hua
Chairman

Hong Kong, 25 March 2015

As at the date of this announcement, the board of directors of the Company comprises executive directors of Mr Fang Zhong Hua (Chairman), Professor Xiao Jian Guo (Deputy Chairman), Professor Yang Bin (President), Ms Yi Mei, Ms Zuo Jin and Ms Liu Yu Xiao, and the independent non-executive directors of Mr Li Fat Chung, Ms Wong Lam Kit Yee and Mr Fung Man Yin, Sammy.

* *For identification purpose only*