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FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015 together with the comparative figures.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *Year ended 31 December 2015*

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
REVENUE	4	963,628	1,079,869
Cost of sales		<u>(565,653)</u>	<u>(716,389)</u>
Gross profit		397,975	363,480
Other income and gains	4	88,839	81,579
Selling and distribution expenses		(239,544)	(237,297)
Administrative expenses		(90,563)	(76,915)
Other expenses, net		(122,861)	(111,519)
Finance costs	5	(8,150)	(8,599)
Share of profits and losses of associates		<u>(166)</u>	<u>61</u>
PROFIT BEFORE TAX	6	25,530	10,790
Income tax	7	<u>(18,268)</u>	<u>(4,404)</u>
PROFIT FOR THE YEAR		<u>7,262</u>	<u>6,386</u>

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Attributable to:		
Owners of the parent	7,382	6,381
Non-controlling interests	(120)	5
	<u>7,262</u>	<u>6,386</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic and diluted	<u>HK0.6 cents</u>	<u>HK0.5 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
PROFIT FOR THE YEAR	<u>7,262</u>	<u>6,386</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income of associates	7	(290)
Exchange differences on translation of foreign operations	<u>(34,769)</u>	<u>(14,689)</u>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(34,762)</u>	<u>(14,979)</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Revaluation surplus of land and buildings	55,171	7,461
Income tax effect	<u>(7,984)</u>	<u>577</u>
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	<u>47,187</u>	<u>8,038</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>12,425</u>	<u>(6,941)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>19,687</u>	<u>(555)</u>
Attributable to:		
Owners of the parent	19,823	(551)
Non-controlling interests	<u>(136)</u>	<u>(4)</u>
	<u>19,687</u>	<u>(555)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		329,561	302,725
Investment properties		99,648	96,321
Investments in associates		5,148	6,189
Available-for-sale investments		6,682	9,564
Intangible assets		9,795	7,403
Deferred tax assets		1,367	–
Pledged deposits		1,791	–
Total non-current assets		453,992	422,202
CURRENT ASSETS			
Inventories		77,281	71,196
Gross amount due from contract customers		27,142	45,400
Trade and bills receivables	9	156,093	257,597
Prepayments, deposits and other receivables		307,767	344,028
Equity investments at fair value through profit or loss		922	–
Pledged deposits		22,145	25,691
Cash and cash equivalents		612,873	524,545
Tax recoverable		276	1,428
Total current assets		1,204,499	1,269,885
CURRENT LIABILITIES			
Trade and bills payables	10	66,158	130,504
Gross amount due to contract customers		28,638	12,304
Other payables and accruals		382,637	361,228
Interest-bearing bank borrowings		160,190	194,135
Tax payable		5,052	2,298
Total current liabilities		642,675	700,469
NET CURRENT ASSETS		561,824	569,416
TOTAL ASSETS LESS CURRENT LIABILITIES		1,015,816	991,618
NON-CURRENT LIABILITIES			
Deferred tax liabilities		34,604	30,093
Net assets		981,212	961,525
EQUITY			
Equity attributable to owners of the parent			
Issued capital		119,975	119,975
Reserves		860,992	841,169
		980,967	961,144
Non-controlling interests		245	381
Total equity		981,212	961,525

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”), accounting principles generally accepted in Hong Kong and disclosure requirement of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, buildings classified as property, plant and equipment, available-for-sale investments and equity investments at fair value through profit or loss, 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 for the first time for the current year’s financial statements.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions
Annual Improvements to HKFRSs 2010–2012 Cycle
Annual Improvements to HKFRSs 2011–2013 Cycle

The nature and the impact of each amendment is described below:

- (a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group.
- (b) The *Annual Improvements to HKFRSs 2010–2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:
 - *HKFRS 8 Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.
 - *HKAS 16 Property, Plant and Equipment* and *HKAS 38 Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group.
 - *HKAS 24 Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to HKFRSs 2011–2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- *HKFRS 3 Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.
- *HKFRS 13 Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.
- *HKAS 40 Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial 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, systems integration and information products distribution for media business segment provides electronic publishing and printing systems and information products to media companies;
- (b) the information products distribution for non-media business segment provides information products 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, 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	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	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	925,517	915,246	37,619	164,166	-	-	492	457	963,628	1,079,869
Revenue									<u>963,628</u>	<u>1,079,869</u>
Segment results	29,271	10,487	886	616	(12,108)	(11,355)	964	1,719	19,013	1,467
<i>Reconciliation:</i>										
Interest income									19,723	19,050
Foreign exchange differences, net									(4,890)	(1,189)
Finance costs									(8,150)	(8,599)
Share of profits and losses of associates									<u>(166)</u>	<u>61</u>
Profit before tax									<u>25,530</u>	<u>10,790</u>

	Software development, systems integration and information products distribution for media business		Information products distribution for non-media business		Others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	828,702	880,172	60,706	141,199	173,378	162,984	1,062,786	1,184,355
<i>Reconciliation:</i>								
Elimination of intersegment receivables							(48,301)	(50,350)
Investments in associates							5,148	6,189
Corporate and other unallocated assets							<u>638,858</u>	<u>551,893</u>
Total assets							<u>1,658,491</u>	<u>1,692,087</u>
Segment liabilities	540,491	547,800	6,615	23,493	10,638	10,469	557,744	581,762
<i>Reconciliation:</i>								
Elimination of intersegment payables							(48,301)	(50,350)
Corporate and other unallocated liabilities							<u>167,836</u>	<u>199,150</u>
Total liabilities							<u>677,279</u>	<u>730,562</u>
Other segment information:								
Impairment losses recognised in the statement of profit or loss	21,620	10,071	180	6,109	–	–	21,800	16,180
Depreciation and amortisation	21,585	18,511	2,723	1,750	38	6	24,346	20,267
Capital expenditure*	<u>15,374</u>	<u>4,551</u>	<u>43</u>	<u>1,735</u>	<u>255</u>	<u>9</u>	<u>15,672</u>	<u>6,295</u>

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

Geographical information

(a) Revenue from external customers

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong	38,241	170,447
Mainland China	925,250	909,332
Others	137	90
	<u>963,628</u>	<u>1,079,869</u>

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

(b) Non-current assets

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong	173,325	162,948
Mainland China	269,388	243,989
Others	11,279	15,265
	<u>453,992</u>	<u>422,202</u>

The non-current asset information above is based on the locations of the assets.

Information about a major customer

During the year ended 31 December 2015 and 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 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue		
Software development, systems integration and information products distribution	963,136	1,079,412
Others	492	457
	<u>963,628</u>	<u>1,079,869</u>
Other income		
Bank interest income	3,172	3,452
Other interest income	16,551	15,598
Gross rental income	3,050	1,768
Government grants	59,143	40,657
Others	2,359	7,670
	<u>84,275</u>	<u>69,145</u>
Gains		
Fair value gains on investment properties	3,770	2,058
Fair value gains on equity investments at fair value through profit or loss	614	–
Gain on transfer of intellectual properties	–	10,343
Gain on disposal of items of property, plant and equipment	180	33
	<u>4,564</u>	<u>12,434</u>
	<u>88,839</u>	<u>81,579</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on bank loans and overdrafts	<u>8,150</u>	<u>8,599</u>

6. PROFIT BEFORE TAX

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

	2015	2014
	HK\$'000	HK\$'000
Cost of inventories sold**	481,917	640,500
Depreciation	16,779	17,729
Amortisation of patents and acquired software*	3,984	–
Loss on termination of finance lease*	–	4,444
Minimum lease payments under operating leases	15,331	15,041
Impairment of trade receivables*	10,192	9,905
Reverse of impairment of trade receivables*	(1,583)	–
Impairment of others receivables*	5,357	533
Impairment of available-for-sale investments*	1,236	5,742
Impairment of property, plant and equipment*	3,342	–
Impairment of intangible assets*	1,673	–
Provision for obsolete inventories**	2,044	391
Research and development costs:		
current year expenditure*	81,961	85,680
amortisation of capitalised software costs*	3,583	2,538
Employee benefit expense (including directors' remuneration):		
Wages and salaries	233,723	218,339
Pension scheme contributions	24,722	25,620
Termination benefits	10,941	–
Less: Amount capitalised	–	(2,500)
	269,386	241,459
Foreign exchange differences, net	4,890	1,189
Direct operating expenses (including repair and maintenance) arising on rental-earning investment properties	798	841

* These items are included in "Other expenses, net" in the consolidated statement of profit or loss.

** These items are included in "Cost of sales" in the consolidated statement of profit or loss.

7. INCOME TAX

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current — Hong Kong		
Charge for the year	271	–
Current — Mainland China		
Charge for the year	5,354	1,879
Underprovision/(overprovision) in prior years	(315)	3,614
Other tax provision made in current year	16,312	–
Deferred	(3,354)	(1,089)
	<u>18,268</u>	<u>4,404</u>
Total tax charge for the year	<u>18,268</u>	<u>4,404</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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%. During the year, Beijing Founder Electronics Co., Ltd, the wholly-owned subsidiary of the Company, provided corporate income tax in aggregate amount of HK\$16,312,000 in respect of the government grants received. The amount was fully paid to the local tax bureau in 2015.

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\$30,000 (2014: HK\$49,000) 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 and diluted 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 1,199,746,993 (2014: 1,173,368,846) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2015 and 2014.

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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 6 months	116,469	213,757
7 to 12 months	15,909	35,532
13 to 24 months	23,715	8,308
	<u>156,093</u>	<u>257,597</u>

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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 6 months	44,884	109,304
7 to 12 months	6,235	9,029
13 to 24 months	4,826	3,909
Over 24 months	10,213	8,262
	<u>66,158</u>	<u>130,504</u>

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 (2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE

The Group reported a profit attributable to equity holders of the parent for the year ended 31 December 2015 of approximately HK\$7.4 million (year ended 31 December 2014: HK\$6.4 million). The Group's turnover for the current financial year decreased by 10.8% to approximately HK\$963.6 million (year ended 31 December 2014: HK\$1,079.9 million) due to decrease in sales of information products for non-media segment. Gross profit for the current year increased by 9.5% to HK\$398.0 million compared with last financial year's HK\$363.5 million. Gross profit ratio increased from 33.7% for the last financial year to 41.3% for the current financial year as a result of increase in proportion of sales of technical services with higher gross profit margin.

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

- a. increase in the gross profit by 9.5% to HK\$398.0 million (year ended 31 December 2014: HK\$363.5 million) as a result of increase in proportion of sales of technical services with higher gross profit margin;
- b. increase in other income and gains as a result of increase in government grants and increase in fair value gains on investment properties in Hong Kong;
- c. increase in selling and distribution expenses, administrative expenses and other expenses, net by 6.4% to HK\$453.0 million (year ended 31 December 2014: HK\$425.7 million) as a result of increase in staff cost; and
- d. an increase in tax from approximately HK\$4.4 million to HK\$18.3 million as a result of other tax provision made in current financial year in respect of the government grants received.

Basic and diluted earnings per share attributable to equity holders of the parent for the year was HK0.6 cents (year ended 31 December 2014: HK0.5 cents).

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 1.1% to approximately HK\$925.5 million (year ended 31 December 2014: HK\$915.2 million). The segment results recorded a profit of approximately HK\$29.3 million (year ended 31 December 2014: HK\$10.5 million). The improvement of segment results was due to increase in gross profit margin and increase in government grants for the current financial year.

Font Library Business

The environment of font library copyright continued to improve in 2015. The lawsuits for infringement against the use of font library by three online shops in Nanjing were ruled in favour of Beijing Founder Electronics Co., Ltd. (“Founder Electronics”, the wholly-owned subsidiary of the Company). Founder Electronics officially started the Support Program of Public Service Genuine Fonts (社會公益正版字體支持計劃) and launched various new fonts, including but not limited to RuiShuiYun (銳水雲), QuSong (趣宋), RuiZhengHei (銳正黑), GongYeHei (工業黑), Heili (黑隸) series, GuFang (古仿), JinLing font (金陵體), LongZhua font (龍爪體) and YuanSong (圓宋), attracting more and more enterprises to purchase the authorization of Founder Electronics font library. BangShuHang (榜書行) won the Silver Prize of Red Star Design Award 2015 (the highest award for font design of the year in The People’s Republic of China (the “PRC”)). The development of the 17th and 20th pack of the Chinese font library project, which is a major scientific and technological project in press and publication industry we undertook, has commenced during the current financial year. The Founder font library was launched simultaneously at various mobile App stores, including MI Store (小米商店), Coolpad, Oppo, etc., which are available for purchase by netizens. Various updated versions of “Mr. writing” (寫字先生), a social platform designed for people to practice calligraphy, write and share, have been released, which has greatly improved the user experience and received free recommended from Apple App Store, 360 Store (360商店) and MI Store (小米商店).

Internet Large-scale Data Business

Leveraging on existing technologies and businesses, Founder Electronics intended to fully enter into the internet large-scale data business, specifically, to construct and operate an internet large-scale data analysis service platform based on internet large-scale data search and analysis technology with proprietary intellectual property rights, by stepping up the investment and inducing more talents. In order to strengthen our expansion into this industry for technological products and business model tailored to the needs of our users, we proceeded to an organization restructuring throughout the business department by adding an Amoeba team responsible for industry expansion to our existing platform of data center maintenance and core technologies research and development. Inside our team, we proactively implemented the business model of “technology + service”, and promoted it to the whole industry. Currently, the initial effect has been seen: in respect of

traditional internet public sentiment information service and national network security technology service, most large-scale construction projects we undertook progressed well to the satisfaction of customers, which brought more opportunities for projects, strengthened our advantages in terms of technical products and consolidated our traditional strength and market position. Meanwhile, Founder Electronics succeeded in cooperating with relevant competent authorities, industrial associations and renowned enterprises in such field as household appliances and education, forming a service model of large-scale data analysis oriented to industrial application and with good marketing prospect. Looking forward, we will focus on certain industries to pool our efforts and increase investments to become the large-scale data application market leaders in China.

Printing Business

Founder Electronics continued to help the printing company clients for their business integration and transformation via our “all-in-one” (全能印廠) solutions, continued to strengthen the market leading position of our main products and driving our transformation of business model to the provision of service. The variable data inkjet coding system of Founder EagleJet (方正傑鷹) played a leading position in the QR coding market of drug supervision code, cigarette packages and household chemicals. We launched K and V series EagleJet (傑鷹) inkjet printers based on the inkjet core technologies, and maintained our leading position in domestic inkjet digital printer market. Founder Electronics comprehensively achieved safety transmission of primary and secondary school teaching materials through our electronic film solutions with national coverage. Founder DiaoLong (方正雕龍) CTP recorded steady sales growth. Through our digital printing cloud platform solutions, we solved such urgent requirements as accuracy, safety and production efficiency of content production faced by publishers in the internet era. At the same time, we are expanding into package industry on the basis of QR code anti-counterfeiting, source tracing and large-scale data marketing, where we have certain technological barrier in place and will keep working hard in the coming years.

Digital Media Business

By capitalizing on the historic opportunities of integration of traditional media with new media to actively drive the integration media overall solutions and rapidly boost industry layout, Founder Electronics recorded strong sales of Omnimedia 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 took the lead in guiding users for integration and development on operation level, 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), Zhejiang Daily (浙江日報), Dazhong Daily (大眾日報) and China Education News (中國教育報), playing a leading position in the market. Based on our extensive practical experience in the media field and with market trend and demand 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, Internet News Application (互聯網新聞應用) and Information Service Platform (信息服務平台) based on cloud computing,

large-scale data and mobile internet application to gradually develop an integrated solution for intelligence media for DT era, which were widely recognized in the industry. Five projects undertaken in 2015 were granted with the First Prize of Wangxuan News Science and Technology Award (王選新聞科學技術一等獎). We continued to transform towards a service provider and launched the open cloud platform Xinkong Cloud Media (新空雲媒) for the provision of pan media one-stop cloud service, hence transforming gradually from a solution provider to a cloud service provider. Facing the severe economic condition in the market, Founder Electronics, leveraging its foothold in the newspaper industry, strived to expand into other sectors by conducting active industry expansion in aspects such as operation of news schools and vertical industry information service, thereby laying a solid foundation for the sustainable and stable development of the Company.

Digital Publishing Business

Driven by the technologies of mobile internet, cloud computing and large-scale data, the publishing industry in China has entered into the “integration” stage of development with traditional publishing transforming towards digital publishing. Based on the technologies including mobile internet, large-scale data and cloud computing, Founder Electronics created Intelligent Publishing (智慧出版) solution to promote the transformation and upgrading towards digital publishing industry and business model innovation. In 2015, we released a number of new product solutions, such as Shuchang Collaborative Compiling and Dynamic Publishing System (書暢協同編纂及動態出版系統), Zhixiang Large-scale Data Intellectual Service Solution (智享大數據知識服務解決方案), Founder Feixiang New Generation Digital Textbook Tool (方正飛翔新一代數字教材工具), Zhixiang New Media Operation Release Platform (智享新媒體運營發佈平台), mobile APP, WeChat Book City (微信書城), Self-help Publishing Platform (自助出版平台), which has contributed to the integrated development, transformation and innovation of the publishing industry. Founder’s Intelligent Publishing solution has obtained dozens of major orders from the Central Cultural Enterprise Digital Transformation and Upgrading (中央文化企業數字化轉型升級改造) project and Central China Publishing & Media Group (中原出版傳媒集團), Shanghai Century Publishing Group (上海世紀出版集團), Jilin Publishing Group (吉林出版集團), Hubei Changjiang Press & Media Group Company Limited (湖北長江出版傳媒集團), etc. In 2015, we were shortlisted in all three sub-categories under the solicitation of technology support units for knowledge service by the State Administration of Press, Publication, Radio, Film and Television of the PRC, namely core technology supporting unit for development of knowledge system and knowledge processing, management technology support unit for knowledge services and operation technology supporting unit, reflecting our technology strength and advantages and continuing to lead the development of digital publishing technologies.

Digital Education Business

Relying on our “tools + software platform + contents + services”, Founder Electronics focused on mobile internet education and aimed at developing an intelligent teaching environment and internet education trend for K12 students, among which Founder Huiyun Intelligent Class System (方正慧雲智慧課堂系統) (“e-School Bags”) has been used by over 200 schools in more than 20 provinces. Meanwhile, on the basis of Founder Feixiang Digital Textbook Development Tool (方正飛翔數字教材開發工具), we have won the bidding in a number of digital textbook development projects, such as projects of People’s Education Press and Beijing Academy of Educational Sciences. By developing digital textbooks that are more interactive with rich media contents, scenarios and games, Founder Electronics took the lead in the development of digital textbooks for elementary education both in terms of technology and market share. Besides, leveraging our own technology advantages and coupled with the development of school subjects, Founder Electronics released interactive mathematic inquiry tools for primary and junior secondary schools and such other teaching resources, which effectively facilitated the expansion of our business from technology towards resources and services.

(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 77.1% to approximately HK\$37.6 million (year ended 31 December 2014: HK\$164.2 million) while its segment results has recorded a profit of approximately HK\$0.9 million (year ended 31 December 2014: HK\$0.6 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, Hitachi, Oracle Systems and Siemon. The decrease in segment revenue was mainly due to decrease in sales of information products in the banking sector in the PRC.

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.

As at 31 December 2015, the number of employees of the Group was approximately 1,171 (31 December 2014: 1,216).

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 2015, the Group had interest-bearing bank borrowings of approximately HK\$160.2 million (31 December 2014: HK\$194.1 million), of which HK\$96.6 million (31 December 2014: HK\$75.7 million) were fixed interest bearing and HK\$63.6 million (31 December 2014: HK\$118.4 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, 北大方正集團有限公司 (Peking University Founder Group Company Limited*) ("Peking Founder") (a substantial shareholder of the Company), PKU Founder Group Finance Co., Ltd. (a subsidiary of Peking Founder), 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 2015, the Group recorded total assets of HK\$1,658.5 million which were financed by liabilities of HK\$677.3 million, non-controlling interests of HK\$0.2 million and equity of HK\$981.0 million. The Group's net asset value per share as at 31 December 2015 amounted to HK\$0.82 (31 December 2014: HK\$0.80).

The Group had total cash and bank balances of HK\$636.8 million as at 31 December 2015 (31 December 2014: HK\$550.2 million). After deducting total bank borrowings of HK\$160.2 million (31 December 2014: HK\$194.1 million), the Group recorded net cash and bank balances of HK\$476.6 million as at 31 December 2015 as compared to HK\$356.1 million as at 31 December 2014. 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 2015, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 0.16 (31 December 2014: 0.20) while the Group's working capital ratio was 1.87 (31 December 2014: 1.81).

At 31 December 2015, 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 the PRC. 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 the PRC, most of the transactions are denominated in RMB. The conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange controls promulgated by the Chinese government. The Group has minimal exposure to exchange rate fluctuation. No financial instrument was used for hedging purposes. During the current financial year, the exchange rate of RMB has devalued and the Group will closely monitor the currency exchange risk of RMB in the near term as a result.

Contracts

At 31 December 2015, the major contracts in hand for the software development and systems integration business amounted to approximately HK\$426.8 million (31 December 2014: HK\$351.6 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 disposal of subsidiaries and associates in 2015.

Charges on assets

At 31 December 2015, the Group's land and buildings in Hong Kong of approximately HK\$75.1 million and investment properties of approximately HK\$90.0 million and bank deposits of approximately HK\$23.9 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 2015.

Contingent liabilities

At 31 December 2015, 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 2015.

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 2015, 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 4 June 2015 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 2015.

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 2015 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 2015 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
Xiao Jian Guo
Chairman

Hong Kong, 23 March 2016

As at the date of this announcement, the board of directors of the Company comprises executive directors of Professor Xiao Jian Guo (Chairman), Professor Yang Bin (President), Mr Liu Jian, Ms Zuo Jin, Ms Sun Min and Ms Luo Yan, 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*