

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



FOUNDER HOLDINGS LIMITED
方正控股有限公司 *
(Incorporated in Bermuda with limited liability)
(Stock Code: 00418)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 together with the comparative figures.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
YEAR ENDED 31 DECEMBER 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
REVENUE	4	1,073,838	936,545
Cost of sales		<u>(558,748)</u>	<u>(492,689)</u>
Gross profit		515,090	443,856
Other income and gains	4	74,319	66,096
Selling and distribution expenses		(249,317)	(203,556)
Administrative expenses		(88,790)	(81,824)
Other expenses, net		(207,946)	(170,891)
Finance costs	5	(169)	(1,594)
Share of profits of associates		<u>11</u>	<u>142</u>
PROFIT BEFORE TAX	6	43,198	52,229
Income tax credit	7	<u>286</u>	<u>1,668</u>
PROFIT FOR THE YEAR		<u>43,484</u>	<u>53,897</u>

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Attributable to:			
Owners of the parent		<u>43,484</u>	<u>53,897</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	8	<u>HK3.6 cents</u>	<u>HK4.5 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
PROFIT FOR THE YEAR	43,484	53,897
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive (loss)/income of associates	(119)	335
Exchange differences on translation of foreign operations	20,215	42,717
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	20,096	43,052
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity investments at fair value through other comprehensive income	(172)	(747)
Revaluation (deficit)/surplus of land and buildings, net of tax	(16,255)	8,666
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	(16,427)	7,919
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	3,669	50,971
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	47,153	104,868
Attributable to:		
Owners of the parent	47,153	104,868

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	9	309,469	336,072
Investment properties		146,969	142,923
Right-of-use assets		6,257	2,550
Investments in associates		3,003	3,111
Equity investments at fair value through other comprehensive income		1,667	1,902
Intangible assets		–	–
Deferred tax assets		130,753	125,038
Pledged deposits		2,510	3,188
Total non-current assets		600,628	614,784
CURRENT ASSETS			
Inventories		110,150	75,400
Trade and bills receivables	10	165,054	199,897
Contract assets		15,026	16,317
Prepayments, deposits and other receivables		71,014	59,902
Financial assets at fair value through profit or loss		1,194	387
Structured deposits		–	178,359
Pledged deposits		4,580	6,777
Cash and cash equivalents		599,166	363,785
Total current assets		966,184	900,824
CURRENT LIABILITIES			
Trade and bills payables	11	64,169	67,950
Contract liabilities		70,983	69,116
Other payables and accruals		273,510	264,549
Lease liabilities		4,261	1,724
Tax payable		4,511	4,785
Total current liabilities		417,434	408,124
NET CURRENT ASSETS		548,750	492,700
TOTAL ASSETS LESS CURRENT LIABILITIES		1,149,378	1,107,484

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Lease liabilities	1,451	438
Deferred tax liabilities	54,524	60,796
	<hr/>	<hr/>
Total non-current liabilities	55,975	61,234
	<hr/>	<hr/>
Net assets	1,093,403	1,046,250
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	119,975	119,975
Reserves	973,428	926,275
	<hr/>	<hr/>
Total equity	1,093,403	1,046,250
	<hr/> <hr/>	<hr/> <hr/>

NOTES

31 DECEMBER 2021

1. BASIS OF PREPARATION

The 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 the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, land and buildings classified as property, plant and equipment, equity investments at fair value through other comprehensive income, bills receivable, structured deposits and financial assets at fair value through profit or loss which have been measured at fair value. The 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 HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16
Amendment to HKFRS 16

Interest Rate Benchmark Reform – Phase 2

*COVID-19-Related Rent Concessions beyond
30 June 2021 (early adopted)*

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The Group had no interest-bearing bank or other borrowings or outstanding hedging transactions based on the Hong Kong Interbank Offered Rate (“HIBOR”) and the London Interbank Offered Rate (“LIBOR”) as at 31 December 2021.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received COVID-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

3. OPERATING SEGMENT INFORMATION

The Group is primarily engaged in the sales of information products and software and sales of software development and system integration. Given that the chief operating decision maker of the Company considers that the Group's business is operated and managed as a single segment, accordingly, no segment information is presented.

Geographical information

(a) Revenue from external customers

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Mainland China	1,069,224	931,786
Hong Kong	4,486	4,554
Others	128	205
	<u>1,073,838</u>	<u>936,545</u>

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

(b) Non-current assets

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Mainland China	252,091	271,833
Hong Kong	210,571	209,712
Others	3,036	3,111
	<u>465,698</u>	<u>484,656</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments, deferred tax assets and pledged deposits.

Information about major customers

During the year, there was no revenue derived from transactions with a single external customer which individually accounted for 10% or more of the Group's revenue (2020: Nil).

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021 HK\$'000	2020 HK\$'000
Revenue from contracts with customers	1,068,862	931,511
Revenue from other sources		
Rental income from investment property operating leases	<u>4,976</u>	<u>5,034</u>
	<u>1,073,838</u>	<u>936,545</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2021

**Total
HK\$'000**

Types of goods or services

Sale of information products and software	1,056,196
Sale of software development and system integration service	<u>12,666</u>

Total revenue from contracts with customers 1,068,862

Geographical markets

Mainland China	1,068,734
Others	<u>128</u>

Total revenue from contracts with customers 1,068,862

Timing of revenue recognition

Goods transferred at a point in time	1,056,196
Services transferred over time	<u>12,666</u>

Total revenue from contracts with customers 1,068,862

For the year ended 31 December 2020

Total
HK\$'000

Types of goods or services

Sale of information products and software	898,199
Sale of software development and system integration service	<u>33,312</u>

Total revenue from contracts with customers 931,511

Geographical markets

Mainland China	931,306
Others	<u>205</u>

Total revenue from contracts with customers 931,511

Timing of revenue recognition

Goods transferred at a point in time	898,199
Services transferred over time	<u>33,312</u>

Total revenue from contracts with customers 931,511

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of information products and software	52,074	43,256
Sale of software development and system integration service	3,897	8,500
	<u>55,971</u>	<u>51,756</u>

(ii) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Sale of information products and software

The performance obligation is satisfied upon delivery of information products and software and payment is generally due within 90 days from the invoice date, except for new customers, where payment in advance is normally required. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the goods' quality by the customers over a certain period as stipulated in the contracts.

Sale of software development and system integration

The performance obligation is satisfied over time as services are rendered and payment is generally due within 15 days from the invoice date. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Amounts expected to be recognised as revenue:		
Within one year	108,636	56,204
After one year	871	2,677
	<u>109,507</u>	<u>58,881</u>

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to software development and system integration services, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other income		
Bank interest income	7,301	7,314
Other interest income	–	335
Government grants (<i>note</i>)	52,253	50,457
Others	5,108	4,018
	<u>64,662</u>	<u>62,124</u>
Gains		
Gain on disposal of items of property, plant and equipment	52	26
Fair value gains on structured deposits	1,046	1,305
Foreign exchange differences, net	4,366	2,627
Fair value gains on investment properties	3,810	–
Fair value gains on financial assets at fair value through profit or loss	383	14
	<u>9,657</u>	<u>3,972</u>
	<u>74,319</u>	<u>66,096</u>

Note: Various government grants have been received for the sale of software approved by the PRC tax authority and the development of software in Mainland China. The government grants have been recognised upon sales of approved software and completion of the development of related software. There are no unfulfilled conditions or contingencies relating to these grants.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on lease liabilities	169	121
Interest on bank borrowings	–	1,473
	<u>169</u>	<u>1,594</u>

6. PROFIT BEFORE TAX

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Auditor's remuneration	2,560	2,560
Cost of inventories sold and services provided**	549,730	489,090
Depreciation of property, plant and equipment	20,188	18,870
Depreciation of right-of-use assets	2,687	2,739
Lease payments not included in the measurement of lease liabilities	24,720	22,367
(Reversal of impairment)/impairment of trade receivables and contract assets*	(2,735)	5,063
Impairment/(reversal of impairment) of other receivables*	1,590	(7,977)
Loss on write-off of inventories*	7,427	1,753
Provision for obsolete inventories**	9,018	3,599
Research and development costs:		
Current year expenditure*	191,030	157,428
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages and salaries	263,037	243,700
Pension scheme contributions***	43,767	22,435
	<u>306,804</u>	<u>266,135</u>
Foreign exchange differences, net	(4,366)	(2,627)
Direct operating expenses (including repair and maintenance) arising on rental-earning investment properties	531	405
Fair value gains on financial assets at fair value through profit or loss	(383)	(14)
Fair value (gains)/losses on investment properties	(3,810)	3,756
Gain on disposal of financial assets at fair value through profit or loss	–	(248)
Fair value gains on structured deposits	<u>(1,046)</u>	<u>(1,305)</u>

* 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.

*** At 31 December 2021, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2020: Nil).

7. INCOME TAX

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	111	1
Current – Mainland China		
Charge for the year	692	2,214
Underprovision/(overprovision) in prior years	3,042	(521)
Deferred	<u>(4,131)</u>	<u>(3,362)</u>
Total tax credit for the year	<u><u>(286)</u></u>	<u><u>(1,668)</u></u>

Hong Kong profits tax has been provided at the rate of 16.5% (2020:16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for the first HK\$2,000,000 of assessable profits for Founder Electronics (HK) Limited which is taxed at the rate of 8.25% as Founder Electronics (HK) Limited elects the two-tiered profits tax rates in 2021 and 2020.

Taxes on profits assessable in Mainland China have been calculated at the statutory PRC corporate income tax (“CIT”) rate of 25%. Certain subsidiaries of the Group are entitled to preferential tax treatments of reduction in the CIT rate to 15%.

The share of tax attributable to associates amounting to negative HK\$2,000 (2020: negative HK\$28,000) is included in “Share of profits 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 1,199,746,993 (2020: 1,199,746,993) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2021, the Group had addition of property, plant and equipment of approximately HK\$9,911,000 (2020: HK\$3,825,000), and disposal of property, plant and equipment of approximately HK\$1,758,000 (2020: HK\$45,000).

10. TRADE AND BILLS RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	190,509	231,664
Bills receivable	16,207	17,845
Impairment	<u>(41,662)</u>	<u>(49,612)</u>
	<u>165,054</u>	<u>199,897</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Payment is generally due within 90 days from the invoice date. 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.

Included in the Group's trade and bills receivables are amounts due from Peking University Founder Group Company Limited ("Peking Founder"), a substantial shareholder of the Company, and its subsidiaries (collectively "Peking Founder Group") of HK\$201,000 (2020: HK\$609,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade receivables, based on the invoice date and net of loss allowance, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 6 months	116,313	150,327
7 to 12 months	11,133	11,718
13 to 24 months	17,464	16,294
Over 24 months	<u>3,937</u>	<u>3,713</u>
	<u>148,847</u>	<u>182,052</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At beginning of year	49,612	40,648
(Reversal of impairment)/impairment losses, net	(680)	7,707
Amount written off as uncollectible	(8,226)	–
Exchange realignment	<u>956</u>	<u>1,257</u>
At end of year	<u>41,662</u>	<u>49,612</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the ageing of groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The decrease in the loss allowance of HK\$7,950,000 was a result of an decrease in credit risk exposure of all age groups and the written off of uncollectible accounts receivables. The individually impaired trade receivables are related to customers that were credit-impaired or in default of payments and no receivable is expected to be recovered.

11. TRADE AND BILLS PAYABLES

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 6 months	54,028	61,281
7 to 12 months	3,697	994
13 to 24 months	1,956	1,694
Over 24 months	4,488	3,981
	<u>64,169</u>	<u>67,950</u>

Included in the Group's trade and bills payables are amounts due to Peking Founder Group of approximately HK\$915,449 (2020: HK\$1,327,000), which are repayable on agreed terms similar to those offered by other third party supplier.

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 (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE

The Group reported a profit for the year ended 31 December 2021 of approximately HK\$43.5 million (year ended 31 December 2020: HK\$53.9 million). The Group's turnover for the current year increased by 14.7% to HK\$1,073.8 million (year ended 31 December 2020: HK\$936.5 million) as the disruption caused by COVID-19 began to alleviate. Gross profit for the current year increased by 16.0% to HK\$515.1 million compared with last year's HK\$443.9 million. Gross profit ratio increased from 47.4% for the last year to 48.0% for the current year as a result of increase in proportion of sales of font library business with higher gross profit margin.

The decline in profit for the year was mainly the net results of:

- a. an increase in the gross profit by 16.0% to approximately HK\$515.1 million (year ended 31 December 2020: HK\$443.9 million);
- b. an increase in other income and gains by 12.4% to HK\$74.3 million (year ended 31 December 2020: HK\$66.1 million) attributable to the increase in government grants received for the sale of software approved by the PRC tax authority and the development of software in Mainland China as a result of increase in sales of software and increase in fair value gains on investment properties in Hong Kong; and
- c. an increase in total selling and distribution expenses, administrative expenses and other operating expenses by 19.7% to HK\$546.1 million (year ended 31 December 2020: HK\$456.3 million) as a result of (i) the temporary reduction and exemption of enterprise's social insurance contributions granted for the year ended 31 December 2020 has been cancelled; and (ii) the operating expenses increased with the increase in revenue during the year.

Basic and diluted earnings per share for the year was HK3.6 cents (year ended 31 December 2020: HK4.5 cents).

OPERATING REVIEW AND PROSPECTS

Operating Review

Font Library Business

Against the backdrop that China is vigorously propelling cultural creative industries, the value of fonts has been recognized by more and more enterprises and the public. Meanwhile, with increasingly intense competition in the industry, new font design companies and individual font designers came into the font library market one after another. In 2021, in order to meet the ever-changing demand for fonts across all sectors of society and to cope with fierce domestic and overseas competition, Founder font library has made a number of attempts in terms of marketing methods:

- 1) Font design aspect: In 2021, the digitalization of classic calligraphy from different dynasties continued to be our priority in font design. 北大方正電子有限公司 (Beijing Founder Electronics Co., Ltd) (“Founder Electronics”), the wholly-owned subsidiary of the Company, launched 20 exquisite Chinese font libraries, including the “Oracle Bone Font Library (甲骨文字庫)”, “Ode to Shimen Clerical Script Font (石門頌隸書)”, “Wang Xianzhi-style Small Regular Script Font (王獻之小楷)”, “Sun Guoting-style Cursive Script Font (孫過庭草書)” and “Mi Fu-style Semi-cursive Script Font (米芾行書)”. At the same time, we cooperated with the prominent Japanese company Hakusyu Fonts to introduce 6 creative handwriting fonts. Based on our analysis of industry trends, we released several high-quality fonts as our key products, which included the “Huathink Classic Song-style Font (華思經宋)”, “Woodblock Printing Song-style Font (雕版宋)”, “New Mixed Art Gothic Font (新綜藝黑)”, “Qianlong-style Font (乾隆體)”, “Happy Font (喜體)” and “Art Regular Script Font (藝楷)”. Inspired by the award-winning works in the Founder Award Design Contest (Latin Alphabet Category), we developed various fonts for Western alphabets including the FounderSilk and Founderbrush. Throughout 2021, we added a total of 376 Chinese and Western fonts to our product portfolio.

Furthermore, as enterprises increasingly recognized the importance of exclusive fonts in brand promotion, our customized font business continued to grow. Throughout 2021, the font customization team of Founder font library brought out customized fonts for well-known customers in a wide range of industries, which included Taobao (for its LOGO font), the One Foundation, Meituan, Shenzhen Graphic Design Association (GDC Award), Li Auto Inc. and HEYTEA etc.

- 2) Font design technology aspect: To ensure font quality and improve design efficiency, we continued to promote the use of artificial intelligence-aided font design technology in our major design works, such as the “Exquisite Chinese Font Library Project (中華精品字庫工程)” and other font customization projects. Keeping pace with the global technology trend, we further strengthened the research and application of variable font technology and rolled out the section for variable fonts at our official website, which fully demonstrated the superior technology, aesthetic appeal and application value of

Founder's variable fonts. As of the end of 2021, we introduced a total of 50 variable fonts in different styles, including the "Founder Variable Relax Gothic Font (方正可變悠黑)", "Founder Variable Rounded Gothic Font (方正可變啞黑)", "Founder Elegant Song-style Regular Script Font (方正風雅楷宋)" and "Founder Variable Dancing Font (方正可變勁舞體)".

- 3) Marketing and service aspect: On the basis of consolidating and expanding the cooperation with major corporate clients, we continued to scale up targeted marketing and increased collaboration with design companies and advertising firms. For uncommon words in the names of people or places, we provided the "Founder Demographic Information Font Library Solution (方正人口信息字庫解決方案)" to financial and social security institutions, including China CITIC Bank. With a focus on designers and micro, small and medium-sized enterprises, Founder offered the "Love-dynamic Authorization Model (心動授權模式)" for design projects on the "Font + (字加)" website. Under this model, designers were allowed to use 484 selected fonts freely at a price as low as RMB500 per design project. In addition, we continued to push forward the development of the comprehensive three-in-one service system comprising the official website of Founder font library, "Font + (字加)" mobile APP and "Font +" PC client end.
- 4) Promotion aspect: On the famous CCTV show "National Treasure (國家寶藏)", our font designer appeared as the "guardian of national treasure" and played a significant role in popularizing and disseminating the "Exquisite Chinese Font Library Project (中華精品字庫工程)" and Founder font library to the general public. In view of the rise of short-form videos, Founder font library started to operate its video channel. We also actively supported advertising through online streaming. Throughout 2021, we held 14 live and rebroadcast events on various platforms including Bilibili and the video channel of Founder font library. Combining offline and online means, we successfully organized the press conference for the second stage of "Beauty in Chinese Calligraphy – Exquisite Chinese Font Library Project Charity Program (字美中華 – 中華精品字庫工程公益應用計劃)", where hundreds of thousands of viewers joined our annual celebration. Besides, we held the 11th Founder Award Design Contest and introduced two new categories, namely the "Font Design" and "Font Application" categories, which opened a new chapter for the award. Apart from that, Founder font library actively participated in renowned international design contests and won several awards in Tokyo TDC, NY TDC, UK D&AD and GDC Award, thereby enhancing its influence in the global design sector.

The above measures not only enhanced the professional brand image and industry-leading position of Founder font library, but also raised the public awareness of our young and international image. The increasing recognition and appreciation for Founder font library and Founder brand will lay a solid foundation for our future innovation and development.

Printing Business

The year 2021 marked the beginning of China’s “14th Five-year Plan”. As proposed by the competent authority, the printing industry centered around the theme of “embarking on the ‘14th Five-year Plan’ and striving for progress in the new journey”. In pursuit of high-quality development, the industry promoted more in-depth restructuring on the supply side and accelerated the establishment of an industrial system that featured “high-quality capacity and supply, cutting-edge and safe technology, and green development, integration and openness”. With its extensive expertise in the research and development of inkjet technology, 北京方正印捷數碼技術有限公司 (Beijing Founder EasiPrint Digital Technical Co., Ltd*) (“Founder EasiPrint”), the wholly-owned subsidiary of the Company, remained the leader in the gradual replacement of traditional offset printing technology with the more advanced inkjet printing technology in production, thereby supporting capacity and supply ramp-up, technology development and green integration of the industry.

- 1) Market aspect: In the first half of 2021, the COVID-19 pandemic had a diminishing effect on business expansion. As a new and alternative technology for books and commercial printing, inkjet printing technology had a strong internal momentum, which was reflected in the fast-growing sales of Founder EagleJet inkjet printers during the first half of the year. Between January and May 2021, the installation volume doubled from last year. However, pressure built up in mid-year when the General Office of the Central Committee of the Chinese Communist Party and the General Office of the State Council issued the “Opinions on Further Alleviating the Burden of Homework and After-School Tutoring for Students in Compulsory Education (關於進一步減輕義務教育階段學生作業負擔和校外培訓負擔的意見)” on 24 July. Since then, China’s education and training institutions exited the K12 education market. As a result, upstream demand for printing educational and training materials began to drop and printing companies changed from aggressive to conservative in procuring new equipment. Thus, installation volume declined drastically for the second half of 2021, as compared to the first half of the year. It is expected that business will resume, and the inkjet printing market will be back to growth after the printing industry recovers from the policy-induced psychological shock.
- 2) Product research and development aspect: In 2021, Founder EasiPrint consolidated the position of its leading printing software. With a focus on digital printing, it is developing the Founder Changyin software and is going to update the Founder Yunshu software to V3.0. In terms of hardware, it started the system test of high-resolution models which are expected to launch in 2022. Besides, it is planned that a lighter and more compact inkjet printer model, and the upgraded version of the currently well-received black and white and colour inkjet printer models will be put to the market at the same time. Founder EasiPrint is committed to promoting inkjet printing to Chinese printing companies extensively through ongoing technology replacement.
- 3) Marketing aspect: In 2021, Founder EasiPrint organized the “EagleJet Goddess (桀鷹女神)” online audition. Over 30 candidates participated in the campaign and fan vote. The event had more than 29 million views and over 1.5 million likes on TikTok, with

the highest number of likes per video exceeding 300,000. On the WeChat voting page, it also attracted more than 180,000 visits and over 100,000 votes in total. During the year, the 10th Beijing International Printing Technology Exhibition was held in Beijing. The show featured several new products of Founder EasiPrint, including the Founder EagleJet P6600C HD colour inkjet printers which received wide attention from members of the industry and media. In the fourth quarter, Founder EasiPrint published a series of videos under the title of “Introduction on Functions of Founder’s Software and Hardware Products” on TikTok. The program was well accepted by the audience and laid a solid foundation for future market expansion.

- 4) Product and project award aspect: The “Research and Development and Industrial Application of Key Technology for Founder EagleJet P Series One/Double Colour Inkjet Book Printing Equipment” won the 2020 Scientific Technology First Class Award from the Printing and Printing Equipment Industries Association of China and the 16th Bisheng Printing Technological Advancement Second Class Award. The project featured a broad range of advanced proprietary technology in high-speed data reconstruction and transmission, high precision synchronization control and refined inking control, which contributed to its leading performance in terms of production stability, high-load operation and ease of operation. In December 2021, the “Printing and Packaging Industrial Economy and Printing Manager Annual Conference 2021” was held in Wuhan. At the conference, Mr. Shao Xing, the President of the Company, was elected as the “2021 Economic Figure in the Printing and Packaging Industry”. This demonstrated that the industry recognized Founder Electronics for its pioneer role in the “new business format of the inkjet printing industry and its contribution in the development of inkjet printing technology in China”.

Media Business

In September 2020, the central government issued the “Opinion on Accelerating In-depth Integration and Development of Media (《關於加快推進媒體深度融合發展的意見》)” as the macro-policy on media integration. The opinion specified the three overall requirements of in-depth media integration and development in terms of its significance, target and mission and working principle. It planned to drive integration and development through advanced technology, while making full use of achievements from the IT revolution including 5G, big data, cloud computing, Internet of Things, blockchain and artificial intelligence. Additionally, it suggested enhancing the prospective research and application of new technology in the news dissemination field and supporting the independent innovation of key and core technology. The opinion aimed to push forward the in-depth reform on the mainstream media system and mechanism, so that an integrated organizational structure was established for all-rounded media to produce and disseminate content. The media was encouraged to develop new reporting and editorial procedures, so as to form an efficient and centralized content production system and dissemination chain. By exploring and building the operating model of “News + Government affairs + Service + Business”, media shall develop new investment and financing policies to enhance competitiveness. In November 2020, the National Radio and Television Administration issued the “Opinion on Accelerating In-depth Integration and

Development of Radio and Television Media (《關於加快推進廣播電視媒體深度融合發展的意見》)”。Taking a top-down approach, these two policies on media integration jointly provided the principal direction and example to guide the in-depth integration of mainstream media in 2021. On 3 November 2020, the “Central Government Proposal on the 14th Five-Year Plan and 2035 Long-term Objectives for National Economic and Social Development (《中共中央關於制定國民經濟和社會發展第十四個五年規劃和二零三五年遠景目標的建議》)” was released. The proposal detailed the key strategy on in-depth media integration, all-rounded media dissemination and the establishment of integrated media centres at the county level. Apart from advancing the in-depth integration of media, the government shall develop all-rounded media dissemination and strengthen new types of mainstream media. For all-rounded media dissemination, content creation shall be supported with state-of-the-art technology as well as reform and innovation measures to achieve centralized resources management, structure optimization, differential development and efficiency from synergy. In regard to the market landscape, it was predicted that traditional media and new media shall co-exist, with the Internet as the battlefield, new media as the frontline, and mobile media and videos becoming more popular. Structurally, the system will comprise four vertical levels ranging from central, provincial, municipal to county-level media, and horizontally cover mainstream media and business platforms. The notions of “all-rounded media dissemination framework”, “all-rounded media dissemination system” and “all-rounded media dissemination development” represent the major benchmark and focus of mainstream media in accelerating in-depth media integration and development. In 2021, media integration was characterized by the new development stage of technology and content integration, which allowed mainstream media to explore the new transitional model for sustainable development. Central, provincial, prefecture-level and industry media (or corporate media), integrated media at high schools, and district or county-level integrated media centres shall continue to facilitate media integration and develop the integrated media and new media platform.

As to the integration of the publishing industry, the Ministry of Science and Technology, the Central Propaganda Department, the Cyberspace Administration, the Ministry of Finance, the Ministry of Culture and Tourism, and the National Radio and Television Administration jointly issued the “Guidance on Facilitating In-depth Integration between Culture and Technology (《關於促進文化和科技深度融合的指導意見》)” in August 2019, which requested to accelerate the in-depth integration between culture and technology. In May 2020, the Cultural Reform Office of the Central Propaganda Department also published the “Notice on Proper Establishment of National Culture Big Data System (《關於做好國家文化大數據體系建設工作通知》)”, which proposed a national culture big data system to be established as a key infrastructure for cultural development in the new era, and a major part in applying the outcomes of cultural digitization to develop network and intelligent technology. The notice drove the establishment of the cultural big data cloud platform and cultural database in the publishing sector, which enabled the industry to further centralize good quality resources, enhance the construction of the technology platform and expand boundaries for integration. In May 2021, the National Press and Publication Administration issued the “Notice on Organization and Implementation of Publishing Integration and Development Program (《關於組織實施出版融合發展工程的通知》)” and initiated the publishing integration and development program. The program aimed to encourage the digitalization strategies of the

publishing industry and promote the in-depth integration and development between traditional publishing and emerging publishing in a systematic manner. Looking forward, the publishing sector will reshape its production procedures to adapt to integrated publishing, reform the organizational model based on such procedures, and improve publishing quality and efficiency through the use of smart technology.

1) Product and solution aspect:

For in-depth media integration: To better facilitate the application of mobile network, big data, artificial intelligence, 5G and other advanced and emerging technologies in in-depth integration and development of media, Founder Electronics launched the “Founder Solution for Hyper-integration of Media V3.0” after upgrade and optimization. It focused on the research and development of the data middle platform and AI middle platform by adopting a cloud computing-based and containerized microservice structure to build the new generation of supporting platforms for media integration technologies. At the same time, it continuously improved the intelligence and video-oriented capabilities of various products, such as Founder all-rounded media interview and compilation and media cloud through a component-based research and development model with fast upgrades, so as to help with the development of smart media. “Founder Solution for Hyper-integration of Media 3.0” realized not only the integration of media businesses, management, users and data, but also the optimization of new mobile media platforms and mobilization of core content creation businesses by adhering to our strategy that takes mobile media as the priority. Meanwhile, the solution strengthened and optimized the abilities of comprehensive and integrated production, comprehensive planning and interview, and comprehensive compilation and editing and distribution from various ends for audios, videos and new media. It could help with the digitalization and intelligent development for different application scenarios, including planning, interview, compilation, editing, publishing and distribution, through the data middle platform and AI middle platform.

For the publishing business: Founder Electronics has stepped up its efforts in the research and development of the new generation of the digital joint compilation system, covering technologies and products for joint compilation, smart review, automatic typesetting and others. In 2021, Founder Smart Review Cloud Service Platform V3.0 and the new V8.2 version of the Founder Flying content production software were launched, which enhanced the competitiveness of Founder Electronics in terms of content production software. Meanwhile, Founder began the research and development of technologies and products in relation to the cloud-based digital publishing resources management platform and the knowledge service, while actively participating in the establishment of the national cultural big data system. In 2021, it passed the final expert assessment and inspection for the completion of subcontracting work in relation to the national digital composite publishing project and the general contracting work for books.

2) Business model aspect:

We are committed to promoting the transformation from software solutions towards authorization service, SaaS service, software service and data service. In 2021, contracts in relation to the service-oriented business accounted for 42% of the newly signed contracts, among which contracts in relation to authorization service and SaaS service business accounted for 29%. Looking forward to 2022, we will continue to drive the transformation towards the authorization service, SaaS service, software service and data service.

3) Marketing aspect:

We actively established model customers and projects in media integration and publishing integration and development. In terms of the media market, Founder Electronics cooperated with new media clients at the central-, provincial- and ministerial-levels and those in provincial capitals in 2021, which included People's Daily, Guang Ming Daily, Science and Technology Daily, China Foreign Languages Publishing Administration, China Youth Daily, Gansu Daily, Anhui Daily, Ningxia Daily, Fuzhou Daily, Shenyang Daily, Changchun Daily and Xining Evening Post. In 2021, Founder Electronics extended its reach to state-owned new media by securing contracts with the state media Science and Technology Daily and the web client of Chinanews. Meanwhile, it signed contracts with China Youth Daily in relation to the smart video production and distribution management system, which became an example of the smart media resources system for audio and video content of state-owned media. Founder Electronics also entered into agreements with various parties, including Guang Ming Daily for its IT innovation project, National Immigration Administration for its integrated media platform project, Anhui Daily for its all-rounded media reporting and editorial platform, Xinmin Evening Post for its all-rounded media reporting and editorial upgrade, Fuzhou Daily for its APP, Gansu Daily for its photo gallery, Shenyang Daily for its official Weibo page Shenyang Release and its media library, Changchun Daily for its integrated media platform, Xian Daily for its official Weibo page Xian Release, Xining Evening Post for its all-rounded media and new media platform, Ningxia Daily for its APP and Xiamen Daily for its APP, among other integrated media and new media platform projects for media at the provincial level and those in provincial capitals. In addition, Founder Electronics participated in major integrated media projects of Inner Mongolia Power Group, Shengli Oil Field and Qilu Petrochemical. It undertook the district and county-level integrated media projects for the Integrated Media Centre in Fengtai District, Beijing, and the integrated media project in Shuangliu District, Chengdu. It carried out the integrated media platform projects for colleges including Beijing New Media Technical College and Kashgar University, and launched the new media platform projects for party journals such as the Contemporary Party Member Press in Chongqing and the publisher of the Fendou Journal in Heilongjiang. These projects have become the benchmark for central media, provincial media, prefecture-level media, industry media, integrated media of corporates, integrated media at colleges, integrated media at districts and counties, new media for party journals and other niche markets, thereby facilitating the in-depth media integration of mainstream media.

As for the publishing market, we put in more effort in promoting our product solutions. In 2021, Founder Electronics won the bid for the Jizhi platform project from Hebei Publishing Media Group. At the same time, it signed contracts with various parties, such as China Financial & Economic Publishing House for the knowledge service, China Social Sciences Press for the Yunshu project, People's Medical Publishing House for the Yunshu project and China Electric Power Press for the joint compilation project. Furthermore, Founder Electronics secured the Yunshu project from Jiangsu Education Press and won the bid from China Economic Management Press for the resources library and knowledge service project. It was also commissioned by Dalian Maritime University Press for the knowledge service platform project. Regarding project and service transformation, the newly signed contract for the "Smart Review" SaaS authorization service product exceeded RMB8 million in 2021, serving 2,177 institutional clients including domestic publishers, media, booksellers, cultural and media companies, and journal publishers.

In regard to the science and technology journal market, Founder Electronics established the "Founder Hongyun Cloud Service Platform for Academic Publishing" with artificial intelligence, big data and Internet technology. As of now, over 600 journal publishers have migrated their XML-based digital content production to the digital publishing platform. As to journal publication and distribution, Founder Electronics continued to enter into cooperation agreements with clusters of academic journals, including Light Academic Publishing Centre, the journal cluster of Zhejiang University Press and that of China Association of Chinese Medicine. It also signed contracts for cooperation on the distribution platform with individual journals, including the Journal of Remote Sensing. In the area of push service, Founder Electronics offered data value-added services to dozens of domestic journal publishers. In 2021, it signed another contract with the China Association for Science and Technology and worked on the "International Digital Publishing Service Platform Subproject-International Digital Production Platform for Science and Technology Journals under the China Science and Technology Journal Excellence Action Plan", so as to provide technical support and services for the digitalization and internationalization of science and technology journals.

4) Award-winning products and services:

Founder Electronics received the "2021 China Newspaper Technology Innovation Enterprise Award" from the China Newspaper Association. The "Founder Changxiang All-rounded Media News Interview and Compilation System" was elected as "Innovation Case Study for In-depth Integration and Development of China's Newspaper Industry". At the 5th China Digital Publishing Innovation Forum, the "content middle platform" of Founder Electronics was listed as an outstanding example of integrated publishing development. The "Founder Xinkong Cloud Pan-media Integrated Open Platform" was selected as the "2021 Outstanding Project of Innovation Technology and Service Application for Media Integration". Founder Electronics participated in six projects that won the project awards in the 2021 "Wang Xuan Newspaper Science and Technology Award". Among which, the "New Mobile Media Platform for Gansu Province: 'New

Gansu Cloud”, the “All-rounded Media Control Center of Xinhua Daily Press” and the “Integrated Media Technology Platform of Yingda Media based on the Information Security and Protection System of National Grid” won the First Class Awards. Besides, the “Middle Technology Platform of Integrated Content Publishing” developed by Founder Electronics received the 2020–2021 Digital Publishing “Innovating Technology” Award. In 2021, Founder Electronics was also included in the fourth batch of national cultural and technological integration demonstration base.

PROSPECTS

The management of the Group will closely monitor changes in the economy and IT market of the People’s Republic of China (the “PRC”). 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 of employees. The Group ensures that the payments to its employees are competitive and the employees are rewarded based on their performance 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 maintained a share option scheme in place 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 2021, the number of employees of the Group was 1,208 (31 December 2020: 1,256).

FINANCIAL REVIEW

Liquidity, financial resources and capital commitments

During the year, the Group generally financed its operations with internally generated resources. As at 31 December 2021, the Group had no interest-bearing bank borrowings (31 December 2020: Nil).

As at 31 December 2021, the Group recorded total assets of HK\$1,566.8 million which were financed by liabilities of HK\$473.4 million and equity of HK\$1,093.4 million. The Group’s net asset value per share as at 31 December 2021 amounted to HK\$0.91 (31 December 2020: HK\$0.87). The increase in net asset value per share was due to profit and exchange differences arising from translation of foreign operations during the year.

The Group had total cash and bank balances (including pledged deposits, structured deposits and cash and cash equivalents) of HK\$606.3 million as at 31 December 2021 (31 December 2020: HK\$552.1 million). As at 31 December 2021, the Group's gearing ratio, measured by the ratio of total borrowings (including lease liabilities) to total shareholders' equity, was 0.5% (31 December 2020: 0.2%) while the Group's working capital ratio was 2.31 (31 December 2020: 2.21). The increase in prepayments, deposits and other receivables by 18.6% to HK\$71.0 million (31 December 2020: HK\$59.9 million) was due to increase in prepayments arising from more purchase during the year. The increase in other payables and accruals by 3.4% to HK\$273.5 million (31 December 2020: HK\$264.5 million) was due to increase in accrual of subcontracting fee of system integration contracts.

As at 31 December 2021, 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 ("HKD"), RMB and United States Dollars ("U.S. dollars"). Surplus cash is generally placed in banks as 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 PRC government. The Group has minimal exposure to exchange rate fluctuation. No financial instrument was used for hedging purposes. The Group will closely monitor the currency exchange risk of RMB in the near term as a result.

Contracts

As at 31 December 2021, the major contracts in hand amounted to approximately HK\$297.0 million (31 December 2020: HK\$283.5 million), which are all expected to be completed within one year.

Material acquisitions and disposals of subsidiaries, associates and joint ventures, and significant investments

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures, or significant investments during the year ended 31 December 2021.

Charges on assets

As at 31 December 2021, the Group's investment properties in Hong Kong of approximately HK\$77.8 million and bank deposits of approximately HK\$7.1 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 2021. However, the Group always seeks for new investment opportunities in the software development and system integration business to broaden the revenue and profit base of the Group and enhance shareholders' value in long term.

Contingent liabilities

At 31 December 2021, the Group did not have any significant contingent liabilities.

Event after the reporting period

As disclosed in the announcement of the Company dated 8 February 2022, on 30 January 2022, the Company received a notification letter from Peking University Founder Group Company Limited, the substantial shareholder of the Company, stating that the China Banking and Insurance Regulatory Commission approved the application of Ping An Life Insurance Company of China, Ltd. (中國平安人壽保險股份有限公司) for its significant equity investment in New Founder Group. The incorporation of the subordinate business platform companies of New Founder Group has been completed. All six of the subordinate business platform companies of New Founder Group have been set up. Please refer to the announcement of the Company dated 8 February 2022 for further details.

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 2021.

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, 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 2021.

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. Upon being made specific enquiries by the Company, all directors of the Company confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2021.

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 ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the annual results announcement of the Group’s results for the year ended 31 December 2021 have been agreed by the Group’s auditors, Ernst & Young, to the amounts set out in the Group’s draft 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 annual results announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of The Hong Kong Exchanges and Clearing Limited (the “Stock Exchange”) (www.hkexnews.hk) and the Company (www.irasia.com/listco/hk/founder). The 2021 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 respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Founder Holdings Limited
Cheung Shuen Lung
Chairman

Hong Kong, 29 March 2022

As at the date of this announcement, the Board comprises executive directors of Mr Cheung Shuen Lung (Chairman), Mr Shao Xing (President), Professor Xiao Jian Guo, Mr Hu Bin and Ms Liao Hang, and the independent non-executive directors of Mr Chan Chung Kik, Lewis, Mr Lau Ka Wing and Mr Lai Nga Ming, Edmund.

* For identification purpose only