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FOUNDER HOLDINGS LIMITED
方正控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00418)

POSITIVE PROFIT ALERT

This announcement is made by Founder Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and prospective investors of the Company that, based on preliminary assessment of the Group’s unaudited consolidated management accounts for the year ended 31 December 2020 and information currently available to the Board, the Group is expected to record profit attributable to owners of the Company of not less than HK\$40 million for the year ended 31 December 2020, as compared with the loss attribute to owners of the Company of approximately HK\$238.8 million for the year ended 31 December 2019.

The Board believes that the expected turnaround in profit attributable to owners of the Company was mainly because that no impairment losses of entrusted loan receivables were recorded for the year ended 31 December 2020, while there were impairment loss and deferred tax, resulting in net loss impact of approximately HK\$321.3 million recorded for the year ended 31 December 2019 due to the default of outstanding entrusted loans owed by Peking University Founder Group Company Limited. Such expected profit attributable to owners of the Company was partially offset by (i) decline in revenue and gross profit for the year ended 31 December 2020 as compared with the year ended 31 December 2019, due to the delay in completion of certain systems integration contracts and decrease in demand of font library and printing products under the impact of COVID-19 pandemic; and (ii) no other interest income from entrusted loans was recorded for the year ended 31 December 2020 (2019: HK\$26.3 million) due to the default of the aforementioned entrusted loans.

As at the date of this announcement, the Company is still in the process of finalising the financial statements of the Group for the year ended 31 December 2020. The information contained in this announcement is only based on the preliminary assessment by the management of the Company with reference to the unaudited consolidated management

accounts of the Group, but not based on any financial data or information that has been audited, reviewed or confirmed by the Company's auditor. Details of the Group's financial performance will be disclosed in the annual results announcement of the Company for the year ended 31 December 2020, which is expected to be published by the end of March 2021. Shareholders and potential investors are advised to read carefully such results announcement.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 9 February 2021

As at the date of this announcement, the board of directors of the Company comprises executive directors of Mr Cheung Shuen Lung (Chairman), Mr Shao Xing (President), Professor Xiao Jian Guo, Ms Zuo Jin, 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*