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FOUNDER HOLDINGS LIMITED
方正控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00418)

CONTINUING CONNECTED TRANSACTIONS

LEASING OF OFFICE PREMISES AND PROPERTY MANAGEMENT OF OFFICE PREMISES

LEASING OF OFFICE PREMISES

We refer to the announcement of the Company on leasing of office premises dated 29 December 2020, according to which each of Founder Electronics and Founder EasiPrint entered into a lease agreement and a management agreement with Beida Management to lease certain premises at Shangdi Founder Building from Beida Management on 29 December 2020. Given that such lease agreements of office premises will expire on 31 December 2021, on 31 December 2021, each of Founder Electronics and Founder EasiPrint entered into a new lease agreement with Peking Founder to lease certain premises at Shangdi Founder Building from Peking Founder. The 2022 Lease Agreements will expire on 31 December 2022.

PROPERTY MANAGEMENT OF OFFICE PREMISES

Given that the management agreements of office premises mentioned above will expire on 31 December 2021, on 31 December 2021, each of Founder Electronics and Founder EasiPrint entered into a new management agreement with Beida Management, according to which Beida Management will provide each of Founder Electronics and Founder EasiPrint with property management services in relation to the office premises subject to the 2022 Lease Agreements. The 2022 Management Agreements will expire on 31 December 2022.

LISTING RULES IMPLICATIONS

Peking Founder is a controlling shareholder of the Company indirectly holding approximately 30.60% of the issued share capital of the Company as at the date of this announcement, and thus a connected person of the Company for the purposes of the Listing Rules. Beida Management is an associate of Peking Founder by virtue of the fact that Beida Management is a subsidiary of a company in which Peking Founder and its holding company own more than 30% equity interest in aggregate. Meanwhile, Founder Electronics and Founder EasiPrint are wholly-owned subsidiaries of the Company.

The Group adopted HKFRS 16 using the modified retrospective method of adoption from 1 January 2019. Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. However, as allowed under HKFRS 16, the Group has elected not to recognise right-of-use assets and lease liabilities for leases that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term. Therefore the leases under the 2022 Lease Agreements will be continuing connected transactions of the Company. The transactions contemplated under the 2022 Management Agreements will also be continuing connected transactions of the Company.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) for the transactions contemplated under the 2022 Lease Agreements and 2022 Management Agreements exceeds 0.1% and is less than 5%, the transactions contemplated under the 2022 Lease Agreements and 2022 Management Agreements are subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

2022 LEASING AGREEMENTS

We refer to the announcement of the Company on leasing of office premises dated 29 December 2020, according to which each of Founder Electronics and Founder EasiPrint entered into a lease agreement and a management agreement with Beida Management to lease certain premises at Shangdi Founder Building from Beida Management on 29 December 2020. Given that such lease agreements of office premises will expire on 31 December 2021, on 31 December 2021, each of Founder Electronics and Founder EasiPrint entered into a new lease agreement with Peking Founder to lease certain premises at Shangdi Founder Building from Peking Founder. The 2022 Lease Agreements will expire on 31 December 2022.

Principal Terms of Founder Electronics Lease Agreement

Lessee	Founder Electronics
Lessor	Peking Founder
Property leased	1st floor (part) of Block 1, 2nd floor (entire) of Block 1, 3rd floor (entire) of Block 1, 4th floor (part) of Block 1 and 5th floor (entire) of Block 1 of Shangdi Founder Building
Area	7,594.55 square meters
Rent period	1 January 2022 to 31 December 2022
Total annual rental	RMB9,979,238.76 (equivalent to approximately HK\$12,175,000)
Other principal terms and conditions	<p>The rental is payable in cash quarterly in advance.</p> <p>Subject to compliance with the Listing Rules, the lessee shall give at least three-month written notice to the lessor before the expiry of the lease in order to continue to lease the relevant premises from the lessor or terminate the lease when it expires.</p> <p>Neither party shall terminate the lease in advance without cause unless both parties agree or otherwise permitted in the lease, and prior notice no less than one month before is served. Each of the lessor and lessee will have the right to terminate the lease if the other party fails to comply with the terms and conditions of the agreement.</p>

Principal Terms of Founder EasiPrint Lease Agreement

Lessee	Founder EasiPrint
Lessor	Peking Founder
Property leased	4th floor (part) of Block 1, 1st floor (part) of underground of Block 1 and 1 floor (part) of underground of Block 2 of Shangdi Founder Building
Area	5,680.04 square meters
Rent period	1 January 2022 to 31 December 2022

Total annual rental RMB2,386,132.08 (equivalent to approximately HK\$2,911,000)

Other principal terms and conditions The rental is payable in cash quarterly in advance.

Subject to compliance with the Listing Rules, the lessee shall give at least three-month written notice to the lessor before the expiry of the lease in order to continue to lease the relevant premises from the lessor or terminate the lease when it expires.

Neither party shall terminate the lease in advance without cause unless both parties agree or otherwise permitted in the lease, and prior notice no less than one month before is served. Each of the lessor and lessee will have the right to terminate the lease if the other party fails to comply with the terms and conditions of the agreement.

Reasons for and Benefits of the 2022 Lease Agreements

The Group has been leasing certain premises at Shangdi Founder Building from Peking Founder Group as offices for over ten years. As the previous leases will expire on 31 December 2021, the Group entered into the 2022 Lease Agreements to renew the leases for a term ending on 31 December 2022.

The terms of the 2022 Lease Agreements, including the rental payable by the Group, are arrived at after arm's length negotiations between the parties taking account of (i) the market rent of properties in Shangdi area of Beijing, which has been obtained through the Company's enquiries with estate agents; (ii) the historical transaction amounts in respect of the leasing of office premises between the subsidiaries of the Company and Peking Founder; and (iii) the estimated rent of properties in the coming year in Shangdi area of Beijing.

The Directors (including the independent non-executive Directors) are of the view that transactions under the 2022 Lease Agreements are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

2022 MANAGEMENT AGREEMENTS

We refer to the announcement of the Company on leasing of office premises dated 29 December 2020, according to which each of Founder Electronics and Founder EasiPrint entered into a lease agreement and a management agreement with Beida Management to lease certain premises at Shangdi Founder Building from Beida Management on 29 December 2020. Given that the management agreements of office premises will expire on 31 December 2021, on 31 December 2021, each of Founder Electronics and Founder EasiPrint entered into a new management agreement with Beida Management, according to which Beida Management will provide each of Founder Electronics and Founder EasiPrint with property management services in relation to the office premises subject to the 2022 Lease Agreements. The 2022 Management Agreements will expire on 31 December 2022.

Principle Terms of Founder Electronics Management Agreement

Parties	(i) Founder Electronics; and (ii) Beida Management
Property managed	1st floor (part) of Block 1, 2nd floor (entire) of Block 1, 3rd floor (entire) of Block 1, 4th floor (part) of Block 1 and 5th floor (entire) of Block 1 of Shangdi Founder Building
Area	7,594.55 square meters
Contract period	1 January 2022 to 31 December 2022
Total annual management fee	RMB2,772,010.8 (equivalent to approximately HK\$3,382,000)
Other principal terms and Conditions	The management fee is payable in cash quarterly in advance. The lessee shall be responsible for the payment of certain other fees, including, among other things, water, electricity and other utility fees. If the relevant lease agreement is terminated or the property management agreement entered between Beida Management and the landlord is terminated or released, both parties have the right to unilaterally terminate the agreement.

Principal Terms of Founder EasiPrint Management Agreement

Parties	(i) Founder EasiPrint; and (ii) Beida Management
Property managed	4th floor (part) of Block 1, 1st floor (part) of underground of Block 1 and 1st floor (part) of underground of Block 2 of Shangdi Founder Building
Area	5,680.04 square meters
Contract period	1 January 2022 to 31 December 2022
Total annual management fee	RMB2,073,214.56 (equivalent to approximately HK\$2,529,000)
Other principal terms and Conditions	<p>The management fee is payable in cash quarterly in advance.</p> <p>The lessee shall be responsible for the payment of certain other fees, including, among other things, water, electricity and other utility fees.</p> <p>If the relevant lease agreement is terminated or the property management agreement entered between Beida Management and the landlord is terminated or released, both parties have the right to unilaterally terminate the agreement.</p>

Reasons for and Benefits of the 2022 Management Agreements

The Group has been leasing certain premises at Shangdi Founder Building from Peking Founder Group as offices for over ten years. As the previous leases will expire on 31 December 2021, the Group entered into the 2022 Management Agreements to renew the property management service for a term ending on 31 December 2022.

The terms of the 2022 Management Agreements, including the management fees payable by the Group, are arrived at after arm's length negotiations between the parties taking account of (i) the management fees of properties in Shangdi area of Beijing, which have been obtained through the Company's enquiries with estate agents; (ii) the historical transaction amounts in respect of the property management service of office premises between the subsidiaries of the Company and Beida Management; and (iii) the estimated management fees in the coming year in Shangdi area of Beijing.

The Directors (including the independent non-executive Directors) are of the view that transactions under the 2022 Management Agreements are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE GROUP

The Group is principally engaged in software development and provision of systems integration services relating to the media and non-media industries including financial institutions, enterprises and government departments. The Group purchases information hardware products for its customers in order to establish computer systems. It also provides software and hardware solutions to its customers as well as for use in its software development business.

INFORMATION ON PEKING FOUNDER

Peking Founder is a controlling shareholder of the Company indirectly holding approximately 30.60% of the issued share capital of the Company. As at the date of this announcement, according to the information available to the Company from the records of the State Administration for Market Regulation, the majority shareholder of Peking Founder is Peking University Assets Management Company Limited* (北大資產經營有限公司) with 70% shareholding, which is principally engaged in the business in relation to the acceptance for entrusted operation and management of state-owned assets, technology promotion, technical services, technical consultation, incubation of high-tech enterprises, investment management and asset management in the PRC. The registered holder of the remaining interest of Peking Founder is Beijing Zhaorun Investments Management Co. Ltd.* (北京招潤投資管理有限公司), while its registered shareholders are Mr Li You, Ms Yu Li, Mr Wei Xin and Mr Zhang Zhao Dong.

INFORMATION ON BEIDA MANAGEMENT

Beida Management is an associate of Peking Founder by virtue of the fact that Beida Management is a subsidiary of a company in which Peking Founder and its holding company own more than 30% equity interest in aggregate. Beida Management is principally engaged in property leasing business, providing various property management services and community cultural services covering commercial buildings, leased offices, residential buildings and industrial parks as well as the asset management and operation in real estate developed and owned by Peking Founder.

LISTING RULES IMPLICATIONS

Peking Founder is the controlling shareholder of the Company holding approximately 30.60% of the issued share capital of the Company, and therefore a connected person of the Company under the Listing Rules. Beida Management is an associate of Peking Founder by virtue of the fact that Beida Management is a subsidiary of a company in which Peking Founder and its holding company own more than 30% equity interest in aggregate.

The Group adopted HKFRS 16 using the modified retrospective method of adoption from 1 January 2019. Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. However, as allowed under HKFRS 16, the Group has elected not to recognise right-of-use assets and lease liabilities for leases that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term. Therefore the leases under the 2022 Lease Agreements will be continuing connected transactions of the Company. The transactions contemplated under the 2022 Management Agreements will also be continuing connected transactions of the Company.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) for the transactions contemplated under the 2022 Lease Agreements and 2022 Management Agreements exceeds 0.1% and is less than 5%, the transactions contemplated under the 2022 Lease Agreements and 2022 Management Agreements are subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

As Mr Cheung Shuen Lung and Professor Xiao Jian Guo are the directors of Peking Founder and therefore are deemed to have a material interest in the 2022 Lease Agreements and 2022 Management Agreements, Mr Cheung Shuen Lung and Professor Xiao Jian Guo have abstained from voting on the relevant Board resolution approving the transactions contemplated under the 2022 Lease Agreements and 2022 Management Agreements. Save as disclosed above, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, no other Director has material interest in the 2022 Lease Agreements and 2022 Management Agreements and will be required to abstain from voting on the relevant Board resolution approving the 2022 Lease Agreements and 2022 Management Agreements.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the meanings set out below:

“2022 Lease Agreements”	Founder Electronics Lease Agreement and Founder EasiPrint Lease Agreement
“2022 Management Agreements”	Founder Electronics Management Agreement and Founder EasiPrint Management Agreement
“associate(s)”	has the meaning as ascribed thereto under the Listing Rules
“Beida Management”	北京北大資源物業經營管理集團有限公司 (Beijing Peking University Resource Property Management Group Co., Ltd.*), a company incorporated in the PRC which is principally engaged in property leasing business and an associate of Peking Founder
“Board”	the board of Directors of the Company
“Company”	Founder Holdings Limited (方正控股有限公司*), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange under the stock code 00418
“connected person(s)”	has the same meaning as ascribed thereto under the Listing Rules
“controlling shareholder”	has the same meaning as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Founder EasiPrint”	北京方正印捷數碼技術有限公司 (Beijing Founder EasiPrint Digital Technology Co., Ltd.*), a company incorporated in the PRC and a wholly-owned subsidiary of the Company which is principally engaged in software development and systems integration business
“Founder EasiPrint Lease Agreement”	the lease agreement dated 31 December 2021 and entered into between Founder EasiPrint and Peking Founder in relation to the lease of certain premises at Shangdi Founder Building by Founder EasiPrint from Peking Founder for a term of a year/12 months ending on 31 December 2022

“Founder EasiPrint Management Agreement”	the management agreement dated 31 December 2021 and entered into between Founder EasiPrint and Beida Management, according to which Beida Management will provide Founder EasiPrint with property management services in relation to the office premises subject to the Founder EasiPrint Lease Agreement for a term of a year/12 months ending on 31 December 2022
“Founder Electronics”	北京北大方正電子有限公司 (Beijing Founder Electronics Co., Ltd.*), a company incorporated in the PRC and a wholly-owned subsidiary of the Company which is principally engaged in software development and systems integration business
“Founder Electronics Lease Agreement”	the lease agreement dated 31 December 2021 and entered into between Founder Electronics and Peking Founder in relation to the lease of certain premises at Shangdi Founder Building by Founder Electronics from Peking Founder for a term of a year/12 months ending on 31 December 2022
“Founder Electronics Management Agreement”	the management agreement dated 31 December 2021 and entered into between Founder Electronics and Beida Management, according to which Beida Management will provide Founder Electronics with property management services in relation to the office premises subject to the Founder Electronics Lease Agreement for a term of a year/12 months ending on 31 December 2022
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Peking Founder”	北大方正集團有限公司 (Peking University Founder Group Company Limited*), a company incorporated in the PRC with limited liability and the controlling shareholder of the Company which indirectly holds approximately 30.60% of the issued share capital of the Company

“Peking Founder Group”	Peking Founder and its subsidiaries
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shangdi Founder Building”	上地方正大廈 (Shangdi Founder Building) at No. 9, Shangdi 5th Street (also known as Shangdi Information Industry Base), Haidian District, Beijing, the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

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

Hong Kong, 31 December 2021

The exchange rate adopted in this announcement for illustration purpose only is RMB1.00 = HK\$1.22.

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, 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*