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**FOUNDER HOLDINGS LIMITED**  
**方正控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00418)**

**CONNECTED TRANSACTION**  
**ACQUISITION OF 100% EQUITY INTEREST**  
**IN THE TARGET COMPANY**

**ACQUISITION**

On 31 December 2024, Founder Electronics as the Purchaser, and New Founder and Founder Information Industry as the Vendors, entered into the Equity Transfer Agreement, pursuant to which the Founder Electronics has agreed to acquire 100% equity interest in the Target Company from New Founder and Founder Information Industry for a Consideration of RMB3,579,811.24 (equivalent to approximately HK\$3,876,000). Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

**LISTING RULES IMPLICATION**

As at the date of this announcement, as Founder Information Industry has direct equity interest of approximately 30.60% in the Company, Founder Information Industry is a controlling shareholder and a connected person of the Company. New Founder is an associate of Founder Information Industry and a connected person of the Company by virtue of the fact that New Founder is the holding company of Founder Information Industry. Therefore, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 0.1% but is less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. None of the Directors has a material interest with respect to the Acquisition and none of the Directors is required to abstain from voting on the resolutions of the Board in respect of the Acquisition, the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder.

## **INTRODUCTION**

On 31 December 2024, Founder Electronics as the Purchaser, and New Founder and Founder Information Industry as the Vendors, entered into the Equity Transfer Agreement, pursuant to which the Founder Electronics has agreed to acquire 100% equity interest in the Target Company from New Founder and Founder Information Industry for a Consideration of RMB3,579,811.24 (equivalent to approximately HK\$3,876,000). Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

## **THE EQUITY TRANSFER AGREEMENT**

A summary of the principal terms of the Equity Transfer Agreement is set out below:

### **Date**

31 December 2024

### **Parties**

(i) Founder Electronics (as the Purchaser)

(ii) New Founder, and

Founder Information Industry (as the Vendors)

### **Subject Matter**

Pursuant to the Equity Transfer Agreement, New Founder and Founder Information Industry agreed to sell to the Purchaser, and the Purchaser agreed to purchase from New Founder and Founder Information Industry, the 100% equity interest in the Target Company which is free from all encumbrances.

### **Consideration**

As of 30 November 2024, the Target Company was valued at RMB3,579,811.24 (equivalent to approximately HK\$3,876,000). Such valuation was determined based on the Valuation Report issued by an independent third party valuer using asset-based approach which was based on the unaudited financial statements of the Target Company as at 30 November 2024.

The independent third party valuer considered three approaches, namely asset-based approach, income approach and market approach in the valuation process. The income approach and market approach have not been applied, considering (i) the prospective financial projections of the Target Company with reference to, amongst other things, the revenue and cost structure, capital structure and expenditures, working capital, investment return and associated risk levels, were not reliably available; and (ii) the number of comparable companies with business scopes and operations similar to those of the Target Company from the local reference market

are limited and insufficient for the purpose of evaluating or analysing the value of the Target Company. Given that the Target Company has a clear assets and liabilities structure and the value of its assets and liabilities could be appraised and recognised on an individual basis, an asset-based approach was adopted in the Valuation Report.

According to the Valuation Report, as at the Valuation Reference Date, the appraised value of the Target Company amounted to approximately RMB3.58 million as compared to its book value of approximately RMB3.35 million. The appreciation by 7.0% was mainly due to the appreciation of the appraised value of the intangible assets of the Target Company.

Set out below are the principal assumptions, among others, adopted in the Valuation Report:

***General assumption***

1. Trading assumption: Assuming that all assets to be evaluated are already in the process of transaction, the independent third party valuer simulates the market valuation based on the trading conditions of the assets to be evaluated.
2. Open market assumption: Assuming that for assets traded in the market, or assets intended to be traded in the market, both parties to the asset transaction are of equal status to each other and have the opportunity and time to obtain sufficient market information, in order to make rational judgments on the functions, uses, and trading prices of the assets.
3. Assumption of going concern of the enterprise: Assuming that the Target Company fully complies with all relevant laws and regulations and will continue to operate continuously in the foreseeable future.
4. Assuming that there are no significant changes in the current relevant laws, regulations, policies, and macroeconomic situation of the country after the evaluation benchmark date, and there are no significant changes in the political, economic, and social environment of the regions where the parties to this transaction are located.
5. Assuming that there are no force majeure or unforeseeable factors that will cause material adverse impacts on the Target Company after the evaluation benchmark date.

***Specific assumptions***

1. Assuming that after the evaluation benchmark date, the Target Company maintains its business scope and methods consistent with the current direction based on its existing managerial methods and managerial standard.
2. Assuming that after the evaluation benchmark date, the accounting policies adopted by the Target Company are consistent in material respects with the accounting policies adopted at the time of preparing the Valuation Report.

3. Assuming that there are no significant changes in the interest rates, exchange rates, tax benchmarks and rates, policy-based collection fees, and other related factors of the Target Company after the evaluation benchmark date.
4. Assuming that after the evaluation benchmark date, the products or services of the Target Company maintain the competitive status in the current market.
5. The independent third party valuer did not conduct technical testing on the technical parameters and performance of various equipment on the evaluation benchmark date, and made judgments based on on-site inspection, with the assumptions that the relevant technical information and operating records provided by the Target Company are true and effective.
6. The on-site inspection of the Target Company by the independent third party valuer is limited to appearance and usage condition of the Target Company, and the independent third party valuer does not conduct the tests or evaluation towards the internal quality of the Target Company, such as internal structure, so it cannot be determined whether there are internal defects of the Target Company. The Valuation Report assumed the internal quality of the Target Company is in compliance with the relevant national standards and is sufficient to maintain its normal operation.

With reference to the above valuation, the Consideration for the Acquisition is RMB3,579,811.24 (equivalent to approximately HK\$3,876,000), which shall be paid by Founder Electronics to New Founder and Founder Information Industry (i) within 45 days upon the entering of the Equity Transfer Agreement; and (ii) on a pro rata basis in accordance with the shareholdings ratio between New Founder and Founder Information Industry in the Target Company.

The Group will pay the consideration for the Acquisition with its internal resources.

The Directors (including the independent non-executive Directors) have approved the Acquisition and confirmed that the terms thereunder are fair and reasonable, the transaction is on normal commercial terms, and the entering into of the Equity Transfer Agreement is in the interest of the Company and its shareholders as a whole.

### **Completion**

Within 45 days after the payment of the Consideration, the Vendors shall transfer 100% equity interest in the Target Company to the Purchaser, complete the corresponding procedures for the change of industrial and commercial registration and amend the register of members of the Target Company, and the Purchaser will be provided with a certificate of capital contribution. The date of completion of the change of industrial and commercial registration of the equity interest of the Target Company will be the closing date.

Upon the Completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company, and its financial results will be consolidated into the financial statements of the Group.

## **INFORMATION ON RELEVANT PARTIES AND TARGET COMPANY**

### **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.

### **New Founder Group**

As at the date of this announcement, Founder Information Industry directly holds approximately 30.60% of the issued share capital of the Company, and New Founder holds 100% equity interest in Founder Information Industry.

New Founder Group is principally engaged in securities trading and brokerage; the information technology industry, including software and system development for the publishing sector and various government bureaus and financial institutions and hardware manufacturing for personal computers, chips, circuit boards and other terminal equipment; and healthcare and pharmaceutical industry, including hospitals, pharmaceuticals, logistics, equipment leasing and hospital management.

As at the date of this announcement, the ultimate majority shareholder of New Founder is Ping An which holds 66.51% equity interest in New Founder and is a controlling shareholder of the Company. It is principally engaged in the business of insurance, banking, investment and Internet finance products and services.

Zhuhai Huafa Group Co., Ltd. (on behalf of Zhuhai State-owned Assets) (珠海華發集團有限公司 (代表珠海國資)) indirectly held 28.5% equity interest in New Founder, and is principally engaged in development and operation of properties. The remaining equity interest of New Founder is directly held by Zhuhai Founder No. 1 Enterprise Management Partnership (Limited Partnership) (珠海市方正一號企業管理合夥企業 (有限合夥)) by 1.63% and Zhuhai Founder No. 2 Enterprise Management Partnership (Limited Partnership) (珠海市方正二號企業管理合夥企業 (有限合夥)) by 3.36%, both of which are shareholding platform companies of the creditors of Peking University Founder Group Company Limited, Peking University Founder Information Industry Group Co., Ltd., Founder Industry Holdings Co., Ltd., PKU Healthcare Industry Group Co., Ltd., and Peking University Resource Group Limited.

## Target Company

The Target Company is a limited liability company incorporated in the PRC, and is a mobile internet company focusing on personalized font creation and consumption. By using AI assisted font generation technology, the Target Company provides more personalized and interesting font library services for individual users.

Set out below is a summary of the financial information of the Target Company based on its unaudited consolidated financial statements for the years ended 31 December 2022 and 2023 (prepared under the generally accepted accounting principles in PRC):

	<b>For the year ended 31 December 2023 (Unaudited) RMB'000</b>	<b>For the year ended 31 December 2022 (Unaudited) RMB'000</b>
Net loss before tax	(4,671)	(10,580)
Net loss after tax	(4,671)	(10,580)

Based on the management accounts, the unaudited net assets of the Target Company amounted to approximately RMB3.35 million as at 30 November 2024.

## REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

The font library business of the Group is a sales model for enterprise (2B), while the Target Company operates a sales model for individuals through mobile Internet or mobile shopping malls and other platforms (2B2C). Integrating the font library 2B business of the Group and the font library 2B2C business of the Target Company can enhance the intergration of font library business of the Group, which is beneficial to the overall operation and development of the font library business.

The Group believes that through this Acquisition, the Target Company can help increase the exposure of enterprise-end exquisite font library of the Group on the existing traffic platforms of the Target Company, thereby increasing the utilization rate of the font library of the Group. The Group can support the Target Company in the exploration of AI technology application in font library industry, themes, and other fields, and jointly explore industrial models for the future intelligent era.

In response to the current low profitability of the Target Company, after the Acquisition is completed, the middle-and back office resources of the Group and the Target Company can be integrated to improve operational efficiency, dilute costs, and ultimately enhance overall profitability.

Based on the factors as disclosed above, the Directors are of the view that the terms of the Acquisition are fair and reasonable, on normal commercial terms and in the interests of the Company and the shareholders as a whole.

## **IMPLICATION UNDER THE LISTING RULES**

As at the date of this announcement, as Founder Information Industry has direct equity interest of approximately 30.60% in the Company, Founder Information Industry is a controlling shareholder and a connected person of the Company. New Founder is an associate of Founder Information Industry and a connected person of the Company by virtue of the fact that New Founder is the holding company of Founder Information Industry. Therefore, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 0.1% but is less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has a material interest with respect to the Acquisition and none of the Directors is required to abstain from voting on the resolutions of the Board in respect of the Acquisition, the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions having the following meanings:

“Acquisition”	the Acquisition by Founder Electronics from New Founder and Founder Information Industry for 100% equity interest in the Target Company pursuant to the Equity Transfer Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Founder Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 418)
“Completion”	the completion of the Acquisition in accordance with the terms and condition set out in the Equity Transfer Agreement



“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration in the amount of RMB3,579,811.24 for the Acquisition payable by Founder Electronics to Founder Information Industry and New Founder
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the Equity Transfer Agreement entered into between Founder Electronics as the purchaser, and New Founder and Founder Information Industry as the vendors, dated 31 December 2024 in relation to the Acquisition
“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 Information Industry”	方正信息產業有限責任公司 (Founder Information Industry Company Limited*), a company incorporated in the PRC, a substantial shareholder of the Company which directly holds approximately 30.60% of the issued share capital of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“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
“New Founder”	新方正控股發展有限責任公司 (New Founder Development Co., Ltd.*), a company incorporated in the PRC with limited liabilities, a controlling shareholder of the Company, which indirectly holds approximately 30.60% of the issued share capital of the Company through its wholly-owned subsidiary Founder Information Industry as at the date of the announcement



“New Founder Group”	New Founder and its subsidiaries, including Founder Information Industry
“Ping An”	Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), a joint-stock company incorporated in the PRC with limited liabilities, the H shares of which are listed on the Stock Exchange with stock code of 02318 and the A shares of which are listed on the Shanghai Stock Exchange with the stock code of 601318, the ultimate controlling shareholder of the Company as at the date of this announcement
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Founder Electronics
“RMB”	Renminbi, the lawful currency of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Target Company”	天津方正手迹數字技術有限公司 (Tianjin Founder Handwriting Digital Technology Ltd.*) a company incorporated in the PRC with limited liabilities, which will become an indirect wholly-owned subsidiary of the Company upon Completion
“Valuation Reference Date”	30 November 2024, being the reference date for the valuation of 100% equity interest in the Target Company
“Valuation Report”	the valuation report prepared by Zhong Qin Assets Appraisal Co., Ltd.* (中勤資產評估有限公司) in relation to the valuation of 100% equity interest in the Target Company as at Valuation Reference Date

“Vendors” New Founder and Founder Information Industry

“%” per cent

By Order of the Board  
**Founder Holdings Limited**  
**Qi Zi Xin**  
*Chairman*

Hong Kong, 31 December 2024

*The exchange rate adopted in this announcement for illustration purpose only is RMB1.00 = HK\$1.0828.*

*As at the date of this announcement, the Board comprises executive directors of Mr. Qi Zi Xin (Chairman), Mr. Zhang Jian Guo (President), Mr. Shao Xing, Mr. Wang Jin Chao, Ms. Wu Jing and Mr. Li Shuo Feng; and the independent non-executive directors of Mr. Chan Chung Kik, Lewis, Mr. Lai Nga Ming, Edmund and Mr. Chak Chi Shing.*

\* *For identification purpose only*