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

PROFIT WARNING

This announcement is made by the Founder Holdings Limited (the “**Company**”, together with its subsidiaries, collectively 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).

Reference is made to the Company’s announcement dated 2 March 2020 in relation to the due and default of outstanding entrusted loan (the “**Entrusted Loan**”) owed by Peking University Founder Group Company Limited, a controlling shareholder of the Company, the principal of which amounted to RMB370 million.

The board of directors of the Company (the “**Board**”) hereby informs the shareholders of the Company (the “**Shareholders**”) and prospective investors of the Company that, based on its preliminary assessment of the Group’s unaudited consolidated management accounts for the year ended 31 December 2019 and information currently available to the Group, the Group is expected to record a loss attributable to owners of the Company of not less than approximately HK\$225 million for the year ended 31 December 2019, as compared with the profit attributable to owners of the Company of approximately HK\$87.3 million for the year ended 31 December 2018. The Board believes such change from profit to loss is mainly attributable to the due and default of the Entrusted Loan. The default of the Entrusted Loan will lead to impairment loss of approximately HK\$420 million and deferred tax of approximately HK\$105 million, resulting in net loss impact of approximately HK\$315 million.

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 2019. 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 2019, which is expected to be published by the end of March 2020. 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, 17 March 2020

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, Ms Zuo Jin, Mr Hu Bin and Ms Liao Hang, and the independent non-executive directors of Mr Li Fat Chung, Ms Wong Lam Kit Yee and Mr Chan Chung Kik, Lewis.

** For identification purpose only*