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FOUNDER HOLDINGS LIMITED
方正控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00418)

CLARIFICATION ANNOUNCEMENT

PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE, RULE 13.09 OF THE LISTING RULES AND THE INSIDE INFORMATION PROVISIONS UNDER PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE

This announcement is made by Founder Holdings Limited (the “**Company**”) pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”) issued by the Securities and Futures Commission of Hong Kong (the “**SFC**”), 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 of laws of Hong Kong) (the “**SFO**”).

References are made to:

- (i) the announcement of the Company dated 18 February 2020, in relation to the notification letter from Peking University Founder Group Company Limited (“**Peking Founder**”), a substantial shareholder of the Company, regarding a petition for its restructuring;
- (ii) the announcement of the Company dated 19 February 2020, in relation to the notification letter from Peking Founder regarding the acceptance of the petition for its restructuring by the Court;
- (iii) the announcement of the Company dated 17 July 2020, in relation to the notification letter from Peking Founder regarding the petition for the substantive consolidated restructuring of its subsidiaries;

- (iv) the announcement of the Company dated 31 July 2020, in relation to the notification letter from Peking Founder regarding the Court ruling on the petition for the substantive consolidated restructuring of the Five Companies including Peking Founder;
- (v) the announcement of the Company dated 25 January 2021, in relation to the notification letter from Peking Founder regarding the Court’s ruling on the extension of deadline for submission of restructuring proposal of Peking Founder;
- (vi) the announcement of the Company dated 29 January 2021, in relation to the notification letter from Peking Founder regarding the determination of investors of the restructuring of Peking Founder; and
- (vii) the announcement of the Company dated 30 April 2021, in relation to the Restructuring Investment Agreement entered on 30 April 2021 by the Restructuring Investors and the Five Companies including Peking Founder (the “**Previous Announcement**”).

Unless otherwise stated, capitalized terms used herein shall have the same meaning as defined in such announcements.

RESTRUCTURING PROPOSAL

The board of directors of the Company (the “**Board**”) wishes to provide additional clarification on the restructuring proposal in respect of Peking Founder as set out in the Restructuring Investment Agreement and related documents (the “**Proposal**”). The Board wishes to emphasize that the Proposal is still subject to the approval by the Court and the creditors’ meeting of the Five Companies including Peking Founder. As and when the Proposal is effected, the equity interests of the Company held by Peking Founder may be held by the Restructuring Investors directly or indirectly, which in turn may trigger a mandatory general offer under the Takeovers Code should any Restructuring Investor(s) and parties acting in concert with it/them acquire 30% or more of the voting rights of the Company, unless the obligation is otherwise waived. However, there can be no certainty that the Proposal will be forthcoming or the terms and conditions on which the Proposal might proceed.

The Company will continue to closely monitor subsequent developments in relation to the Proposal and comply with relevant disclosure requirements under the Takeovers Code, the Listing Rules and the SFO (where applicable) in a timely manner.

DISCLOSURE OF DEALINGS

For the purpose of the Takeovers Code, the offer period commenced on 30 April 2021.

In compliance with Rule 3.8 of the Takeovers Code, as at the date of this announcement and as at 30 April 2021, the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company comprise 1,199,746,993 shares in issue. Save for the aforesaid, the Company has no other outstanding relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

The associates of the Company as defined under the Takeovers Code, including persons holding 5% or more of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) are reminded to disclose their dealings in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

MONTHLY UPDATES

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the discussions regarding the Proposal will be made by the Company until an announcement is made of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with the offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules, the SFO and/or Takeovers Code (as the case may be).

COMPLIANCE WITH RULE 12.1 OF THE TAKEOVERS CODE

The Previous Announcement constitutes a “document” under the definition of the Takeovers Code and the Previous Announcement should have been submitted to the Executive of the SFC for vetting before it was published in compliance with Rule 12.1 of the Takeovers Code. Due to an inadvertent oversight of the relevant requirement, the Company did not submit the Previous Announcement in advance to the SFC. The Company will carefully observe and comply with other relevant requirements under the Takeovers Code in this regard.

WARNING: Shareholders and potential investors should be aware that the Proposal may or may not proceed. There is no assurance that any transaction mentioned in this announcement will materialise or eventually be consummated and the discussions may or may not result in the change of controlling shareholders of the Company. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisors.

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

Hong Kong, 5 May 2021

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 Chan Chung Kik, Lewis, Mr Lau Ka Wing and Mr Lai Nga Ming, Edmund.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts contained in this announcement, the omission of which would make any statement in this announcement misleading.

* *For identification purpose only*