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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 26 June 2023, according to which each of Founder Electronics and Founder EasiPrint entered into a lease agreement with New Founder to lease certain premises at Shangdi Founder Building on 26 June 2023. Such lease agreements will expire on 31 December 2023. As Founder Electronics and Founder EasiPrint intend to continue to lease such premises at Shangdi Founder Building, on 29 December 2023, each of Founder Electronics and Founder EasiPrint entered into a new lease agreement with New Founder to lease certain premises at Shangdi Founder Building from New Founder. On the same day, as the Board consider that the property leased and area would be reduced according to actual operational needs, each of Founder Electronics and Founder EasiPrint entered into a supplemental agreement with New Founder to update such transactions and to revise the leased area and total rental amount. The 2024 Lease Agreements will expire on 31 December 2024.

PROPERTY MANAGEMENT OF OFFICE PREMISES

We refer to the announcement of the Company on leasing of office premises dated 11 January 2023, according to which each of Founder Electronics and Founder EasiPrint entered into a management agreement with Beida Management. Given that the management agreements of office premises will expire on 31 December 2023, on 29 December 2023, 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 their respective office premises leased at Shangdi Founder Building. The 2024 Management Agreements will expire on 31 December 2024.

LISTING RULES IMPLICATIONS

As at the date of this announcement, New Founder is interested in 30.60% equity interest of the Company and therefore a controlling shareholder and a connected person of the Company for the purposes of the Listing Rules. Beida Management is an associate of New Founder by virtue of the fact that Beida Management is a subsidiary of New Founder. Meanwhile, Founder Electronics and Founder EasiPrint are wholly-owned subsidiaries of the Company. Therefore, the transactions contemplated under the 2024 Management Agreements will be continuing connected transactions 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 2024 Lease Agreements will be continuing connected transactions of the Company.

The 2024 Lease Agreements and the 2024 Management Agreements have been aggregated for the Listing Rules purposes on the basis that they all relate to the same properties that Founder Electronics and Founder EasiPrint leased from New Founder at Shangdi Founder Building. As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) for the transactions contemplated under the 2024 Lease Agreements and the 2024 Management Agreements in aggregate exceeds 0.1% and is less than 5%, the transactions contemplated under the 2024 Lease Agreements and the 2024 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.

2024 LEASE AGREEMENTS

We refer to the announcement of the Company on leasing of office premises dated 26 June 2023, according to which each of Founder Electronics and Founder EasiPrint entered into a lease agreement with New Founder to lease certain premises at Shangdi Founder Building on 26 June 2023. Such lease agreements will expire on 31 December 2023. As Founder Electronics and Founder EasiPrint intend to continue to lease such premises at Shangdi Founder Building, on 29 December 2023, each of Founder Electronics and Founder EasiPrint entered into a new lease agreement with New Founder to lease certain premises at Shangdi Founder Building from New Founder. On the same day, as the Board consider that the property leased and area would be reduced according to actual operational needs, each of Founder Electronics and Founder EasiPrint entered into a supplemental agreement with New Founder to update such transactions and to revise the leased area and total rental amount. The 2024 Lease Agreements will expire on 31 December 2024.

Principal Terms of Founder Electronics Lease Agreement (as revised by Founder Electronics Lease Supplemental Agreement)

Lessee	Founder Electronics
Lessor	New 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	7,025.70 square meters
Rent period	1 January 2024 to 31 December 2024
Total rental	RMB9,847,221.12 (equivalent to approximately HK\$10,732,000)
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> <p>If neither the lessee nor the lessor raises any objections within 30 days prior to the expiration of the Lease Agreement, this Lease Agreement shall be automatically extended for one year, with no more than one extension.</p>

Principal Terms of Founder EasiPrint Lease Agreement (as revised by Founder EasiPrint Lease Supplemental Agreement)

Lessee	Founder EasiPrint
Lessor	New 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	5,437.21 square meters
Rent period	1 January 2024 to 31 December 2024
Total annual rental	RMB2,501,041.00 (equivalent to approximately HK\$2,726,000)
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> <p>If neither the lessee nor the lessor raises any objections within 30 days prior to the expiration of the Lease Agreement, this Lease Agreement shall be automatically extended for one year, with no more than one extension.</p>

Reasons for and Benefits of the 2024 Lease Agreements

The Group has been leasing certain premises at Shangdi Founder Building as offices for over ten years. As the Founder Electronics and Founder EasiPrint intend to continue to lease such premises at Shangdi Founder Building, on 29 December 2023, the Group entered into the 2024 Lease Agreements with New Founder for a term of twelve months ending on 31 December 2024.

The terms of the 2024 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 2024 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.

2024 MANAGEMENT AGREEMENTS

We refer to the announcement of the Company on leasing of office premises dated 11 January 2023, according to which each of Founder Electronics and Founder EasiPrint entered into a management agreement with Beida Management. Given that the management agreements of office premises will expire on 31 December 2023, on 29 December 2023, 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 their respective office premises leased at Shangdi Founder Building. The 2024 Management Agreements will expire on 31 December 2024.

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	7,025.70 square meters
Contract period	1 January 2024 to 31 December 2024
Total annual management fee	RMB2,564,380.56 (equivalent to approximately HK\$2,795,000)
Other principal terms and conditions	The management fee is payable in cash monthly in advance. Founder Electronics 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	5,437.21 square meters
Contract period	1 January 2024 to 31 December 2024
Total annual management fee	RMB1,702,501.68 (equivalent to approximately HK\$1,855,000)
Other principal terms and conditions	<p>The management fee is payable in cash monthly in advance.</p> <p>Founder EasiPrint 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 2024 Management Agreements

The Group has been leasing certain premises at Shangdi Founder Building as offices for over ten years. As the previous management agreements will expire on 31 December 2023, the Group entered into the 2024 Management Agreements to renew the property management service for a term ending on 31 December 2024.

The terms of the 2024 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 2024 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 OF THE NEW FOUNDER GROUP

New 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.

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 the Five Companies including Peking Founder.

INFORMATION ON BEIDA MANAGEMENT

Beida Management is an associate of New Founder by virtue of the fact that Beida Management is a subsidiary of New Founder. New Founder indirectly holds 99.95% shareholding of Beida Management as at the date of this announcement.

The remaining 0.05% shareholding of Beida Management is directly held by Beijing Gangtong Resources Enterprise Management Company Limited* (北京港通資源企業管理有限公司). The Directors have no reliable information or knowledge on the ultimate beneficial owner(s) of Beijing Gangtong Resources Enterprise Management Company Limited.

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 New Founder Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, New Founder is interested in 30.60% equity interest of the Company and therefore a controlling shareholder and a connected person of the Company under the Listing Rules. Beida Management is an associate of New Founder by virtue of the fact that Beida Management is a subsidiary of New Founder. Meanwhile, Founder Electronics and Founder EasiPrint are wholly-owned subsidiaries of the Company. Therefore, the transactions contemplated under the 2024 Management Agreements will be continuing connected transactions 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 2024 Lease Agreements will be continuing connected transactions of the Company.

The 2024 Lease Agreements and the 2024 Management Agreements have been aggregated for the Listing Rules purposes on the basis that they all relate to the same properties that Founder Electronics and Founder EasiPrint leased from New Founder at Shangdi Founder Building. As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) for the transactions contemplated under the 2024 Lease Agreements and the 2024 Management Agreements in aggregate exceeds 0.1% and is less than 5%, the transactions contemplated under the 2024 Lease Agreements and the 2024 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.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, no Director has material interest in the 2024 Lease Agreements and the 2024 Management Agreements and will be required to abstain from voting on the relevant Board resolution approving the 2024 Lease Agreements and the 2024 Management Agreements.

DEFINITIONS

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

“2024 Lease Agreements”	Founder Electronics Lease Agreement (as revised by the Founder Electronics Lease Supplemental Agreement) and Founder EasiPrint Lease Agreement (as revised by the Founder EasiPrint Lease Supplemental Agreement)
“2024 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 New 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
“Five Companies including Peking Founder”	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
“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 29 December 2023 and entered into between Founder EasiPrint and New Founder in relation to the lease of certain premises at Shangdi Founder Building by Founder EasiPrint from Peking Founder for a term of twelve months ending on 31 December 2024
“Founder EasiPrint Lease Supplemental Agreement”	the supplemental agreement to Founder EasiPrint Lease Agreement dated 29 December 2023 and entered into between Founder EasiPrint and New Founder
“Founder EasiPrint Management Agreement”	the management agreement dated 29 December 2023 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 leased by Founder EasiPrint at Shangdi Founder Building for a term of twelve months ending on 31 December 2024
“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 29 December 2023 and entered into between Founder Electronics and New Founder in relation to the lease of certain premises at Shangdi Founder Building by Founder Electronics from Peking Founder for a term of a twelve months ending on 31 December 2024
“Founder Electronics Lease Supplemental Agreement”	the supplemental agreement to Founder Electronics Lease Agreement dated 29 December 2023 and entered into between Founder Electronics and New Founder
“Founder Electronics Management Agreement”	the management agreement dated 29 December 2023 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 leased by Founder Electronics at Shangdi Founder Building for a term of twelve months ending on 31 December 2024
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“HKFRS”	Hong Kong Financial Reporting Standards
“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)
“New Founder”	New Founder Development Co., Ltd.* (新方正控股發展有限責任公司), 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 Company Limited (方正信息產業有限責任公司) as at the date of this announcement
“New Founder Group”	New Founder and its subsidiaries
“Peking Founder”	北大方正集團有限公司 (Peking University Founder Group Company Limited*), which used to be a controlling shareholder of the Company before the transfer of the entire equity interest of Founder Information Industry Company Limited (方正信息產業有限責任公司) to New Founder
“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 the 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
“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
Qi Zi Xin
Chairman

Hong Kong, 29 December 2023

The exchange rate adopted in this announcement for illustration purpose only is RMB1.00 = HK\$1.0898.

As at the date of this announcement, the Board comprises executive directors of Mr. Qi Zi Xin (Chairman), Mr. Shao Xing (President), Mr. Wang Jin Chao, Mr. Hu Bin, Mr. Zhang Jian Guo and Ms. Wu Jing, 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*