

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



FOUNDER HOLDINGS LIMITED
方正控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00418)

PROFIT WARNING REDUCTION IN LOSS

This announcement is made by Founder Holdings Limited (the “**Company**”, together with its subsidiaries, 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**”), 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) (the “**SFO**”) and Practice Note 2 of The Code on Takeovers and Mergers (the “**Takeovers Code**”).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and prospective investors of the Company that, based on preliminary assessment of the Group’s unaudited consolidated management accounts for the six months ended 30 June 2021 and information currently available to the Board, the Group is expected to record loss attributable to owners of the Company of not more than HK\$20 million for the six months ended 30 June 2021, as compared with the loss attribute to owners of the Company of approximately HK\$27.2 million for the six months ended 30 June 2020.

The Board believes that the reduction in loss attributable to owners of the Company was mainly attributable to the increase in revenue and gross profit for the six months ended 30 June 2021 as compared with the corresponding period in 2020 as the disruption caused by COVID-19 began to alleviate. However, the effect of increase in revenue and gross profit was partially offset by the increase in selling and administrative expenses for the six months ended 30 June 2021 as compared with the corresponding period in 2020 which was mainly due to (i) the temporary reduction and exemption of enterprise’s social insurance contributions granted for the six months ended 30 June 2020 has been cancelled; and (ii) the operating expenses increased with the increase in revenue during the period.

As at the date of this announcement, the Company is still in the process of finalising the financial statements of the Group for the six months ended 30 June 2021. 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 interim results announcement of the Company for the six months ended 30 June 2021, which is expected to be published by the end of August 2021. Shareholders and potential investors are advised to read carefully such results announcement.

The Profit Warning of the Company (the "**Profit Warning**") constitutes a profit forecast under Rule 10 of the Takeovers Code and is required to be reported on by the financial advisers and the accountants or auditors in accordance with Rule 10.4 of the Takeovers Code. As the Profit Warning was made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the SFO, which require the Company to disclose any inside information as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties in meeting the requirements of Rule 10.4 of the Takeovers Code. Accordingly, the Profit Warning does not meet the standard required by Rule 10 of the Takeovers Code.

Under Rule 10.4 of the Takeovers Code and Practice Note 2 of the Takeovers Code, if the Profit Warning is first published in an announcement, it must be repeated in full, together with the reports from the Company's financial adviser and auditors or accountants on the Profit Warning, in the next document to be sent to the shareholders of the Company (the "**Shareholders' Document**"). The Profit Warning will be reported on by the Company's financial advisers and auditors or accountants as soon as possible in compliance with the Takeovers Code and such reports will be set out in the next Shareholders' Document. However, if the interim results of the Company for the six months ended 30 June 2021 which fall within the ambit of Rule 10.9 of the Takeovers Code have been published by the time of release of the next Shareholders' Document and the relevant results together with the notes to the financial statements are included in the next Shareholders' Document, the requirements to report on the Profit Warning under Rule 10.4 of the Takeovers Code will no longer apply.

Warnings: Shareholders and potential investors of the Company should note that the Profit Warning does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code. Shareholders and potential investors of the Company should therefore exercise caution in placing reliance on the Profit Warning in assessing the merits and demerits of any possible general offer for the securities of the Company.

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

Hong Kong, 12 August 2021

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, 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 not contained in this announcement, the omission of which would make any statements in this announcement misleading.

* *For identification purpose only*