



**FOUNDER HOLDINGS LIMITED**

方正控股有限公司

**【PRESS RELEASE】**

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**Synergy Gained through Disposal of Distribution Business by Founder to EC-Founder**

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**(Hong Kong – 19 March 2003)** Founder Holdings Limited (SEHK: 418, “Founder Holdings”) today announces that Founder Holdings has entered into a conditional sales and purchase agreement (“the Agreement”) with its associated company, EC-Founder (Holdings) Company Limited (SEHK: 618, “EC-Founder”). According to the Agreement, Founder (Hong Kong) Limited (“Founder Hong Kong”), a wholly-owned subsidiary of Founder Holdings, agrees to sell to EC-Founder its entire interest in Founder Century (Hong Kong) Limited (“HK Century”) and Beijing Founder Century Information System Co., Ltd. (“PRC Century”), both of which are engaged in the information product distribution business in the PRC (“Distribution Business”).

Under the terms of the Agreement, the consideration of the transaction in the sum of HK\$71,500,000 will be satisfied in three lots. Besides the cash payment of HK\$5,160,000 by EC-Founder, Founder Hong Kong is to receive 280,000,000 new EC-Founder shares from EC-Founder at an issue price of HK\$0.2185 per share, in satisfaction of part of the consideration (i.e. HK\$61,180,000). The balance is to be fulfilled either in cash or in additional EC-Founder shares, or in a mixture of both, at Founder Hong Kong’s option upon 6 months after completion of the Agreement.

**Reasons for the Agreement**

Founder Holdings currently holds approximately 39.45% of the issued share capital of EC-Founder. Following the issue and allotment of 280,000,000 new shares by EC-Founder, Founder Holdings’ interest in EC-Founder will rise to 54.85%. EC-Founder will, therefore, become a subsidiary of Founder Holdings and its accounts will be consolidated into the accounts of Founder Holdings. Directors of Founder Holdings see it as a great opportunity to restructure its diversified businesses. With the disposal of the Distribution Business in question, Founder Holdings can deploy its resources to accommodate further development in its software development and systems integration business. Meanwhile, with the inclusion of EC-Founder as one of its subsidiaries, shareholders of Founder Holdings will continue to enjoy any potential growth of EC-Founder, including that of the Distribution Business.

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**Enquiries:**

Ms Cindy Cheung, Public Relations Officer, Founder Holdings Limited  
Tel: (852) 2611 4124; Fax: (852) 2413 3218; Email: [cindy@founder.com.hk](mailto:cindy@founder.com.hk)

On the other hand, with the acquisition of the Distribution Business, it is expected that EC-Founder will be able to leverage on the existing clientele of HK Century and PRC Century, further develop the Distribution Business, as well as provide additional value-added services to its existing clients in software solutions business. Managements of both Founder Holdings and EC-Founder consider it a win-win situation, with great synergetic potentials for both.

### **About HK Century and PRC Century**

HK Century and PRC Century are principally engaged in the distribution of information products, including, among other things, servers, workstations and networking products of various international brand names. They have established a distribution network of over hundreds of sub-distributors in the PRC. Having extensive experience in distributing information products, the management of HK Century and PRC Century has steered the business towards achieving and maintaining a strong market position.

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