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EC-FOUNDER (HOLDINGS) COMPANY LIMITED
方正數碼(控股)有限公司*

(incorporated in Bermuda with limited liability)

CONNECTED TRANSACTIONS

AdTargeting, a wholly-owned subsidiary of the Company, has been appointed as the advertising agent of Yahoo! Hong Kong in respect of the website of Yahoo! Hong Kong in the PRC since March 2000. It is in the ordinary and usual course of business of AdTargeting to engage in the provision of the Services to Yahoo! Hong Kong. The directors (including the independent non-executive directors) of the Company consider that the terms of the transaction are fair and reasonable.

Yahoo! Hong Kong is a wholly-owned subsidiary of Yahoo! Inc. which is a substantial shareholder of the Company holding 93,240,000 shares of the Company (representing approximately 11.36% of the issued share capital of the Company as at the date of this announcement). Accordingly, Yahoo! Hong Kong is a connected person of the Company and the provision of the Services by AdTargeting to Yahoo! Hong Kong constitutes ongoing connected transactions for the Company under the Listing Rules.

The monthly aggregated unaudited commission income receivable by AdTargeting from Yahoo! Hong Kong for the four months ended 30 April 2003 did not exceed the Threshold but that for the five months ended 31 May 2003 of approximately RMB1,400,000 (equivalent to approximately HK\$1,320,000) has recently exceeded the Threshold. Accordingly, this announcement is made by the Company as soon as practicable pursuant to the disclosure requirements under Rule 14.25(1) of the Listing Rules.

In view of the ongoing nature of the transactions, the Company has applied to the Stock Exchange for a waiver from strict compliance with the disclosure requirements for connected transactions under Rule 14.25(1) of the Listing Rules.

THE TRANSACTION

AdTargeting is a wholly-owned subsidiary of the Company which is principally engaged in the provision of internet advertising agency services in the PRC. AdTargeting has been appointed as the advertising agent of Yahoo! Hong Kong to provide the Services in respect of the website of Yahoo! Hong Kong in the PRC since March 2000.

COMMISSION

AdTargeting is entitled to receive commission from Yahoo! Hong Kong in respect of the Services provided. The amount of commission is calculated as a percentage amount of all revenue in respect of each advertising campaign accepted and completed by Yahoo! Hong Kong, after deducting any discounts and adjustments and any other fees or commissions payable by AdTargeting in respect of that advertising campaign, which revenue is actually received and recognized by Yahoo! Hong Kong and generated directly as a result of the Services. The percentage commission ranges from 4% to 15% depending on the aggregate amount of revenue generated.

The terms of the appointment of AdTargeting as the advertising agent of Yahoo! Hong Kong were reached after arm's length negotiations between the Company, AdTargeting and Yahoo! Hong Kong. It is in the ordinary and usual course of business of AdTargeting to engage in the provision of the Services to Yahoo! Hong Kong. The directors (including the independent non-executive directors) of

the Company consider that the terms of the transaction are fair and reasonable, in particular after considering the costs for providing the Services and the expected profitability.

CONNECTED TRANSACTIONS

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WAIVER

As the aggregate annual commission income receivable from Yahoo! Hong Kong in connection with the Services exceeds the Threshold but is not expected to exceed the higher of HK\$10 million or 3% of the latest published net tangible asset value of the Group, the provision of the Services to Yahoo! Hong Kong is subject to the disclosure requirements under Rule 14.25(1) of the Listing Rules.

Given the ongoing and recurring nature of the transactions in connection with the Services, the directors of the Company consider it impracticable and unduly burdensome for the Company to strictly comply with such disclosure requirements when each transaction arises. Accordingly, the Company has applied to the Stock Exchange for a waiver from strict compliance with the disclosure requirements of the Listing Rules on the following conditions:

1. the provision of the Services by AdTargeting to Yahoo! Hong Kong shall be carried out:
 - (a) in the ordinary and usual course of business of the Group;
 - (b) (i) on normal commercial terms; or (ii) (where there is no available comparison) on terms that are fair and reasonable so far as the interests of the shareholders of the Company as a whole are concerned; and
 - (c) carried out in accordance with the terms of the relevant agreement entered into between AdTargeting and Yahoo! Hong Kong;
2. the annual aggregate commission income receivable from Yahoo! Hong Kong in connection with the Services shall not exceed the higher of HK\$10 million or 3% of the latest net tangible asset value of the Group published from time to time (the "Cap");
3. the independent non-executive directors of the Company shall review annually the transactions in connection with the Services and confirm in the Company's annual report that the transactions have been conducted in the manner as stated in paragraphs 1 and 2 above;
4. the auditors of the Company shall review annually the transactions in connection with the Services and confirm in a letter (the "Letter") to the board of directors of the Company (a copy of which shall be provided to the Stock Exchange) stating whether:
 - (a) the transactions in connection with the Services have been approved by the board of directors of the Company;

(b) the transactions in connection with the Services have been conducted in accordance with the terms of the relevant agreement; and

(c) the Cap has been exceeded or not;

where, for whatever reason, the auditors of the Company decline to accept the engagement or are unable to provide the board of directors of the Company with the Letter, the Company shall inform the Stock Exchange immediately; and

5. details of the transactions in connection with the Services shall be disclosed in the Company's annual report in accordance with the disclosure requirements under Rule 14.25(1) (A) to (D) of the Listing Rules together with a statement of opinion of the independent non-executive directors of the Company and the auditors of the Company referred to in paragraphs 3 and 4 above.

Should there be any change to the terms of the Services, the Company will comply with the relevant requirements under Chapter 14 of the Listing Rules unless the Company applies for and obtains a separate waiver from the Stock Exchange.

DEFINITIONS

“AdTargeting”	Beijing AdTargeting Inc., a corporation established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Company”	EC-Founder (Holdings) Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People's Republic of China, excluding Hong Kong, Macau and Taiwan for the purposes of this announcement
“Services”	the advertising agency services provided by AdTargeting to Yahoo! Hong Kong for the sales of advertising spaces, obtaining of sponsorships and promotion of the website of Yahoo! Hong Kong in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Threshold”	higher of HK\$1 million or 0.03% of the latest published net tangible asset value of the Group
“Yahoo! Hong Kong”	Yahoo! Holdings (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability

By Order of the Board
EC-Founder (Holdings) Company Limited
Zhang Zhao Dong
Chairman

Hong Kong, 5 June 2003

* For identification purpose only

Please also refer to the published version of this announcement in The Standard and Sing Tao Daily.