
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in EC-Founder (Holdings) Company Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)

**PROPOSALS FOR GENERAL MANDATES TO REPURCHASE
AND TO ISSUE SHARES
AND
ADOPTION OF CHINESE NAME**

A notice convening an annual general meeting of the shareholders of EC-Founder (Holdings) Company Limited to be held at 10:30 a.m. on 28 May 2003 at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong is set out in Appendix II to this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's principal place of business in Hong Kong at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting.

29 April 2003

* For identification purpose only

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context otherwise requires:

“AGM”	the annual general meeting of the Company to be held at 10:30 a.m. on 28 May 2003 at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong or any adjournment thereof
“Board”	the board of Directors
“Companies Ordinance”	Companies Ordinance (Chapter 32) of the Laws of Hong Kong
“Company”	EC-Founder (Holdings) Company Limited (方正數碼(控股)有限公司*), a company listed on the Stock Exchange and incorporated in Bermuda with limited liability
“Directors”	the directors of the Company
“FHL”	Founder Holdings Limited
“Group”	collectively, the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	25 April 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as modified from time to time
“Notice of AGM”	the notice convening the AGM as set out in Appendix II to this circular
“Ordinary Resolutions”	The proposed ordinary resolutions as referred to in the Notice of AGM
“Share Buy Back Rules”	the applicable provisions under the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange
“Share(s)”	ordinary shares of HK\$0.10 each of the Company
“Shareholder(s)”	registered holder(s) of Share(s) of the Company

* *For identification purpose only*

DEFINITIONS

“Special Resolution”	The proposed special resolution as referred to in the Notice of AGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

LETTER FROM THE BOARD



EC-FOUNDER (HOLDINGS) COMPANY LIMITED

方正數碼(控股)有限公司*

(Incorporated in Bermuda with limited liability)

Executive Directors:

Mr Zhang Zhao Dong (*Chairman*)

Mr Cheung Shuen Lung

Professor Wei Xin

Professor Zou Wei

Mr Yung Richard, Jr.

Registered office:

Cedar House

41 Cedar Avenue

Hamilton HM12

Bermuda

Non-executive Director

Mr Yung Chih Shin, Richard (*Honorary Chairman*)

Independent Non-executive Directors:

Mr Yang Lin, Richard

Mr Lee Ying Bui, Andrew

Principal place of business

in Hong Kong:

Unit 1408

14th Floor

Cable TV Tower

9 Hoi Shing Road

Tsuen Wan

New Territories

Hong Kong

29 April 2003

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES TO REPURCHASE
AND TO ISSUE SHARES
AND
ADOPTION OF CHINESE NAME**

I. INTRODUCTION

At the annual general meeting of the Company held on 24 May 2002, resolutions were passed by the then Shareholders giving general mandates to the Directors to issue Shares and to exercise the powers of the Company to repurchase its own Shares. Such general mandates will lapse at the conclusion of the forthcoming AGM. Resolutions will therefore be proposed by the Directors to the Shareholders at the AGM to renew the grant of these general mandates.

The Directors also propose to register the Chinese name of the Company with the Companies Registry in Hong Kong under Part XI of the Companies Ordinance.

* *For identification purpose only*

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information relating to the proposed renewal of the general mandates to repurchase Shares and to issue Shares, and the proposed adoption of the Chinese name of the Company, required to be sent to you in compliance with the Share Buy Back Rules and the Listing Rules so as to give you all information reasonably necessary to enable you to make an informed decision on whether to vote for or against the Ordinary Resolutions and the Special Resolution.

II. GENERAL MANDATES

1. General Mandate to Repurchase Shares

Ordinary Resolution no. 4 will be proposed at the AGM to grant the Board a general and unconditional mandate to exercise all the powers of the Company to purchase an amount of Shares not exceeding 10 per cent. of the Company's issued share capital as at the date of such resolution, for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution) ("**Repurchase Mandate**").

An explanatory statement required under the Share Buy Back Rules providing the requisite information in respect of the Repurchase Mandate is set out in Appendix I to this circular.

2. General Mandate to Issue Shares

It will also be proposed at the AGM Ordinary Resolution no. 5 to grant the Board a general and unconditional mandate to allot, issue, grant, distribute and otherwise deal with additional Shares, not exceeding 20 per cent. of the Company's issued share capital as at the date of such resolution (as adjusted in accordance with the resolution), for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution) ("**Issue Mandate**").

Conditional upon the passing of Ordinary Resolutions nos. 4 and 5 to grant the Repurchase Mandate and the Issue Mandate, Ordinary Resolution no. 6 will be further proposed at the AGM granting authorisation to the Board to exercise all powers to allot, issue, grant, distribute and otherwise deal with additional Shares under the Issue Mandate in respect of the aggregate nominal amount of share capital in the Company repurchased by the Company.

III. ADOPTION OF CHINESE NAME

Pursuant to an external circular No. 1/2001 issued by the Companies Registry in Hong Kong in June 2001, an overseas company registered under Part XI of the Companies Ordinance is permitted to register the Chinese name of the Company with the Registrar of Companies. The Chinese name of "方正數碼(控股)有限公司" has been used by the Company in Hong Kong for identification purpose. The Directors propose to seek Shareholders' approval on the adoption of "方正數碼(控股)有限公司" as the Chinese name of the Company for this purpose. Adoption of the Chinese name is subject to the passing of a special resolution by the Shareholders at the AGM and the approval of the Registrar of Companies in Hong Kong. A further announcement will be made in this connection upon the adoption of the Chinese name becoming effective.

LETTER FROM THE BOARD

The proposed adoption of the Chinese name of the Company will not affect any of the rights of the Shareholders and all existing share certificates in issue bearing only the English name of the Company will, after the adoption of the Chinese name, continue to be effective as documents of title of the Shares and be valid for trading, settlement and registration purposes. Therefore, there would not be any arrangement for free exchange of share certificates upon obtaining the approval of registration of the Company's Chinese name from the Registrar of Companies in Hong Kong.

IV. ANNUAL GENERAL MEETING

A notice convening the AGM for the purpose of, inter alia, considering and, if thought fit, passing the Ordinary Resolutions and the Special Resolution is set out in Appendix II to this circular. A form of proxy is enclosed for use by Shareholders at the AGM. Shareholders are requested to complete and return the form of proxy to the Company's principal place of business in Hong Kong as soon as possible, but in any event not less than 48 hours before the scheduled time of the AGM. The lodging of the form of proxy will not preclude the Shareholder from attending the AGM and voting in person should he so wish.

V. RECOMMENDATION

The Directors believe that the Repurchase Mandate, the Issue Mandate and the proposed adoption of Chinese name are all in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend you to vote in favour of all the Ordinary Resolutions and the Special Resolution to be proposed at the AGM.

VI GENERAL

Your attention is drawn to the Appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
EC-Founder (Holdings) Company Limited
Zhang Zhao Dong
Chairman

This appendix serves as an explanatory statement, as required by the Share Buy Back Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

SHARE BUY BACK RULES

The Share Buy Back Rules provide that all proposed repurchases of securities by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders in general meeting, either by way of a general mandate or by a specific approval of a particular transaction. A maximum of 10% of the fully paid-up securities of a company as at the date of the passing of the relevant resolution may be repurchased on the Stock Exchange.

SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was 3,000,000,000 ordinary shares of HK\$0.10 each and the number of Shares in issue was 820,562,040.

Subject to the passing of the Ordinary Resolution no. 4 at the AGM and on the basis that no further Shares will be issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 82,056,204 Shares during the period in which the Repurchase Mandate remains in force. Any Shares repurchased pursuant to the Repurchase Mandate must be fully paid-up.

SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2002		
April	0.49	0.45
May	0.52	0.42
June	0.45	0.41
July	No transaction	No transaction
August	No transaction	No transaction
September	No transaction	No transaction
October	No transaction	No transaction
November	0.25	0.23
December	No transaction	No transaction
2003		
January	No transaction	No transaction
February	0.23	0.23
March	0.20	0.20

REASONS FOR REPURCHASE

The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from the Shareholders to enable the Directors to purchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share and will only be made when the Board believes that such repurchases will benefit the Company and its Shareholders.

FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and bye-laws and the laws of Bermuda.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements of the Company for the year ended 31 December 2002) in the event that the Repurchase Mandate was to be exercised in full at any time during the repurchase period. However, the Board does not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing level of the Company.

UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules and the applicable laws of Bermuda so far as the same may be applicable.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) has any present intention to sell Shares to the Company or its subsidiaries under the Repurchase Mandate, if such is approved by the Shareholders.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company or its subsidiaries, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

THE TAKEOVERS CODE

If, as a result of a share repurchase by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase may be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company or become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, FHL was interested in 323,690,000 Shares, representing approximately 39.45% of the issued share capital of the Company. In the event that the Directors exercised in full the power to repurchase Shares in accordance with the Repurchase Mandate, the shareholding of

FHL in the Company will be increased to approximately 43.83% of the issued share capital of the Company. As a result, FHL would be required under Rule 26 of the Takeovers Code to make a mandatory offer pursuant to such increase. The Directors have no present intention to exercise in full the power to repurchase Shares pursuant to the Repurchase Mandate so as to trigger the Takeovers Code.

SHARE REPURCHASE MADE BY THE COMPANY

There have been no repurchases of Shares by the Company made in the six months prior to the date of this circular (whether on the Stock Exchange or otherwise).



EC-FOUNDER (HOLDINGS) COMPANY LIMITED

方正數碼(控股)有限公司**(Incorporated in Bermuda with limited liability)*

NOTICE IS HEREBY GIVEN THAT the annual general meeting of EC-Founder (Holdings) Company Limited (the “**Company**”) will be held at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong on 28 May 2003 at 10:30 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the directors’ and auditors’ reports of the Company for the year ended 31 December 2002.
2. To re-elect the retiring directors and to fix the remuneration of directors.
3. To re-appoint auditors and to authorise the board of directors to fix their remuneration.

ORDINARY RESOLUTIONS

As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions of the Company:

4. **“THAT:–**
 - (A) subject to paragraph (B) of this Resolution no. 4 below, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (C) of this Resolution no. 4 below) of all the powers of the Company to purchase Shares (as defined in paragraph (C) of this Resolution no. 4 below) on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) or on any other stock exchange on which the Shares may be listed and which is recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange, subject to and in accordance with all applicable laws, including the Hong Kong Code on Share Repurchases and the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange (as amended from time to time), be and is hereby generally and unconditionally approved;
 - (B) the aggregate nominal amount of Shares which may be purchased or agreed conditionally or unconditionally to be purchased pursuant to the approval in paragraph (A) of this Resolution no. 4 above shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution no. 4, and the said approval be limited accordingly; and

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- (C) for the purposes of this Resolution no. 4:–
- (i) “Relevant Period” means the period from (and including) the passing of this Resolution no. 4 until whichever is the earliest of:–
 - (a) the conclusion of the next annual general meeting of the Company;
 - (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; or
 - (c) the revocation or variation of this Resolution no. 4 by an ordinary resolution of the shareholders of the Company in general meeting; and
 - (ii) “Shares” means shares of all classes in the capital of the Company and warrants and other securities which carry a right to subscribe or purchase shares in the Company.”
5. **“THAT:–**
- (A) subject to paragraph (B) of this Resolution no. 5 below, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (C) of this Resolution no. 5 below) of all the powers of the Company to allot, issue, grant, distribute and otherwise deal with additional Shares (as defined in paragraph (C) of this Resolution no. 5 below) and to make, issue or grant offers, agreements, options, warrants and other securities which might require Shares to be allotted, issued, granted, or distributed or otherwise dealt with during or after the end of the Relevant Period, be and is hereby generally and unconditionally approved;
 - (B) the aggregate nominal amount of share capital allotted, issued, granted, distributed or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued, granted, distributed or otherwise dealt with (whether pursuant to an option, conversion or otherwise) by the directors of the Company pursuant to the approval in paragraph (A) of this Resolution no. 5 above, otherwise than pursuant to:–
 - (i) a Rights Issue (as defined in paragraph (C) of this Resolution no. 5 below);
 - (ii) the grant of options under the share option scheme of the Company or the exercise of any of the subscription rights attaching to any options that have been or may be granted thereunder;
 - (iii) the exercise of rights of subscription or conversion under the terms of any warrant issued by the Company or any securities which are convertible into Shares; or

- (iv) any scrip dividend scheme or similar arrangement providing for allotment of Shares in lieu of the whole or part of any dividend on Shares in accordance with the bye-laws of the Company

shall not exceed the aggregate of:

- (a) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution no. 5; and
- (b) (if the directors of the Company are so authorised by a separate resolution of the shareholders of the Company) the aggregate nominal amount of the share capital of the Company purchased by the Company subsequent to the passing of this Resolution no. 5 (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution no. 5),

and the said approval shall be limited accordingly; and

(C) for the purposes of this Resolution no. 5:–

- (i) “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:–
 - (a) the conclusion of the next annual general meeting of the Company;
 - (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; and
 - (c) the revocation or variation of this Resolution no. 5 by an ordinary resolution of the shareholders of the Company in general meeting;
- (ii) “Shares” means shares of all classes in the capital of the Company and warrants and other securities which carry a right to subscribe or purchase shares in the Company; and
- (iii) “Rights Issue” means an offer of Shares open for a period fixed by the directors of the Company to holders of Shares on the register of members (and, if appropriate, to the holders of warrants and other securities which carry a right to subscribe or purchase shares in the Company on the relevant register) on a fixed record date in proportion to their then holdings of such Shares (and, if appropriate, such warrants and other securities), (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any jurisdiction or territory applicable to the Company).”

6. “**THAT** subject to the passing of Resolutions nos. 4 and 5 set out in this Notice, the exercise by the directors of the Company of the powers referred to in paragraph (A) of Resolution no. 5 in respect of the share capital of the Company referred to in sub-paragraph (b) of paragraph (B) of Resolution no. 5, be and is hereby approved and authorised.”

SPECIAL RESOLUTION

As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as special resolution of the Company:

7. “**THAT** “方正數碼(控股)有限公司” be and is hereby adopted as the Chinese name of the Company for the purpose of registration under Part XI of the Companies Ordinance (Cap.32) of the Laws of Hong Kong.”

By Order of the Board
EC-Founder (Holdings) Company Limited
Tang Yuk Bo, Yvonne
Company Secretary

Hong Kong, 24 April 2003

Notes:

1. Any member entitled to attend and vote at the annual general meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a member of the Company.
2. Where there are joint holders of any share, any one of such joint holders may vote at the annual general meeting, either in person or by proxy, in respect of such share as if he were solely entitled thereto but if more than one of such joint holders is present at the annual general meeting, then one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
3. To be valid, the instrument appointing a proxy, together with a power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power or authority) must be deposited at the Company’s principal place of business in Hong Kong at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (as the case may be). Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or at any adjourned meeting.