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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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**PROPOSED DIRECTORS FOR RE-ELECTION,
GENERAL MANDATES TO REPURCHASE
AND TO ISSUE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

The notice of an annual general meeting of EC-Founder (Holdings) Company Limited to be held at 10:30 a.m. on 27 May 2005 at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong is set out in Appendix III to this circular. Whether or not you are able to attend the annual general meeting in person, you are requested to complete and return the enclosed form of proxy for the annual general meeting 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 annual general 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 2005

* 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 27 May 2005 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;
“Bye-laws”	the bye-laws of the Company;
“Company”	EC-Founder (Holdings) Company Limited (方正數碼(控股)有限公司*), an exempted company and incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange;
“Directors”	the directors of the Company;
“FHL”	Founder Holdings Limited, the controlling shareholder of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	27 April 2005, 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, as modified from time to time;
“Peking Founder”	Peking University Founder Group Corporation, the controlling shareholder of FHL;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

* For identification purpose only

DEFINITIONS

“Share Repurchase 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;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“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)

(Stock Code: 0618)

Executive Directors:

Mr Zhang Zhao Dong (*Chairman*)

Mr Cheung Shuen Lung

Professor Wei Xin

Mr Xia Yang Jun

Mr Xie Ke Hai

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

Non-executive Director:

Mr Yung Chih Shin, Richard

Principal place of business

in Hong Kong:

Unit 1408

14th Floor

Cable TV Tower

9 Hoi Shing Road

Tsuen Wan

New Territories

Hong Kong

Independent Non-executive Directors:

Mr Li Fat Chung

Ms Wong Lam Kit Yee

Ms Cao Qian

29 April 2005

To the Shareholders

Dear Sir or Madam,

**PROPOSED DIRECTORS FOR RE-ELECTION,
GENERAL MANDATES TO REPURCHASE
AND TO ISSUE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

I. INTRODUCTION

At the annual general meeting of the Company held on 24 May 2004, 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.

* *For identification purpose only*

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information relating to (i) the proposed Directors for re-election; and (ii) the proposed renewal of the general mandates to repurchase Shares and to issue Shares 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 proposed resolutions at the AGM.

II. PROPOSED DIRECTORS FOR RE-ELECTION

In accordance with Bye-law 99 of the Bye-laws, the Directors retiring by rotation at the AGM are Mr Yung Chih Shin, Richard, Mr Xia Yang Jun, Mr Xie Ke Hai, Mr Li Fat Chung, Ms Wong Lam Kit Yee and Ms Cao Qian, who, being eligible, offer themselves for re-election at the AGM. Relevant details, as at the Latest Practicable Date, of each of the Directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

III. GENERAL MANDATES

1. General mandate to repurchase Shares

At the AGM, an ordinary resolution will be proposed to grant the Board a general and unconditional mandate to exercise all the powers of the Company to purchase 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) ("**Share Repurchase Mandate**").

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

2. General mandate to issue Shares

At the AGM, an ordinary resolution will also be proposed 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) ("**Share Issue Mandate**").

Conditional upon the passing of the above resolutions to grant the Share Repurchase Mandate and the Share Issue Mandate, a separate ordinary resolution 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 Share Issue Mandate in respect of the aggregate nominal amount of share capital in the Company repurchased by the Company.

LETTER FROM THE BOARD

IV. GENERAL INFORMATION

A notice convening the AGM is set out in Appendix III to this circular at which resolutions will be proposed to approve, among other matters, the grant of the Share Repurchase Mandate and the Share Issue Mandate. Whether or not you are able to attend the AGM in person, you are requested to complete and return the enclosed form of proxy for the AGM in accordance with the instructions printed thereon 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 time appointed for holding of the AGM 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.

Your right to demand a poll on the resolutions proposed at the AGM is set out in Appendix IV to this circular.

V. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

VI. RECOMMENDATION

The Directors believe that the proposed Directors for re-election, the Share Repurchase Mandate and the Share Issue Mandate are all in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of all the resolutions to be proposed at the AGM.

Yours faithfully,
For and on behalf of the Board
Zhang Zhao Dong
Chairman

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

SHARE REPURCHASE RULES

The Share Repurchase 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 per cent. 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 comprised 3,000,000,000 Shares and the number of Shares in issue was 1,100,562,040.

Subject to the passing of the relevant ordinary resolution and on the basis that no further Shares will be issued or repurchased prior to the AGM, the Company would be allowed under the Share Repurchase Mandate to repurchase a maximum of 110,056,204 Shares during the period in which the Share Repurchase Mandate remains in force. Any Shares repurchased pursuant to the Share 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>
2004		
April	0.330	0.270
May	0.275	0.275
June	0.305	0.290
July	0.340	0.290
August	0.330	0.260
September	0.275	0.260
October	0.310	0.270
November	0.340	0.300
December	0.380	0.320
2005		
January	0.320	0.260
February	0.350	0.280
March	0.320	0.249
April (up to the Latest Practicable Date)	0.265	0.211

REASONS FOR REPURCHASE

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

FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association, the Bye-laws and the applicable 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 2004) in the event that the Share Repurchase Mandate was to be exercised in full at any time during the repurchase period. However, the Board does not propose to exercise the Share 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 Share Repurchase Mandate 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 Share 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 Share Repurchase Mandate is approved by the Shareholders.

EFFECT OF 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 Rule 32 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 Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, FHL, being the only controlling shareholder of the Company, was interested in 603,690,000 Shares, representing approximately 54.85% 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 Share Repurchase Mandate, the shareholding of FHL in the Company will be increased to approximately 60.95% of the issued share capital of the Company. The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchase to be made under the Share Repurchase Mandate.

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).

The following are the relevant details of those Directors proposed to be re-elected at the AGM.

1. **Mr Yung Chih Shin, Richard**, aged 70, is the Honorary Chairman of the Company. Mr Yung graduated in Electrical Engineering from Massachusetts Institute of Technology. He founded Management Investment & Technology Company Limited in 1975 and joined the Group in 1991. He has extensive experience in marketing, product design, factory planning and production management in the electronic industry.

Mr Yung did not hold any directorship in other listed companies in the last three years.

As at the Latest Practicable Date, Mr Yung did not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr Yung was interested in 87,680,000 Shares through a company beneficially owned by him. Save as disclosed above, Mr Yung does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr Yung. Mr Yung is not entitled to any director's fee or bonus payment. He is appointed without a specific term and will be subject to retirement by rotation and re-election in accordance with the Company's Bye-laws.

Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders in connection with Mr Yung's re-election.

2. **Mr Xia Yang Jun**, aged 32, is an executive director of the Company. He joined the Group in November 2004. Mr Xia graduated from 北京大學光華管理學院 (Peking University Guanghua School of Management*) and obtained an EMBA degree. He is also a Financial Economist and Certified Public Accountant in the People's Republic of China, and has over 10 years of experience in investment management.

Mr Xia is a Vice-President of Peking Founder. He is also an executive director of FHL, a public company listed on the Stock Exchange, and a director of 深圳大通實業股份有限公司 (Shenzhen Capstone Industrial Co., Ltd.*), an associated corporation of Peking Founder and a public company listed on the Shenzhen Stock Exchange. Mr Xia is also an executive director of 江蘇蘇鋼集團有限公司 (Jiangsu Suzhou Iron and Steel Group Company Limited*), 廣東發展銀行股份有限公司 (Guangdong Development Bank Company Limited*), 重慶西南合成製藥有限公司 (Chongqing Southwest Pharmaceutical Company Limited*), 重慶大新藥業股份有限公司 (Chongqing Daxin Pharmaceutical Company Limited*), 方正通信技術有限公司 (Founder Communications Inc.*), 方正軟件(蘇州)有限公司 (Founder Software (Suzhou) Company Limited*), 北大方正投資有限公司 (Founder Investment Limited*), 武漢証券有限責任公司 (Wuhan Securities Company Limited*), 北京北大方正連宇通信技術有限公司 (Beijing Founder-LinkAir Communications, Inc.*) and 北京北大國際醫院投資管理有限公司 (Peking University International Hospital Investment Co., Ltd.*), where these companies are the associated corporations of Peking Founder.

Save as disclosed above, Mr Xia did not hold any directorship in other listed companies in the last three years.

* For identification purpose only

Save as disclosed above, Mr Xia does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr Xia did not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr Xia. Mr Xia is not entitled to any director's fee or bonus payment. He is appointed without a specific term and will be subject to retirement by rotation and re-election in accordance with the Company's Bye-laws.

Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders in connection with Mr Xia's re-election.

3. **Mr Xie Ke Hai**, aged 39, is an executive director of the Company since November 2004 and a Vice-President of Peking Founder. Mr Xie graduated from 北京科技大學 (University of Science & Technology Beijing*) and obtained a master degree. Mr Xie is also a director of 北大方正投資有限公司 (Founder Investment Limited*), 深圳市北大方正數碼科技有限公司 (Shenzhen Founder Cyber Technology Company Limited*), 北京北大方正連宇通信技術有限公司 (Beijing Founder-LinkAir Communications, Inc.*) and LinkAir Communications, Inc., where these companies are associated corporations of Peking Founder. Mr Xie has over 9 years of experience in human resources.

Mr Xie did not hold any directorship in other listed companies in the last three years.

Save as disclosed above, Mr Xie does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr Xie did not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr Xie. Mr Xie is not entitled to any director's fee or bonus payment. He is appointed without a specific term and will be subject to retirement by rotation and re-election in accordance with the Company's Bye-laws.

Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders in connection with Mr Xie's re-election.

4. **Mr Li Fat Chung**, aged 44, is an independent non-executive director of the Company since September 2004. He is a Certified Public Accountant (Practising) in Hong Kong and a partner of Chan, Li, Law & Co., Certified Public Accountants. He is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong. Mr Li has over 26 years of experience in auditing, taxation and accounting.

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Mr Li is also an independent non-executive director of FHL which is a public company listed on the Stock Exchange. Save as disclosed above, Mr Li did not hold any directorship in other listed companies in the last three years.

Save as disclosed above, Mr Li does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr Li did not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr Li. He is entitled to a director's fee of HK\$120,000.00 per annum, which was determined by the Board by reference to the prevailing market conditions, and is not entitled to any bonus payment. Mr Li is appointed without a specific term and will be subject to retirement by rotation and re-election in accordance with the Company's Bye-laws.

Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders in connection with Mr Li's re-election.

5. **Ms Wong Lam Kit Yee**, aged 41, is an independent non-executive director of the Company since September 2004. Ms Wong is a Certified Public Accountant (Practising) in Hong Kong. She is also a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and a member of the Hong Kong Institute of Certified Public Accountants. Ms Wong has over 16 years of experience in auditing and accounting.

Ms Wong is also an independent non-executive director of FHL which is a public company listed on the Stock Exchange. Save as disclosed above, Ms Wong did not hold any directorship in other listed companies in the last three years.

Save as disclosed above, Ms Wong does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Ms Wong did not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

There is no service contract between the Company and Ms Wong. She is entitled to a director's fee of HK\$120,000.00 per annum, which was determined by the Board by reference to the prevailing market conditions, and is not entitled to any bonus payment. Ms Wong is appointed without a specific term and will be subject to retirement by rotation and re-election in accordance with the Company's Bye-laws.

Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders in connection with Ms Wong's re-election.

6. **Ms Cao Qian**, aged 41, is an independent non-executive director of the Company since March 2005. Ms Cao graduated from 中央財經大學 (Central University of Finance & Economics*) and obtained a bachelor degree in Finance and Revenue Professional. Ms Cao also received an EMBA degree from 北京大學光華管理學院 (Peking University Guanghua School of Management*). Ms Cao is currently the Chief Financial Officer of China Travel Service Hotel Corporation and is also a Certified Public Accountant in the People's Republic of China. Ms Cao has over 19 years of experience in auditing, accounting and financial management.

Ms Cao did not hold any directorship in other listed companies in the last three years.

As at the Latest Practicable Date, Ms Cao did not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Ms Cao did not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

There is no service contract between the Company and Ms Cao. Ms Cao is entitled to a director's fee of HK\$120,000.00 per annum, which was determined by the Board by reference to the prevailing market conditions, and is not entitled to any bonus payment. Ms Cao is appointed without a specific term and will be subject to retirement by rotation and re-election in accordance with the Company's Bye-laws.

Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders in connection with Ms Cao's re-election.

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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)
(Stock Code: 0618)

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 27 May 2005 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 2004.
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

- (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.”

By Order of the Board
Tang Yuk Bo, Yvonne
Company Secretary

Hong Kong, 29 April 2005

Notes:

1. Any shareholder 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 shareholder 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 shareholder 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 notorially 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 shareholder from attending and voting in person at the meeting or at any adjourned meeting.
4. Concerning the Ordinary Resolution No. 2 above, Mr Yung Chih Shin, Richard, Mr Xia Yang Jun, Mr Xie Ke Hai, Mr Li Fat Chung, Ms Wong Lam Kit Yee and Ms Cao Qian will retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting. Details of the above directors are set out in the Appendix II of the circular of the Company dated 29 April 2005.

Bye-law 70 of the Bye-Laws sets out the procedure by which Shareholders may demand a poll:

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll. A poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) at least three Shareholders present in person or by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (c) any Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (d) any Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll be so demanded and the demand is not withdrawn, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.