
THIS CIRCULAR 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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Founder Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



(Incorporated in Bermuda with limited liability)

(Stock Code: 0418)

MAJOR TRANSACTION

Transfer of a 21.85% interest in EC-Founder (Holdings) Company Limited to a strategic partner

A notice convening a special general meeting of the Company to be held at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong at 10:00 a.m. on 10 July 2006 is set out on page 17 of this circular. A form of proxy for use at the special general meeting is enclosed with this circular.

Whether or not you are able to attend the special general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the principal place of business of the Company 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 the holding of the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof should you so wish.

16 June 2006

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context requires otherwise:

“Agreement”	the agreement dated 26 May 2006 entered into between Founder and the Purchaser in relation to the Share Transfer
“Board”	the board of Directors
“Directors”	the directors of Founder
“EC-Founder”	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, and an approximately 54.85% owned subsidiary of Founder
“EC-Founder Group”	EC-Founder and its subsidiaries
“Founder”/“Company”	Founder Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Group”	Founder and its subsidiaries, excluding members of the EC-Founder Group unless otherwise specified
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	12 June 2006, 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
“Peking Founder”	北大方正集團有限公司(Peking University Founder Group Company Limited*), the controlling shareholder of Founder, which holds approximately 32.67% of the issued share capital of Founder

* For identification purpose only

DEFINITIONS

“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Purchaser”	Shining Wisdom Group Limited, a company incorporated in the British Virgin Islands
“Sale Shares”	240,425,000 shares of EC-Founder of HK\$0.10 each held by Founder
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SGM”	the special general meeting of Founder to be held to approve the Agreement and the transactions contemplated thereunder
“Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.10 each in the capital of Founder
“Share Transfer”	the transfer of the Sale Shares to the Purchaser
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



FOUNDER HOLDINGS LIMITED 方正控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 0418)

Executive Directors:

Mr Cheung Shuen Lung (*Chairman*)
Professor Xiao Jian Guo (*Deputy Chairman*)
Professor Wei Xin
Mr Zhang Zhao Dong
Mr Xia Yang Jun (*President*)

Independent non-executive Directors:

Dr Hu Hung Lick, Henry
Mr Li Fat Chung
Ms Wong Lam Kit Yee

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal place of business in

Hong Kong:
Unit 1408, 14th Floor
Cable TV Tower
9 Hoi Shing Road
Tsuen Wan
New Territories
Hong Kong

16 June 2006

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

Transfer of a 21.85% interest in EC-Founder (Holdings) Company Limited to a strategic partner

INTRODUCTION

The Board announced that on 26 May 2006, Founder entered into the Agreement with the Purchaser, an independent third party. Pursuant to the Agreement, Founder has agreed to sell and the Purchaser has agreed to acquire the Sale Shares, representing approximately 21.85% of the issued share capital of EC-Founder for a cash consideration of approximately HK\$68.5 million. EC-Founder is currently an approximately 54.85% owned subsidiary of Founder. After the Share Transfer, EC-Founder will become an approximately 33% owned associated company of Founder.

* For identification purpose only

LETTER FROM THE BOARD

The Share Transfer constitutes a major transaction for Founder pursuant to Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements. No Shareholders are required to abstain from voting at the SGM in respect of the resolution to approve the Share Transfer.

The purpose of this circular is to provide you with details of the Share Transfer and to give you notice of the SGM.

THE AGREEMENT

The principal terms of the Agreement are set out as follows:

Date

26 May 2006

Parties

- (1) Founder
- (2) the Purchaser

The Purchaser is an investment holding company and is beneficially wholly-owned by Mr Zheng Fu Shuang (鄭福雙).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Group (including the EC-Founder Group) and connected persons of the Group (including the EC-Founder Group) as defined in the Listing Rules.

Assets to be transferred

The Sale Shares, being 240,425,000 shares in EC-Founder, represented approximately 21.85% of the total issued capital of EC-Founder as at the Latest Practicable Date. The shares of EC-Founder are listed on the Main Board of the Stock Exchange. As at the Latest Practicable Date, the closing price of EC-Founder shares was HK\$0.26. Based on such closing price, the market value of the Sale Shares was approximately HK\$62.5 million.

LETTER FROM THE BOARD

Founder has agreed to use reasonable endeavours to procure Mr Zheng Fu Shuang of the Purchaser be nominated and appointed as an executive director of EC-Founder upon completion of the Agreement.

Consideration

The total consideration for the Share Transfer is approximately HK\$68.5 million. A cash deposit of HK\$5 million has been paid by the Purchaser within 10 business days from the date of the Agreement. The remaining consideration of approximately HK\$63.5 million shall be paid by the Purchaser in cash in full on the date of completion of the Agreement. The deposit paid by the Purchaser will not be refunded to the Purchaser unless the condition precedent is not satisfied prior to the long stop date of the Agreement or Founder fails to satisfy its obligations under the Agreement upon completion.

The consideration was determined after arm's length negotiations between Founder and the Purchaser. The consideration represents (a) a premium of approximately 28.38% over the market value of the Sale Shares based on the closing price of the shares of EC-Founder as at the date of the Agreement; (b) a premium of approximately 9.62% over the market value of the Sale Shares based on the closing price of the shares of EC-Founder as at the Latest Practicable Date; (c) a premium of approximately 45.96% over 21.85% of the audited net asset value of the EC-Founder Group as at 31 December 2005; and (d) a price to earnings ratio of approximately 11.9 times based on the audited net profit of the EC-Founder Group for the year ended 31 December 2005. After having considered the above and other factors, including the price to earnings ratio of certain comparable companies in similar industry with EC-Founder, the historic trading performance of the shares of EC-Founder and the future prospects of the distribution of information products industry in the PRC, Founder considers that the terms (including the consideration) of the Share Transfer are fair and reasonable.

Condition precedent

Completion of the Agreement is subject to the passing of the resolution at the SGM approving the Agreement and the transactions contemplated thereunder.

If the condition precedent is not satisfied on or before 31 July 2006 (or some other date as may be agreed between the parties to the Agreement), the Agreement (including all rights and obligations of the parties to the Agreement (save for the refund of deposit as mentioned above)) shall then be terminated.

LETTER FROM THE BOARD

Completion

Completion shall take place on the second business day after fulfillment of the condition precedent (or any other date as may be agreed between the parties to the Agreement).

INFORMATION ON EC-FOUNDER

EC-Founder is an approximately 54.85% owned subsidiary of Founder. The EC-Founder Group is principally engaged in the distribution of information products in the PRC.

The audited consolidated net asset value of EC-Founder as at 31 December 2005 was approximately HK\$214.8 million. The audited consolidated net profit before and after taxation and extraordinary items and minority interests were approximately HK\$28.4 million and HK\$26.6 million respectively for the year ended 31 December 2005 and approximately HK\$10.4 million and HK\$9.2 million respectively for the year ended 31 December 2004.

After the Share Transfer, EC-Founder will cease to be a subsidiary of Founder which shareholding interest in EC-Founder will decrease to approximately 33%. The Company currently does not have any plan to dispose of the remaining shares in EC-Founder. EC-Founder will become an associated company of Founder following the Share Transfer and the assets, liabilities, results and cashflow of the EC-Founder Group will no longer be consolidated in the consolidated financial statements of Founder.

REASONS FOR AND BENEFITS OF THE SHARE TRANSFER

As mentioned above, Founder has agreed to procure Mr Zheng Fu Shuang be nominated and appointed as an executive director of EC-Founder. Mr Zheng, aged 40, is the Chairman of 新奧特硅谷視頻技術有限責任公司 (Newauto Silicon Valley Video Technology Co., Ltd.*) and 浙江新奧特數字技術股份有限公司 (Zhejiang Newauto Digital Video Co., Ltd.*), both of which are principally engaged in the production, selling and research and development of digital video transmission products. Mr Zheng graduated from the Institute of Electronics, Chinese Academy of Sciences with a master's degree in Engineering, and Peking University Guanghua School of Management with an executive master's degree in Business Administration. Mr Zheng has over 15 years' experience in the technology industry in the PRC. Mr Zheng was awarded the "Best Technological Entrepreneur of Private Enterprise in China" (中國優秀民營科技企業家) and the "Gold Medal of Beijing Outstanding Young Entrepreneurs Contest" (北京市優秀青年企業家金獎) in 2004.

** For identification purpose only*

LETTER FROM THE BOARD

By transferring the Sale Shares to the Purchaser, Founder believes that having the Purchaser as a strategic shareholder of EC-Founder and Mr Zheng as a director of EC-Founder will help the EC-Founder Group strengthen its management expertise and assist the EC-Founder Group to further improve its business prospects. Founder believes that this will benefit Founder, which will continue to be the controlling shareholder of EC-Founder.

The Share Transfer is a cash transaction. The net proceeds of approximately HK\$67.8 million generated from the Share Transfer will provide the Group with additional cash which could be used as working capital of the Group. The Directors believe that the enhancement of the working capital position of the Group will benefit the future development of its businesses. If appropriate opportunity arises, the Group may also use some of the net proceeds to develop other business areas with a view to achieving good return to the Shareholders.

It is estimated that there would be an accounting gain on disposal of the Sale Shares of approximately HK\$18.8 million based on the consolidated net asset value of the EC-Founder Group as at 31 December 2005. Having considered the terms of the Share Transfer and the above reasons and benefits, the Board considers that the Share Transfer is in the interests of Founder and the Shareholders as a whole.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in software development and systems integration relating to the media industry and certain other industries.

The turnover of the software development and systems integration business in the media sector for the year ended 31 December 2005 decreased by 19% if compared to 2004. This business segment recorded a drop in profit for the year because the Group has allocated more resources for new product development and market exploration in the media sector. Besides the traditional graphic arts and e-publishing software solutions for the needs of newspaper and publishing houses, the new digital printing system of the Group was also well received by the market. The Group will continue to develop the above new businesses and products in the PRC and the European market. Although it is still in the investing stage, the Company is confident about the future development of the new products and believes that the new products will enhance the Group's prospects.

The turnover of the software development and systems integration business in the non-media sector for the year ended 31 December 2005 increased slightly by 2% if compared to 2004. Market competition in the systems integration business for the banking and security industries in the PRC was still severe. As resulted from further restructuring of the operational team and business units and control of operating expenses, the loss of this business sector narrowed down by 96% if compared to 2004. The management of the Group will closely monitor the performance of this business sector and will take all necessary actions to minimise its loss and to improve its performance.

LETTER FROM THE BOARD

As explained above, the Directors believe that the Share Transfer will benefit the development of the EC-Founder Group which in turn will be beneficial to the Company as the controlling shareholder of EC-Founder.

WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the financial resources (excluding any banking facilities) available to the Group, the net proceeds from the Share Transfer and its internally generated funds, the Group has sufficient working capital to satisfy its requirements for at least the next twelve months from the date of this circular.

INDEBTEDNESS STATEMENT

As at 30 April 2006 (being the latest practicable date for the purpose of this statement), the Group had outstanding borrowings of approximately HK\$48 million which comprised an unsecured bank loan of approximately HK\$38.7 million, a secured bank loan of approximately HK\$8.7 million and an obligation under finance lease of approximately HK\$0.6 million. The unsecured bank loan was guaranteed by Peking Founder. The secured bank loan was secured by the pledge of the Group's bank deposit of approximately HK\$9.7 million. The obligation under finance lease was secured by a motor vehicle of the Group with a net book value of approximately HK\$0.6 million.

As at the close of business on 30 April 2006, the Group's banking facilities other than as mentioned above were secured by all the Group's land and buildings in Hong Kong with an aggregate net book value of approximately HK\$25 million, investment properties in Hong Kong with an aggregate carrying value of approximately HK\$23.1 million, bank deposits amounting to approximately HK\$89.1 million and guarantee provided by a subsidiary of Peking Founder.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any bank loans, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures or other loan capital, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 30 April 2006.

SGM

The Share Transfer constitutes a major transaction for Founder pursuant to Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements. No Shareholders are required to abstain from voting at the SGM in respect of the resolution to approve the Share Transfer.

LETTER FROM THE BOARD

Set out on page 17 is a notice convening the SGM to be held at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong at 10:00 a.m. on 10 July 2006 for the purpose of considering and if thought fit approving the Share Transfer.

A form of proxy is also enclosed. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the principal place of business of the Company 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 the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Board is of the opinion that the terms of the Share Transfer are fair and reasonable and the Share Transfer is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM in respect of the Share Transfer.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board of
Founder Holdings Limited
Cheung Shuen Lung
Chairman

1. 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 enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the Directors and the chief executive of the Company had the following interests or short positions in the shares, debentures or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to the Company and the Stock Exchange:

(a) Directors' interests in shares of the Company and any of its associated corporations

Long positions in ordinary shares of EC-Founder, an associated corporation of the Company under the SFO:

Name of Director	Number of ordinary shares held and nature of interest	Percentage of the associated corporation's issued share capital
	Directly beneficially owned	
Mr Cheung Shuen Lung	36,890,100	3.35%
Professor Xiao Jian Guo	8,703,300	0.79%
Professor Wei Xin	3,956,000	0.36%
Mr Zhang Zhao Dong	3,956,000	0.36%

In addition to the above, Mr Cheung Shuen Lung had non-beneficial personal equity interests in certain subsidiaries of the Company held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

(b) Directors' rights to acquire shares in the Company and any of its associated corporations**(i) Directors' interests in share options of the Company**

Name of Director	Number of share options held	Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$
Mr Cheung Shuen Lung	8,000,000	5.2.2004	6.2.2004 to 4.2.2014	1.104
Professor Xiao Jian Guo	8,000,000	5.2.2004	6.2.2004 to 4.2.2014	1.104
Professor Wei Xin	8,000,000	5.2.2004	6.2.2004 to 4.2.2014	1.104
Mr Zhang Zhao Dong	8,000,000	5.2.2004	6.2.2004 to 4.2.2014	1.104

(ii) Directors' interests in share options of EC-Founder

Name of Director	Number of share options held	Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$
Mr Cheung Shuen Lung	2,000,000	18.5.2001	18.5.2001 to 17.5.2011	0.450
	8,000,000	6.2.2004	7.2.2004 to 5.2.2014	0.381
Professor Wei Xin	2,000,000	18.5.2001	18.5.2001 to 17.5.2011	0.450
	8,000,000	6.2.2004	7.2.2004 to 5.2.2014	0.381
Mr Zhang Zhao Dong	8,000,000	6.2.2004	7.2.2004 to 5.2.2014	0.381

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interest or short position in the securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by, the Directors and the chief executive of the Company, the following corporations (not being a Director or the chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name	Number of ordinary shares held	Percentage of the Company's issued share capital
北京北大資產經營有限公司 (Peking University Asset Management Company Limited*) (Note 1)	367,179,610	32.67%
Peking Founder	367,179,610	32.67%

* For identification purpose only

Notes:

- (1) Peking University Asset Management Company Limited was deemed to be interested in the 367,179,610 Shares under the SFO by virtue of its interest in Peking Founder.
- (2) The following Directors are directors/employees of the corporation which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Mr Cheung Shuen Lung is an executive director of Peking Founder. Professor Xiao Jian Guo is an executive director and the Chief Technical Officer of Peking Founder. Professor Wei Xin is the Chairman of Peking Founder. Mr Zhang Zhao Dong is an executive director and the President of Peking Founder. Mr Xia Yang Jun is a Vice-President of Peking Founder.

As at the Latest Practicable Date, the following corporations (not being a Director or the chief executive of the Company) were, directly or indirectly, interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the following subsidiaries of the Company:

Name of subsidiary	Name of shareholder	Percentage of shareholding
Founder Searchage Technology Limited	Webforce Limited	30%
Founder Information Ltd.	吉呈科技股份有限公司	26.32%
Hope Information Technology Co., Ltd.	中央日報股份有限公司	49.05%

Save as disclosed herein, the Directors and the chief executive of the Company were not aware of any person (other than a Director or the chief executive of the Company or his/her associates or a member of the Group) who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital as at the Latest Practicable Date.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any other member of the Group which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTEREST IN CONTRACTS

None of the Directors was materially interested in any contract or arrangement entered into by any member of the Group since 31 December 2005, being the date to which the latest audited consolidated financial statements of the Company were made up, or subsisting at the Latest Practicable Date, and which was significant in relation to the business of the Group as a whole.

6. DIRECTORS' INTEREST IN ASSETS

None of the Directors has since 31 December 2005, being the date to which the latest audited consolidated financial statements of the Company were made up, any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors was pending or threatened against the Company or any of its subsidiaries.

8. PROCEDURE TO DEMAND A POLL

The following is the procedure for demanding a poll by Shareholders in general meeting of the Company:

The existing bye-law 70 of the bye-laws of the Company 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 voting by way of a poll is required by the rules of the Designated Stock Exchange or 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) by:

- (i) the chairman of the meeting; or
- (ii) 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

- (iii) 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
- (iv) 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; or
- (v) by any Director or Directors (including the chairman of a general meeting of the Company) who, individually or collectively, hold proxies in respect of shares representing 5 per cent. or more of the total voting rights at such meeting and if on a show of hands such meeting votes in the opposite manner to that instructed in those proxies.

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.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) had been entered into by the Group (including the EC-Founder Group) within two years preceding the date of this circular which are or may be material:

- (i) the Agreement;
- (ii) the share transfer agreement dated 7 February 2005 for the disposal of True Luck Group Limited and the assignment of shareholders' loan;
- (iii) the share transfer agreement dated 20 October 2004 for the disposal of EC-Founder Co., Ltd. and the assignment of shareholders' loan;
- (iv) the termination agreement dated 15 October 2004 for the termination of the advertising sales representative agreement; and
- (v) the share application agreement dated 22 July 2004 for the subscription of new shares in Founder International Inc.

10. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

11. MISCELLANEOUS

- (i) The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The principal place of business of the Company is located at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.
- (ii) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (iii) The company secretary of the Company is Ms Tang Yuk Bo, Yvonne, ACIS, ACS.
- (iv) The qualified accountant of the Company is Mr Fung Man Yin, Sammy, BA (Hons), FCA, CPA (practising).
- (v) The English texts of this circular shall prevail over the Chinese texts.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the office of the Company in Hong Kong at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong during normal business hours on any weekday (public holidays excluded) from the date of this circular up to and including 10 July 2006:

- (i) the memorandum of association and the bye-laws of the Company;
- (ii) the annual reports of the Company for the two financial years ended 31 December 2004 and 31 December 2005; and
- (iii) all contracts set out in the section headed "Material Contracts" above in this appendix.

NOTICE OF SGM



(Incorporated in Bermuda with limited liability)

(Stock Code: 0418)

NOTICE IS HEREBY GIVEN that a special general meeting of Founder Holdings Limited (the “Company”) will be held at 10:00 a.m. on 10 July 2006 at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

“**THAT** the agreement (the “Agreement”) entered into between the Company and Shining Wisdom Group Limited dated 26 May 2006 in relation to the transfer of 240,425,000 shares of HK\$0.10 each in the share capital of EC-Founder (Holdings) Company Limited for a total cash consideration of HK\$68,521,125 (a copy of the Agreement marked A and signed by the Chairman of this meeting has been submitted to the meeting for identification purposes) be and is hereby approved, confirmed and ratified, and the directors of the Company be and are hereby authorised to do such acts and things, take all steps and execute all such further documents which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated under the Agreement.”

By order of the Board
Founder Holdings Limited
Tang Yuk Bo, Yvonne
Company Secretary

Hong Kong, 16 June 2006

Notes:

- (1) *Any shareholder entitled to attend and vote at the meeting is entitled to appoint another person as his/her proxy to attend and vote in his/her stead. A shareholder who is holder of two or more shares may appoint more than one proxy to attend and vote in his/her stead. A proxy needs not be a shareholder of the Company. Completion and return of the form of proxy will not preclude a shareholder from attending the meeting and voting in person. In such event, his/her form of proxy will be deemed to have been revoked.*
- (2) *Where there are joint holders of any share, any one of such joint holders may vote at the meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the meeting, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.*
- (3) *In order to be valid, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority must be deposited at the principal place of business of the Company 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 for holding the meeting or any adjournment thereof.*

* For identification purpose only