



## CONTINUING CONNECTED TRANSACTIONS

### Leasing of office premises

The Founder Group and the EC-Founder Group have been leasing office premises in Beijing, the PRC from Peking Founder on normal commercial terms. The Founder Board and the EC-Founder Board refer to the announcements of Founder and EC-Founder dated 19 March 2003 and 29 April 2003 respectively in relation to the Lease Agreements which will expire on 31 December 2005. The relevant members of the Founder Group and the EC-Founder Group propose to enter into the New Lease Agreements and the Century Lease Agreement respectively for a term of three years from 1 January 2006 to 31 December 2008.

### Sales of information hardware products

The EC-Founder Group has been supplying information hardware products to the Founder Group on normal commercial terms. The existing waiver obtained under the old Listing Rules in respect of the sales of information hardware products to the Founder Group by the EC-Founder Group, as referred to the joint announcement of Founder and EC-Founder dated 19 March 2003, will expire on 31 December 2005. Founder and EC-Founder propose to enter into the Master Agreement to govern the terms of the Founder Sales for a term of three years from 1 January 2006 to 31 December 2008.

It is proposed that the EC-Founder Group will also sell information hardware products to the Peking Founder Group on normal commercial terms and that the Peking Founder Master Agreement be entered into between Peking Founder and EC-Founder to govern the terms of the Peking Founder Sales for a term of three years from 1 January 2006 to 31 December 2008.

### Continuing connected transactions

EC-Founder is an approximately 54.85% owned subsidiary of Founder which in turn is owned as to approximately 32.67% by Peking Founder. Founder is a connected person of EC-Founder for the purposes of the Listing Rules. Peking Founder is a connected person of Founder and EC-Founder for the purposes of the Listing Rules. Transactions of the EC-Founder Group are also transactions of Founder for the purposes of the Listing Rules.

Accordingly, the transactions under the Century Lease Agreement, the Master Agreement and the Peking Founder Master Agreement will constitute continuing connected transactions for EC-Founder pursuant to the Listing Rules. The transactions under the New Lease Agreements, the Century Lease Agreement and the Peking Founder Master Agreement will constitute continuing connected transactions for Founder pursuant to the Listing Rules.

All of the above proposed agreements will have to comply with the requirements set out in Rule 14A.35(1) of the Listing Rules and caps will have to be set for the transactions under the above agreements pursuant to Rule 14A.35(2) of the Listing Rules. EC-Founder is required to comply with the reporting and announcement requirements under Chapter 14A of the Listing Rules in respect of the Century Lease Agreement. Founder is required to comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the Master Agreement. Each of EC-Founder and Founder is required to comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the Peking Founder Master Agreement.

### General

An independent board committee of Founder will be established to advise the independent shareholders of Founder on the terms of the Century Lease Agreement, the New Lease Agreements and the Peking Founder Master Agreement and the estimated annual caps. An independent board committee of EC-Founder will be established to advise the independent shareholders of EC-Founder on the terms of the Master Agreement and the Peking Founder Master Agreement and the estimated annual caps. Founder and EC-Founder will appoint an independent financial adviser to advise their respective independent board committees and their respective independent shareholders in this regard. EC-Founder will despatch to its shareholders a circular containing further details of the Master Agreement and the Peking Founder Master Agreement, letters from its independent board committee and the independent financial adviser, and a notice convening the EC-Founder SGM as soon as practicable. Founder will despatch to its shareholders a circular containing further details of the Century Lease Agreement, the New Lease Agreements and the Peking Founder Master Agreement, letters from its independent board committee and the independent financial adviser, and a notice convening the Founder SGM as soon as practicable.

## LEASING OF OFFICE PREMISES

The Founder Group and the EC-Founder Group have been leasing office premises in Beijing, the PRC from Peking Founder on normal commercial terms. The Founder Board and the EC-Founder Board refer to the announcements of Founder and EC-Founder dated 19 March 2003 and 29 April 2003 respectively in relation to the Lease Agreements which will expire on 31 December 2005. The relevant members of the Founder Group and the EC-Founder Group propose to enter into the New Lease Agreements and the Century Lease Agreement respectively to continue to lease certain office premises in Beijing, the PRC.

### Principal terms of the New Lease Agreements and the Century Lease Agreement

The principal terms of the New Lease Agreements are as follows:

- Lessor: Peking Founder  
Lessee: Founder Electronics, a wholly-owned subsidiary of Founder  
Property leased: 1st floor to 5th floor and basement of the main tower and basement of the ancillary tower of Shangdi Founder Building (上地方正大廈) at No.9, Shangdi 5th Street (also known as Shangdi Information Industry Base), Haidian District, Beijing, the PRC  
Area: Approximately 14,806 sq. m. (including approximately 11,079 sq. m. of area above ground and approximately 3,727 sq. m. of area in the basement)  
Unit rental (inclusive of management fee): (a) RMB2.02 per sq. m. per day for area above ground  
(b) Nil rental for area in the basement but needs to pay management fee of RMB0.54 per sq. m. per day  
Annual rental and management fee: RMB8,903,086.44 (equivalent to approximately HK\$8,560,660)  
Lease term: From 1 January 2006 to 31 December 2008
- Lessor: Peking Founder  
Lessee: Founder Order, a wholly-owned subsidiary of Founder  
Property leased: Rooms 605-607, 608-609, 610-611 and 612-616 and common conference area of Zhongguancun Founder Building (中關村方正大廈) at No.298, Chengfu Road, Haidian District, Beijing, the PRC  
Area: Approximately 2,643 sq. m. (including approximately 506.9 sq. m. of common conference area)  
Unit rental (inclusive of management fee): (a) RMB4.00 per sq. m. per day  
(b) Nil rental for common conference area but needs to pay management fee of RMB0.60 per sq. m. per day  
Annual rental and management fee: RMB3,229,819.29 (equivalent to approximately HK\$3,105,595)  
Lease term: From 1 January 2006 to 31 December 2008

The principal terms of the Century Lease Agreement are as follows:

- Lessor: Peking Founder  
Lessee: PRC Century, a wholly-owned subsidiary of EC-Founder  
Property leased: 1st and 2nd floors of Founder Building (方正樓) at No.204, Chengfu Road, Haidian District, Beijing, the PRC  
Area: Approximately 1,800 sq. m.  
Unit rental (inclusive of management fee): RMB2.75 per sq. m. per day  
Annual rental and management fee: RMB1,806,750 (equivalent to approximately HK\$1,737,260)  
Lease term: From 1 January 2006 to 31 December 2008

The rental and management fees are payable in cash quarterly in arrears. The lessees will have to give at least two months written notice before the expiry of the agreements to the lessor in order to continue to lease the relevant premises from the lessor.

The lessees will not be required to pay deposits under the leases. The lessor will have the right to terminate the leases if the lessees fail to comply with the terms and conditions of the agreements.

### Historical values and annual caps

Currently, the total floor area occupied by the EC-Founder Group in Beijing, the PRC under the relevant Lease Agreement is approximately 1,800 sq. m. with an aggregate annual rental and management fee payable of approximately RMB2.0 million (approximately HK\$1.9 million) which is equivalent to the relevant annual cap under the existing waiver obtained under the old Listing Rules for this particular lease. The total floor area under the Century Lease Agreement is approximately 1,800 sq. m. and the annual rental and management fee payable amount to approximately RMB1.8 million (approximately HK\$1.7 million). The decrease in the annual rental and management fee payable is due to the decrease in the unit rental (inclusive of management fee).

Currently, the total floor area of the office premises occupied by the Founder Group in Beijing, the PRC under the relevant Lease Agreements is approximately 20,030 sq. m. with an aggregate annual rental and management fee payable of approximately RMB20.6 million (approximately HK\$19.8 million). The relevant annual cap under existing waiver obtained under the old Listing Rules for these particular leases amounted to approximately RMB21.5 million (approximately HK\$20.6 million) in aggregate. The total floor area under the New Lease Agreements is approximately 17,449 sq. m. and the aggregate annual rental and management fee payable amount to approximately RMB12.1 million (approximately HK\$11.7 million). The reduction in the total floor area is mainly due to the reduction in headcount and the downsizing of the operations of Founder Order in 2004 and 2005. The decrease in the annual rental and management fee payable is due to the reduction in the total floor area leased and the decrease in the unit rental (inclusive of management fee).

The Lease Agreements disclosed in the announcements of Founder and EC-Founder dated 19 March 2003 and 29 April 2003 respectively (and the relevant caps and waivers under the old Listing Rules) include certain other leases with Peking Founder. As the lessees of such other leases are no longer members of the Founder Group or the EC-Founder Group, such other leases, if renewed, will no longer constitute transactions of the Founder Group or the EC-Founder Group under the Listing Rules.

The respective annual caps for the New Lease Agreements and the Century Lease Agreement for the three years ending 31 December 2008 will be the amount of the annual rental and management fee as stated in the relevant agreements which are summarised in the previous subsection.

### Reasons for and benefits of the New Lease Agreements and the Century Lease Agreement

The Founder Group and the EC-Founder Group have been leasing certain premises at Shangdi Founder Building (上地方正大廈), Zhongguancun Founder Building (中關村方正大廈) and Founder Building (方正樓) from Peking Founder as offices, canteens and staff quarters. The Founder Board and the EC-Founder Board consider it necessary to continue to lease office premises in Beijing, the PRC occupying floor areas which are considered to be adequate for their respective daily operations. The Founder Board and the EC-Founder Board also consider that the current centralised office locations in Beijing, the PRC enable effective and efficient inter-office communication, thus enhancing operational efficiency and reducing operating costs in the long run.

The Founder Board and the EC-Founder Board (as the case may be) consider that the terms of the New Lease Agreements and the Century Lease Agreement were arrived at after arm's length negotiations between the parties involved. The New Lease Agreements and the Century Lease Agreement will be entered into in the ordinary and usual course of business of the Founder Group and the EC-Founder Group respectively. Founder and EC-Founder have appointed LCH (Asia-Pacific) Surveyors Limited, an independent valuer in Hong Kong (with qualified valuers on the "List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers" published by the Hong Kong Institute of Surveyors), to consider the terms of the leases. LCH (Asia-Pacific) Surveyors Limited considers that the unit rental (inclusive of management fee) of the leases under the New Lease Agreements and the Century Lease Agreement is comparable to market rentals as at 11 November 2005 of similar properties in the locality and is fair and reasonable.

The EC-Founder Directors consider that the transactions under the Century Lease Agreement are on normal commercial terms, fair and reasonable and in the interests of EC-Founder and its shareholders as a whole. The Founder Directors (excluding the independent non-executive Founder Directors who will express their opinion after receiving advice from the independent financial adviser) consider that the transactions under the Century Lease Agreement and the New Lease Agreements are on normal commercial terms, fair and reasonable and in the interests of Founder and its shareholders as a whole.

## SALES OF INFORMATION HARDWARE PRODUCTS

### The Master Agreement and the Peking Founder Master Agreement

The EC-Founder Group has been supplying information hardware products to the Founder Group on normal commercial terms. The existing waiver obtained under the old Listing Rules in respect of the sales of information hardware products to the Founder Group by the EC-Founder Group, as referred to the joint announcement of Founder and EC-Founder dated 19 March 2003, will expire on 31 December 2005. Founder and EC-Founder propose to enter into the Master Agreement to govern the terms of the Founder Sales for a term of three years from 1 January 2006 to 31 December 2008.

It is proposed that the EC-Founder Group will also sell information hardware products to the Peking Founder Group on normal commercial terms and that the Peking Founder Master Agreement be entered into between Peking Founder and EC-Founder to govern the terms of the Peking Founder Sales for a term of three years from 1 January 2006 to 31 December 2008.

Pursuant to the Master Agreement and the Peking Founder Master Agreement, the EC-Founder Group should provide information hardware products at terms determined at the relevant time: (i) with reference to the prices and credit terms at which such products are supplied, on normal commercial terms in its ordinary and usual course of business, to independent third party customers in the local market and/or adjacent regions; or (ii) where no comparables as stated in (i) are available, with reference to the prices and credit terms at which such products are supplied, on normal commercial terms in its ordinary and usual course of business, to independent third party customers in the PRC; or (iii) where none of the above comparables is available, with reference to the prices and credit terms agreed between the parties on arm's length basis and that are fair and reasonable and in the interests of the shareholders of EC-Founder as a whole.

## Historical values and annual caps

The following table sets out the respective historical values of the Founder Sales and the Peking Founder Sales for each of the two years ended 31 December 2004 and the ten months ended 31 October 2005; the respective estimates for the year ending 31 December 2005; and the respective estimated annual caps for each of the three years ending 31 December 2008.

	Year ended 31 December 2003	Year ended 31 December 2004	Year ended 10 months ended 31 October 2005	Year ending 31 December 2005	Year ending 31 December 2006	Year ending 31 December 2007	Year ending 31 December 2008
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Founder Sales							
Actual/estimate	11.7	14.1	17.2	24.0	—	—	—
	(Note 1)						
Cap (Note 2)	27.04	29.12	N/A	31.20	45.0	49.5	54.5
	(HK\$26.0 million)	(HK\$28.0 million)		(HK\$30.0 million)			
Peking Founder Sales							
Actual/estimate (Note 3)	0.5	1.1	—	—	—	—	—
Cap	—	—	N/A	—	10.0	11.0	12.1

### Note:

(1) The Founder Sales for 2003 represent those transactions occurring since July 2003 (after the relevant supplier was disposed of by the Founder Group to the EC-Founder Group) as only those transactions were treated as continuing connected transactions for EC-Founder for 2003.

(2) The Founder Sales accounted for approximately 2.5% and 1.1% of the sales of the EC-Founder Group (excluding sales from its discontinued operations) for each of the years ended 31 December 2003 and 2004.

(3) The relevant member of the Peking Founder Group to which such sales were made in the past is EC-Founder Co., Ltd. which used to be a wholly-owned subsidiary of EC-Founder. As such, no waiver or cap under the old Listing Rules was necessary for such intra-group transactions of EC-Founder in the past. As disclosed in the joint announcement of Founder and EC-Founder dated 20 October 2004, EC-Founder disposed of EC-Founder Co., Ltd. to the Peking Founder Group. Since completion of such disposal in December 2004, the EC-Founder Group has refrained from supplying products to EC-Founder Co., Ltd. as EC-Founder will have to take steps to comply with the provisions governing continuing connected transactions in Chapter 14A of the Listing Rules when proceeding with such transactions. During 2005, EC-Founder Co., Ltd. purchased similar products from third party suppliers and the aggregate amount of such purchases for the 10 months ended 31 October 2005 was understood to be approximately RMB4.8 million.

The Founder Group has been purchasing information hardware products for use in its software development business and systems integration projects. The level of purchase orders placed by the Founder Group with the EC-Founder Group for the Founder Group's software development business (mainly electronic publishing software) has been on a steadily increasing trend over the past two years whilst that for the systems integration projects largely depends on the number and value of projects successfully tendered by the Founder Group. The estimated annual caps for the Founder Sales are determined with reference to the historical values of the transactions, and Founder's indication of the value of the Founder Group's current and anticipated systems integration projects and EC-Founder's estimates of the estimated growth rate of the information technology business in the PRC. The 2007 and 2008 caps are determined by applying an annual growth factor of 10% which has been estimated by EC-Founder on the basis of market information available to it.

The Peking Founder Group has been purchasing information hardware products for its customers in order to establish computer systems, and provide software solutions to its clients. The estimated annual caps for the Peking Founder Sales are determined with reference to the historical values of similar products purchased by the Peking Founder Group, the expected purchases estimated by Peking Founder and EC-Founder's estimates of the estimated growth rate of the information technology business in the PRC. The 2007 and 2008 caps are determined by applying an annual growth factor of 10% which has been estimated by EC-Founder on the basis of market information available to it.

### Reasons for and benefits of the Founder Sales and the Peking Founder Sales

The Founder Group is principally engaged in software development and systems integration relating to the media industry and certain other industries, and the distribution of information products in the PRC. The EC-Founder Group is principally engaged in the distribution of information products in the PRC. The Peking Founder Group is principally engaged in software development, hardware manufacture, medical, finance and traditional industry.

The Founder Group has been purchasing information hardware products for its customers in order to establish computer systems, and provide software and hardware solutions to its clients. The Founder Group has also been purchasing information hardware products for use in its software development business (mainly electronic publishing software). The EC-Founder Group has been supplying information hardware products to the Founder Group. The EC-Founder Board considers that it is beneficial to the EC-Founder Group to continue to maintain members of the Founder Group as its customers and to continue to supply information hardware products to the Founder Group on normal commercial terms.

One of the businesses engaged by the Peking Founder Group is the provision of software solutions and services. The Peking Founder Group has been purchasing information hardware products for its customers in order to establish computer systems, and provide software solutions to its clients. The Founder Board and the EC-Founder Board consider that it is beneficial to the EC-Founder Group to supply information hardware products to the Peking Founder Group on normal commercial terms, thus broadening its customer and revenue base.

The Founder Board and the EC-Founder Board consider that the terms of the Master Agreement and the Peking Founder Master Agreement were arrived at after arm's length negotiations between the parties involved. The Master Agreement and the Peking Founder Master Agreement will be entered into in the ordinary and usual course of business of the Founder Group and the EC-Founder Group. The EC-Founder Directors (excluding the independent non-executive EC-Founder Directors who will express their opinion after receiving advice from the independent financial adviser) consider that the transactions under the Master Agreement are on normal commercial terms, fair and reasonable and in the interests of EC-Founder and its shareholders as a whole and that the estimated annual caps for the Founder Sales are fair and reasonable. The Founder Directors and the EC-Founder Directors (excluding the respective independent non-executive directors of Founder and EC-Founder who will express their respective opinions after receiving advice from the independent financial adviser) consider that the transactions under the Peking Founder Master Agreement are on normal commercial terms, fair and reasonable and in the interests of Founder and EC-Founder respectively and their respective shareholders as a whole and that the estimated annual caps for the Peking Founder Sales are fair and reasonable.

### CONTINUING CONNECTED TRANSACTIONS

EC-Founder is an approximately 54.85% owned subsidiary of Founder which in turn is owned as to approximately 32.67% by Peking Founder. Founder is a connected person of EC-Founder for the purposes of the Listing Rules. Peking Founder is a connected person of Founder and EC-Founder for the purposes of the Listing Rules. Transactions of the EC-Founder Group are also transactions of Founder for the purposes of the Listing Rules.

Accordingly, the transactions under the Century Lease Agreement, the Master Agreement and the Peking Founder Master Agreement will constitute continuing connected transactions for EC-Founder pursuant to the Listing Rules. The transactions under the New Lease Agreements, the Century Lease Agreement and the Peking Founder Master Agreement will constitute continuing connected transactions for Founder pursuant to the Listing Rules. The annual amount of rental payable under the Century Lease Agreement exceeds HK\$1 million but is less than HK\$10 million and each of the applicable percentage ratios under the Listing Rules is less than 25% for EC-Founder. The aggregate annual amount of rental payable under the Century Lease Agreement and the New Lease Agreements is not less than HK\$10 million and the consideration ratio under the Listing Rules is not less than 2.5% for Founder. It is expected that the annual amount of the Founder Sales under the Master Agreement for each of the three years ending 31 December 2008 will be not less than HK\$10 million and the applicable ratios under the Listing Rules will be not less than 2.5% for EC-Founder. It is expected that the annual amount of the Peking Founder Sales under the Peking Founder Master Agreement for each of the two years ending 31 December 2008 will be not less than HK\$10 million and the consideration ratio under the Listing Rules will be not less than 2.5% for each of EC-Founder and Founder.

All of the above proposed agreements will have to comply with the requirements set out in Rule 14A.35(1) of the Listing Rules and caps will have to be set for the transactions under the above agreements pursuant to Rule 14A.35(2) of the Listing Rules. EC-Founder is required to comply with the reporting and announcement requirements under Chapter 14A of the Listing Rules in respect of the Century Lease Agreement. Founder is required to comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the Century Lease Agreement and the New Lease Agreements. EC-Founder is required to comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the Master Agreement. Each of EC-Founder and Founder is required to comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the Peking Founder Master Agreement.

## GENERAL

An independent board committee of Founder will be established to advise the independent shareholders of Founder on the terms of the Century Lease Agreement, the New Lease Agreements and the Peking Founder Master Agreement and the estimated annual caps. An independent board committee of EC-Founder will be established to advise the independent shareholders of EC-Founder on the terms of the Master Agreement and the Peking Founder Master Agreement and the estimated annual caps. Founder and EC-Founder will appoint independent financial adviser to advise their respective independent board committees and their respective independent shareholders in this regard. EC-Founder will despatch to its shareholders a circular containing further details of the Master Agreement and the Peking Founder Master Agreement, letters from its independent board committee and the independent financial adviser, and a notice convening the EC-Founder SGM as soon as practicable. Founder will despatch to its shareholders a circular containing further details of the Century Lease Agreement, the New Lease Agreements and the Peking Founder Master Agreement, letters from its independent board committee and the independent financial adviser, and a notice convening the Founder SGM as soon as practicable.

Peking Founder and its associates are required to abstain from voting at the Founder SGM in respect of the resolutions to approve the Century Lease Agreement, the New Lease Agreements and Peking Founder Master Agreement and the estimated annual caps. Peking Founder and its associates (including Founder) are required to abstain from voting at the EC-Founder SGM in respect of the resolutions to approve the Master Agreement and the Peking Founder Master Agreement and the estimated annual caps. Any shareholder of Founder or EC-Founder having a material interest in the transactions are also required to abstain from voting at the Founder SGM or the EC-Founder SGM pursuant to Rule 2.15 of the Listing Rules.

The Founder Board comprises Mr Cheung Shuen Lung (Chairman), Professor Xiao Jian Guo (Deputy Chairman), Professor Wei Xin, Mr Zhang Zhao Dong and Mr Xia Yang Jun (each of whom an executive director), Dr Hu Hung Lick, Henry, Mr Li Fat Chung and Ms Wong Lam Kit Yee (each of whom an independent non-executive director).

The EC-Founder Board comprises Mr Zhang Zhao Dong (Chairman), Mr Cheung Shuen Lung, Professor Wei Xin, Mr Xia Yang Jun and Mr Xie Ke Hai (each of whom an executive director), Mr Yung Chih Shin, Richard (Honorary Chairman) (a non-executive director), Mr Li Fat Chung, Ms Wong Lam Kit Yee and Ms Cao Qian (each of whom an independent non-executive director).

### DEFINITIONS

“associate(s)”	has the meaning as ascribed to it in the Listing Rules
“Century Lease Agreement”	the lease agreement to be entered into between PRC Century, (as lessee), Fangcheng (as agent of Peking Founder) and Peking Founder (as lessor) for certain premises in Beijing, the PRC
“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 Board”	the board of EC-Founder Directors
“EC-Founder Directors”	the directors of EC-Founder
“EC-Founder Group”	EC-Founder and its subsidiaries
“EC-Founder SGM”	the special general meeting of EC-Founder to be held to approve the transactions contemplated under the Master Agreement and the Peking Founder Master Agreement
“Fangcheng”	北京方誠物業管理有限責任公司 (Beijing Fangcheng Property Management Co., Ltd.), a company established in the PRC and a subsidiary of Peking Founder
“Founder”	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
“Founder Board”	the board of Founder Directors
“Founder Directors”	the directors of Founder
“Founder Electronics”	北京北方方正電子有限公司 (Beijing Founder Electronics Co., Ltd.), a company established in the PRC and a wholly-owned subsidiary of Founder
“Founder Group”	Founder and its subsidiaries excluding the EC-Founder Group for the purpose of this announcement, unless otherwise specified
“Founder Order”	北京方正奧德計算機系統有限公司 (Beijing Founder Order Computer System Co., Limited), a company established in the PRC and a wholly-owned subsidiary of Founder
“Founder Sales”	the transactions contemplated under the Master Agreement in relation to the sales of information hardware products to the Founder Group by the EC-Founder Group
“Founder SGM”	the special general meeting of Founder to be held to approve the transactions contemplated under the New Lease Agreements and the Peking Founder Master Agreement
“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
“Lease Agreement(s)”	the lease agreements dated 29 April 2003 (as amended by a supplemental agreement dated 21 July 2005) entered into between certain members of the Founder Group (or the EC-Founder Group, as the case may be) (as lessees) and Peking Founder (as lessor) for certain premises in Beijing, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	the master agreement proposed to be entered into between EC-Founder and Founder in relation to the sales of information hardware products to the Founder Group by the EC-Founder Group
“New Lease Agreements”	the lease agreements to be entered into between Founder Electronics (or Founder Order, as the case may be) (as lessee), Fangcheng (as agent of Peking Founder) and Peking Founder (as lessor) for certain premises in Beijing, the PRC
“Peking Founder”	Peking University Founder Group Company Limited, the controlling shareholder of Founder, which holds approximately 32.67% of the issued share capital of Founder
“Peking Founder Group”	Peking Founder and its subsidiaries
“Peking Founder Master Agreement”	the master agreement proposed to be entered into between Peking Founder and EC-Founder in relation to the sales of information hardware products to the Peking Founder Group by the EC-Founder Group
“Peking Founder Sales”	the transactions contemplated under the Peking Founder Master Agreement in relation to the sales of information hardware products to the Peking Founder Group by the EC-Founder Group
“PRC”	the People's Republic of China excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement
“PRC Century”	北京方正世紀信息系統有限公司 (Beijing Founder Century Information System Co., Ltd.), a company established in the PRC and a wholly-owned subsidiary of EC-Founder
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

For illustrative purposes only, RMB is converted into HK\$ at an exchange rate of HK\$1.00 = RMB1.04 in this announcement.

By Order of the Board  
**Founder Holdings Limited**  
**Cheung Shuen Lung**  
Chairman

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

Hong Kong, 21 November 2005

\* For identification purposes only

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