
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular, you should consult a 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 and the accompanying form of proxy to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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FOUR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

**Independent Financial Adviser to the Independent Board Committee,
the Independent Director and the Independent Shareholders**



A letter from the board of directors of EC-Founder (Holdings) Company Limited is set out on pages 5 to 14 of this circular. A letter from the Independent Board Committee (as defined herein) of the Company is set out on page 15 of this circular. A letter from the Independent Director (as defined herein) of the Company is set out on pages 16 to 17 of this circular. A letter from KGI Capital Asia Limited containing its advice to the Independent Board Committee, the Independent Director and the Independent Shareholders is set out on pages 18 to 33 of this circular.

A notice convening the special general meeting to be held at 10:00 a.m. on Monday, 15 December 2008 at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong is set out on pages 41 to 43 of this circular. Whether or not you are able to attend the special general meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible to the principal place of business of EC-Founder (Holdings) Company Limited at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong and in any event not later than 48 hours before the time of the special general meeting or any adjournment thereof (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 special general meeting should you so wish.

28 November 2008

* For identification purpose only

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DEFINITIONS

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

“Announcement”	the announcement made by the Company dated 13 November 2008
“associate(s)”	has the meaning as ascribed to it in the Listing Rules
“Board”	the board of Directors
“Bye-law(s)”	the bye-law(s) of the Company (as amended from time to time)
“Company”	EC-Founder (Holdings) Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, and as to approximately 32.84% owned by Founder
“Continuing Connected Transactions”	the transactions contemplated under the Second Supplemental Agreement, the New Founder Master Agreement, the New Peking Founder Master Agreement and the EC-Founder HP Master Agreement
“Directors”	the directors of the Company
“EC-Founder HP Master Agreement”	the master agreement to be entered into between the Founder and the Company in relation to the purchase of HP Products by the Group from the Founder Group for a term of three years from 1 January 2009 to 31 December 2011
“First Supplemental Agreement”	the supplemental agreement dated 5 December 2006 to the Founder Master Agreement entered into between Founder and the Company for revision of the annual caps for the three years ending 31 December 2008
“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 Group”	Founder and its subsidiaries
“Founder Master Agreement”	the master agreement entered into between Founder and the Company dated 5 January 2006 as supplemented by the First Supplemental Agreement in relation to the sales of information hardware products to the Founder Group by the Group

DEFINITIONS

“Founder Sales”	the transactions contemplated under the Founder Master Agreement in relation to the sales of information hardware products to the Founder Group by the Group
“Group”	the Company and its subsidiaries
“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
“HP”	Hewlett-Packard AP (Hong Kong) Limited
“HP Products”	products, including but not limited to, the hardware, software, accessories, upgrades, service packs, support packs and care packs that HP authorizes Founder to purchase under the agreement to be entered into between HP and the Founder, custom products which were modeled according to end-users’ requirement, and/or services provided by HP such as hardware maintenance and repair, software updates and maintenance, installation, training and other services
“Independent Board Committee”	the independent board committee comprising all independent non-executive Directors namely, Mr Li Fat Chung, Ms Wong Lam Kit Yee and Ms Cao Qian, established for the purpose of advising the Independent Shareholders in relation to the transactions contemplated under the New Peking Founder Master Agreement (including the proposed annual caps)
“Independent Director”	Ms Cao Qian, being an independent non-executive Director, who has been appointed to advise the Independent Shareholders in relation to the proposed revised annual cap contemplated under the Second Supplemental Agreement, and the transactions contemplated under the New Founder Master Agreement (including the proposed annual caps) and the EC-Founder HP Master Agreement (including the proposed annual caps)
“Independent Shareholders”	Shareholders other than Founder and its associates

DEFINITIONS

“KGI Capital”	KGI Capital Asia Limited, a licenced corporation under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities, which has been appointed as the independent financial adviser to the Independent Board Committee, the Independent Director and the Independent Shareholders in respect of the terms of the transactions contemplated under Continuing Connected Transactions and their respective proposed annual caps
“Latest Practicable Date”	means 26 November 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Founder Master Agreement”	the master agreement to be entered into between Founder and the Company in relation to the sales of information hardware products to the Founder Group by the Group for a term of three years from 1 January 2009 to 31 December 2011
“New Peking Founder Master Agreement”	the master agreement to be entered into between Peking Founder and the Company in relation to the sales of information hardware products to the Peking Founder Group by the Group for a term of three years from 1 January 2009 to 31 December 2011
“Peking Founder”	北大方正集團有限公司(Peking University Founder Group Company Limited*), a company established in the PRC with limited liability, and the controlling shareholder of Founder, which holds approximately 32.49% of the issued share capital of Founder
“Peking Founder Group”	Peking Founder and its subsidiaries
“Peking Founder Master Agreement”	the master agreement entered into between Peking Founder and the Company in relation to the sales of information hardware products to the Peking Founder Group by the Group dated 5 January 2006
“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 Group

DEFINITIONS

“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this circular
“RMB”	Renminbi, the lawful currency of the PRC
“Second Supplemental Agreement”	the second supplemental agreement to the Founder Master Agreement to be entered into between Founder and the Company to revise the annual cap for the year ending 31 December 2008 for the Founder Sales
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (as amended from time to time))
“SGM”	the special general meeting of the Company to be held at 10:00 a.m. on Monday, 15 December 2008 to approve the Continuing Connected Transactions and the proposed caps thereunder
“Shareholder(s)”	holder(s) of ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States of America

For illustrative purposes only, RMB is converted into HK\$ at an exchange rate of RMB1.00 = HK\$1.132 and USD is converted into RMB at an exchange rate of USD1.00 = RMB6.890 in this circular.

** For identification purpose only*

LETTER FROM THE BOARD



(Incorporated in Bermuda with limited liability)

(Stock Code: 00618)

Executive Directors:

Mr Zhang Zhao Dong (*Chairman*)
Mr Chen Geng (*President*)
Mr Xia Yang Jun
Mr Xie Ke Hai
Mr Zheng Fu Shuang

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Independent non-executive Directors:

Mr Li Fat Chung
Ms Wong Lam Kit Yee
Ms Cao Qian

Principal place of business in Hong Kong:

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

28 November 2008

To the Shareholders

Dear Sir or Madam,

FOUR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

(A) INTRODUCTION

Reference is made to the Announcement in relation to, among others, the transactions contemplated under the Second Supplemental Agreement, the New Founder Master Agreement, the New Peking Founder Master Agreement and the EC-Founder HP Master Agreement.

As the Founder Master Agreement and the Peking Founder Master Agreement will expire on 31 December 2008, the Company intends to enter into the New Founder Master Agreement and the New Peking Founder Master Agreement to continue the transactions contemplated under the Founder Master Agreement and the Peking Founder Master Agreement, respectively. Further, the Company proposes to enter into the EC-Founder HP Master Agreement with Founder, pursuant to which, the Group will purchase HP Products from the Founder Group.

* *For identification purpose only*

LETTER FROM THE BOARD

As the Company is owned as to approximately 32.84% by Founder which is in turn owned as to approximately 32.49% by Peking Founder, Founder is a connected person of the Company for the purposes of the Listing Rules whereas Peking Founder is an associate of a connected person of the Company for the purposes of the Listing Rules. Accordingly, the transactions contemplated under the Second Supplemental Agreement, the New Founder Master Agreement, the New Peking Founder Master Agreement and the EC-Founder HP Master Agreement will constitute continuing connected transactions of the Company under the Listing Rules.

The purpose of this circular is (i) to provide you with more information relating to the Continuing Connected Transactions; (ii) to set out the opinions and recommendations of the Independent Board Committee on the New Peking Founder Master Agreement (including the proposed annual caps for the three years ending 31 December 2011); (iii) to set out the opinions and recommendations of the Independent Director on the proposed revised cap for the year 2008 under the Second Supplemental Agreement, the New Founder Master Agreement (including the proposed annual caps for the three years ending 31 December 2011) and the EC-Founder HP Master Agreement (including the proposed annual caps for the three years ending 31 December 2011); (iv) to set out the opinions and recommendations of KGI Capital relating to the Continuing Connected Transactions; and (v) to give you the notice of SGM.

(B) SALES OF INFORMATION HARDWARE PRODUCTS TO FOUNDER GROUP

The Group has been supplying information hardware products to the Founder Group on normal commercial terms in the ordinary and usual course of business pursuant to the Founder Master Agreement as supplemented by the First Supplemental Agreement. Pursuant to the First Supplemental Agreement, the annual caps for the Founder Sales for the three years ending 31 December 2008 were revised in order to cater for the increasing demand by the Founder Group.

Increase of the annual caps for the financial years ending 31 December 2008

As a result of the continuous growth in business between the Group and the Founder Group in 2008, the Directors consider that the existing cap as set out in the First Supplemental Agreement will not be sufficient for the increasing volume of business between the Group and the Founder Group for the whole year of 2008. Accordingly, the Company proposes to enter into the Second Supplemental Agreement with Founder to revise the existing annual cap for the year ending 31 December 2008 for the Founder Sales. The proposed revised annual cap for the Founder Sales contemplated under the Second Supplemental Agreement is determined based on the Company's estimation of the sales for October to December 2008 with reference to the historical sales pattern for the last quarter of the year, the actual monthly sales pattern for the two financial years ended 31 December 2006 and 2007 and the sales volume for the nine months ended 30 September 2008.

LETTER FROM THE BOARD

The New Founder Master Agreement

Since the Founder Master Agreement will expire on 31 December 2008, the Company also proposes to enter into the New Founder Master Agreement with Founder in order to continue the transactions for the supply of information hardware products to the Founder Group. It is proposed that the New Founder Master Agreement will commence from 1 January 2009 for a term of three years and expire on 31 December 2011.

Pursuant to the New Founder Master Agreement, the Group should provide information hardware products at market prices 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.

Historical figures and annual caps

The following table sets out the actual sales figures of the Founder Sales for the two years ended 31 December 2007 and the 9 months ended 30 September 2008, the proposed revised cap for the year ending 31 December 2008, the historical annual caps and the proposed annual caps for the three years ending 31 December 2011:

	Year ended 31 December 2006 <i>RMB million</i>	Year ended 31 December 2007 <i>RMB million</i>	Year ending 31 December 2008 <i>RMB million</i>	Year ending 31 December 2009 <i>RMB million</i>	Year ending 31 December 2010 <i>RMB million</i>	Year ending 31 December 2011 <i>RMB million</i>
Actual sales	76.9	53.7	116.4 (1 January – 30 September 2008)	N/A	N/A	N/A
Historical annual caps	97.0	114.6	131.128	N/A	N/A	N/A
Revised annual cap	N/A	N/A	185	N/A	N/A	N/A
Proposed annual caps	N/A	N/A	N/A	259	362.6	507.64

LETTER FROM THE BOARD

The Group has been supplying the Founder Group with information hardware products for its software development business and systems integration projects. The level of purchase orders placed by the Founder Group increased significantly in 2008 due to Founder Group's rapid business expansion and has been increasing steadily over the past few years. The proposed annual caps for the Founder Sales as contemplated under the New Founder Master Agreement are determined with reference to the historical values of the transactions, Founder's indication of the current and projected value of its systems integration projects business and the Company's estimates of future growth of the information technology business in the PRC. The Directors consider that there will be an annual increase of 40% in the value of the annual caps for the proposed revised cap for the year ending 31 December 2008 and the proposed annual caps for the three years ending 31 December 2011. Such percentage increase represents the average annual increase in the turnover of the Group from 1 January 2004 up to the six months ended 30 June 2008.

Reasons for and benefit of the Founder Sales

The Group is principally engaged in the distribution of information hardware products in the PRC. The Founder Group is principally engaged in software development and system integration relating to the media industry and non-media industries relating to financial institutions, commercial enterprises and government departments in the PRC.

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 Board considers that it is beneficial to the 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.

The Board considers that the terms of the Second Supplemental Agreement and the New Founder Master Agreement were arrived at after arm's length negotiations between the parties involved. Both agreements will be entered into in the ordinary and usual course of business of the Group. The executive Directors consider that the terms of the Second Supplemental Agreement and the transactions under the New Founder Master Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and that the revised 2008 annual cap as contemplated by the Second Supplemental Agreement and the proposed annual caps for the Founder Sales for the three years ending 31 December 2011 are fair and reasonable.

LETTER FROM THE BOARD

(C) SALES OF INFORMATION HARDWARE PRODUCTS TO PEKING FOUNDER GROUP

The Group has been supplying information hardware products to the Peking Founder Group on normal commercial terms in the ordinary and usual course of business pursuant to the Peking Founder Master Agreement which will expire on 31 December 2008. Accordingly, the Company proposes to enter into the New Peking Founder Master Agreement with Peking Founder to continue the transactions for the supply of information hardware products to the Peking Founder Group for a term of three years from 1 January 2009 to 31 December 2011.

Pursuant to the New Peking Founder Master Agreement, the Group should provide information hardware products at market prices 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.

Historical figures and annual caps

The following table sets out the actual sales figures of the Peking Founder Sales for the two years ended 31 December 2007 and the 10 months ended 31 October 2008, the historical annual caps as well as the proposed annual caps for the three years ending 31 December 2011:

	Year ended 31 December 2006 <i>RMB million</i>	Year ended 31 December 2007 <i>RMB million</i>	Year ending 31 December 2008 <i>RMB million</i>	Year ending 31 December 2009 <i>RMB million</i>	Year ending 31 December 2010 <i>RMB million</i>	Year ending 31 December 2011 <i>RMB million</i>
Actual sales	1.96	22.6	20.2 (1 January – 31 October 2008)	N/A	N/A	N/A
Historical annual caps	10.0	11.0	45.2	N/A	N/A	N/A
Proposed annual caps	N/A	N/A	N/A	52.6	73.64	103.096

LETTER FROM THE BOARD

The Peking Founder Group has been purchasing information hardware products from the Group for providing software solutions to and establishing computer systems for its clients. The proposed annual caps for the Peking Founder Sales as contemplated under the New Peking Founder Master Agreement are determined with reference to the historical monthly sales volume of the Company, the historical values of the transactions, the expected purchases estimated by the Peking Founder and the Company's estimates of future growth of the information technology business in the PRC.

Reasons for and benefits of the Peking Founder Sales

The Peking Founder Group is principally engaged in the information technology industry, including software and system development for the publishing sector and various government bureaus and financial institutions and hardware manufacturing for personal computers, chips, circuit boards and other terminal equipment, and the healthcare and pharmaceutical industry, including hospitals, pharmaceuticals, logistics, equipment leasing and hospital management. 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 Board considers that it is beneficial to the Group to supply information hardware products to the Peking Founder Group on normal commercial terms, thus broadening its customer and revenue base.

The Board considers that the terms of the New Peking Founder Master Agreement were arrived at after arm's length negotiations between the parties involved. The New Peking Founder Master Agreement will be entered into in the ordinary and usual course of business of the Group. The executive Directors consider that the transactions under the New Peking Founder Master Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole and that the proposed annual caps for the Peking Founder Sales are fair and reasonable.

(D) PURCHASE OF HP PRODUCTS FROM FOUNDER GROUP

The Company proposes to enter into the EC-Founder HP Master Agreement with Founder pursuant to which the Group will purchase the HP Products from the Founder Group for a term of three years from 1 January 2009 to 31 December 2011.

Pursuant to the EC-Founder HP Master Agreement, the Founder Group will provide the HP Products to the Group at the price based on the rack rate payable by the Founder Group to HP, exclusive of any freight charges and taxes payable, at the time of purchase of the relevant HP Products plus a commission at 0.3% which is determined with reference to the level of administrative and logistics effort to be supported by Founder. Further, the Group should bear all the freight charges, taxes and other relevant expenses in relation to the HP Products which Founder purchased from HP.

LETTER FROM THE BOARD

Annual caps

The following table sets out the actual purchase of the HP Products for the two years ending 31 December 2007 and the 10 months ended 31 October 2008 as well as the proposed annual caps under the EC-Founder HP Master Agreement for the three years ending 31 December 2011:

	Year ended 31 December 2006 <i>USD million</i>	Year ended 31 December 2007 <i>USD million</i>	10 months ended 31 October 2008 <i>USD million</i>	Year ending 31 December 2009 <i>USD million</i>	Year ending 31 December 2010 <i>USD million</i>	Year ending 31 December 2011 <i>USD million</i>
Actual purchase	55.5	38.2	49.6	N/A	N/A	N/A
	(equivalent to approximately RMB382.4 million)	(equivalent to approximately RMB263.2 million)	(equivalent to approximately RMB341.7 million)			
Proposed annual caps	N/A	N/A	N/A	80 (equivalent to approximately RMB551.2 million)	90 (equivalent to approximately RMB620.1 million)	105 (equivalent to approximately RMB723.5 million)

The proposed annual caps for the purchase of HP Products under the EC-Founder HP Master Agreement are determined with reference to the estimated value of the HP Products to be purchased by the Founder Group directly from HP as well as the historical values of the HP Products purchased by the Group and the Company's estimates of future growth of the information technology business in the PRC. The projected purchase volume from 1 November to 31 December 2008 is expected to be equal to approximately one month's purchase volume, totaling a projected purchase of HP Products of US\$54.6 million for the year ending 31 December 2008. The annual cap for the year ending 31 December 2009 was then determined with reference to the projected 2008 purchase volume multiplied by the Group's projected turnover growth rate of approximately 40%, whereas the proposed annual caps for the two years ending 31 December 2011 were determined with reference to the projected annual growth rates of approximately 12.5% and 15%, respectively.

LETTER FROM THE BOARD

Reasons for and benefits of the EC-Founder HP Master Agreement

The Group has been purchasing the HP Products from HP for resale to its customers. However, due to the local PRC regulatory requirement and as a result of negotiations between HP, Founder and the Company, it is proposed that Founder will enter into an agreement with HP pursuant to which Founder is appointed as an authorized, non-exclusive reseller for the HP Products. The Group will then purchase the HP Products from Founder under the EC-Founder HP Master Agreement.

The Board considers that the terms of the EC-Founder HP Master Agreement were arrived at after arm's length negotiations between the parties involved. The EC-Founder HP Master Agreement will be entered into in the ordinary and usual course of business of the Group. The executive Directors consider that the transactions under the EC-Founder HP Master Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole and that the proposed annual caps for the purchases under the EC-Founder HP Master Agreement are fair and reasonable.

(E) CONTINUING CONNECTED TRANSACTIONS

The Company is owned as to approximately 32.84% by Founder which in turn is owned as to approximately 32.49% by Peking Founder. Founder is a connected person of the Company for the purposes of the Listing Rules. Peking Founder is an associate of a connected person of the Company for the purposes of Chapter 14A of the Listing Rules.

Accordingly, the transactions under (i) the Second Supplemental Agreement; (ii) the New Founder Master Agreement; (iii) the New Peking Founder Master Agreement; and (iv) the EC-Founder HP Master Agreement constitute continuing connected transactions for the Company pursuant to the Listing Rules.

Since each of the applicable percentage ratios in respect of (i) the proposed revised cap for the year 2008 as contemplated under the Second Supplemental Agreement; (ii) the proposed annual caps under the New Founder Master Agreement; (iii) the proposed annual caps under the New Peking Founder Master Agreement; and (iv) the proposed annual caps under the EC-Founder HP Master Agreement exceeds 25%, the transactions contemplated under the Second Supplemental Agreement, the New Founder Master Agreement, the New Peking Founder Master Agreement and the EC-Founder HP Master Agreement shall be subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

(F) SGM

A notice convening the SGM to be held at 10:00 a.m., on Monday, 15 December 2008 at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong is set out on pages 41 to 43 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolutions in relation to (i) the proposed revised cap for the year 2008 as contemplated under the Second Supplemental Agreement; (ii) the New Founder Master Agreement (including the proposed annual caps for the three years ending 31 December 2011); (iii) the New Peking Founder Master Agreement (including the proposed annual caps for the three years ending 31 December 2011); and (iv) the EC-Founder HP Master Agreement (including the proposed annual caps for the three years ending 31 December 2011).

The ordinary resolutions to be proposed at the SGM will be determined by way of poll by the Independent Shareholders. Founder and its associates who altogether held 416,770,400 issued shares of the Company and controlled the voting rights of such shares, representing approximately 37.68% of the issued share capital of the Company as at the Latest Practicable Date. Founder and its associates are required to abstain from voting at the SGM in respect of the ordinary resolutions.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same as soon as possible to 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 and in any event not less than 48 hours before the time scheduled for the holding of the SGM or any adjournments thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournments thereof should you so desire.

(G) RECOMMENDATION

The Independent Board Committee, which comprises all three independent non-executive Directors, has been established to advise the Independent Shareholders in connection with the terms of the transactions contemplated under the New Peking Founder Master Agreement (including the proposed annual caps for the three years ending 31 December 2011).

Since Mr Li Fat Chung and Ms Wong Lam Kit Yee, both being independent non-executive Directors, are also independent non-executive directors of Founder, Ms Cao Qian, being the remaining independent non-executive Director, has been appointed to advise the Independent Shareholders in connection with (i) the proposed revised cap for the year 2008 under the Second Supplemental Agreement; (ii) the New Founder Master Agreement (including the proposed annual caps for the three years ending 31 December 2011); and (iii) the EC-Founder HP Master Agreement (including the proposed annual caps for the three years ending 31 December 2011).

LETTER FROM THE BOARD

KGI Capital has been appointed to advise the Independent Board Committee, the Independent Director and the Independent Shareholders on the terms of the Continuing Connected Transactions and the proposed annual caps contemplated thereunder.

The Independent Board Committee, having taken into account the advice of KGI Capital, are of the view that the transactions contemplated under the New Peking Founder Master Agreement are in the ordinary and usual course of business of the Group and are on normal commercial terms, the terms of the transactions contemplated under the New Peking Founder Master Agreement and the proposed annual caps for the three years ending 31 December 2011 are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

The Independent Director, having taken into account the advice of KGI Capital, considers that the transactions contemplated under each of the Second Supplemental Agreement, the New Founder Master Agreement and the EC-Founder HP Master Agreement are in the ordinary and usual course of business of the Group and are on normal commercial terms; and that (i) the terms of the transactions contemplated under each of the Second Supplemental Agreement, the New Founder Master Agreement and EC-Founder HP Master Agreement and (ii) the proposed revised annual cap for the year ending 31 December 2008 contemplated under the Second Supplemental Agreement, the proposed annual caps for the three years ending 31 December 2011 under the New Founder Master Agreement and the proposed annual caps for the three years ending 31 December 2011 under the EC-Founder Master Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions set out in the notice of SGM enclosed to this circular.

GENERAL

Your attention is also drawn to the letter from the Independent Board Committee, the letter from the Independent Director, the letter from KGI Capital and the additional information set out in the appendix to this circular and the notice of SGM.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



(Incorporated in Bermuda with limited liability)

(Stock Code: 00618)

28 November 2008

To the Independent Shareholders

Dear Sir or Madam,

FOUR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 28 November 2008 issued by the Company (the “**Circular**”) of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of the transactions contemplated under the New Peking Founder Master Agreement and the proposed annual caps of such transactions for the three years ending 31 December 2011 which require approval by the Independent Shareholders, to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the transactions contemplated under the New Peking Founder Master Agreement and its proposed annual caps for the three years ending 31 December 2011 and to recommend how the Independent Shareholders should vote at the SGM. KGI Capital has been appointed to advise us, the Independent Board Committee, in relation to the transactions contemplated under the New Peking Founder Master Agreement.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 14 of the Circular, and the letter from KGI Capital to the Independent Board Committee containing its advice in respect of the terms of the transactions contemplated under the New Peking Founder Master Agreement and its proposed annual caps for the three years ending 31 December 2011, as set out on pages 18 to 33 of the Circular.

Having taken into account of the principal factors and reasons considered by KGI Capital and its conclusion and advice, we consider that transactions contemplated under the New Peking Founder Master Agreement are in the ordinary and usual course of business of the Group and are on normal commercial terms, the terms of the transactions contemplated under the New Peking Founder Master Agreement and the proposed annual caps for the three years ending 31 December 2011 are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the transactions contemplated under the New Peking Founder Master Agreement and the proposed annual caps of such transactions for the three years ending 31 December 2011.

Yours faithfully,
Independent Board Committee

Li Fat Chung
*Independent non-
executive Director*

Wong Lam Kit Yee
*Independent non-
executive Director*

Cao Qian
*Independent non-
executive Director*

* *For identification purpose only*

LETTER FROM THE INDEPENDENT DIRECTOR



(Incorporated in Bermuda with limited liability)

(Stock Code: 00618)

28 November 2008

To the Independent Shareholders

Dear Sir or Madam,

FOUR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

I refer to the circular dated 28 November 2008 issued by the Company (the “**Circular**”) of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

I have been appointed to consider (i) the proposed revised cap for the year ending 31 December 2008 under the Second Supplemental Agreement; (ii) the terms of the transactions contemplated under the New Founder Master Agreement and the proposed annual caps of such transactions for the three years ending 31 December 2011; and (iii) the terms of the transactions contemplated under the EC-Founder HP Master Agreement and the proposed annual caps of such transactions for the three years ending 31 December 2011, all of which require approval by the Independent Shareholders, to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the transactions contemplated under the Second Supplemental Agreement, its proposed revised cap for the year ending 31 December 2008, the New Founder Master Agreement and the EC-Founder HP Master Agreement and their respective proposed annual caps for the three years ending 31 December 2011 and to recommend how the Independent Shareholders should vote at the SGM. KGI Capital has been appointed to advise me in relation to the proposed revised cap contemplated under the Second Supplemental Agreement and the transactions contemplated under the New Founder Master Agreement (including the proposed annual caps for the three years ending 31 December 2011) and the EC-Founder HP Master Agreement (including the proposed annual caps for the three years ending 31 December 2011).

I wish to draw your attention to the letter from the Board, as set out on pages 5 to 14 of the Circular, and the letter from KGI Capital to the Independent Director containing its advice in respect of proposed revised cap contemplated under the Second Supplemental Agreement and the transactions contemplated under the New Founder Master Agreement (including the proposed annual caps for the three years ending 31 December 2011) and the EC-Founder HP Master Agreement (including the proposed annual caps for the three years ending 31 December 2011), as set out on pages 18 to 33 of the Circular.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT DIRECTOR

Having taken into account of the principal factors and reasons considered by KGI Capital and its conclusion and advice, I consider that:

- (i) the transactions contemplated under the Second Supplemental Agreement are in the ordinary and usual course of business of the Group and are on normal commercial terms. The terms of the transactions contemplated under the Second Supplemental Agreement and the proposed revised annual cap for the year ending 31 December 2008 are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole;
- (ii) the transactions contemplated under the New Founder Master Agreement are in the ordinary and usual course of business of the Group and are on normal commercial terms. The terms of the transactions contemplated under the New Founder Master Agreement and the proposed annual caps for the three years ending 31 December 2011 are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole; and
- (iii) the transactions contemplated under the EC-Founder HP Master Agreement are in the ordinary and usual course of business of the Group and are on normal commercial terms. The terms of the transactions contemplated under the EC-Founder HP Master Agreement and the proposed annual caps for the three years ending 31 December 2011 are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, I recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the proposed revised cap for the year ending 31 December 2008 contemplated under the Second Supplemental Agreement, the transactions contemplated under the New Founder Master Agreement and the EC-Founder HP Master Agreement, respectively, as well as the respective proposed annual caps of such transactions for the three years ending 31 December 2011.

Yours faithfully,

Cao Qian

Independent non-executive Director

LETTER FROM KGI CAPITAL

Set out below is the text of the letter of advice from KGI Capital Asia Limited, the independent financial adviser to the Independent Board Committee, the Independent Director and the Independent Shareholders of EC-Founder (Holdings) Company Limited prepared for inclusion in this circular.



KGI Capital Asia Limited

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28 November 2008

To the Independent Board Committee, the Independent Director and the Independent Shareholders
EC-Founder (Holdings) Company Limited
Unit 1408, 14th Floor, Cable TV Tower,
9 Hoi Shing Road,
Tsuen Wan, New Territories,
Hong Kong

Dear Sirs or Madams,

FOUR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the New Peking Founder Master Agreement (including the proposed annual caps for each of the three years ending 31 December 2011), and to advise the Independent Director and the Independent Shareholders in respect of (i) the terms of the Second Supplemental Agreement and its proposed revised cap for the year ending 31 December 2008; (ii) the terms of the New Founder Master Agreement (including the proposed annual caps for each of the three years ending 31 December 2011); and (iii) the terms of the EC-Founder HP Master Agreement (including the proposed annual caps for each of the three years ending 31 December 2011), particulars of which are set out in the “Letter from the Board” (the “Letter”) contained in the circular to the Shareholders dated 28 November 2008 (the “Circular”), of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

As stated in the Letter, reference is made to the Announcement in relation to, among others, the transactions contemplated under the Second Supplemental Agreement, the New Founder Master Agreement, the New Peking Founder Master Agreement and the EC-Founder HP Master Agreement.

LETTER FROM KGI CAPITAL

Sales of information hardware products to the Founder Group

As stated in the Letter, the Group has been supplying information hardware products to the Founder Group on normal commercial terms in the ordinary and usual course of business pursuant to the Founder Master Agreement.

As a result of the continuous growth in business between the Group and the Founder Group in 2008, the Directors consider that the existing cap as set out in the First Supplemental Agreement will not be sufficient for the increasing volume of business between the Group and Founder Group for the whole year of 2008. Accordingly, the Company proposes to enter into the Second Supplemental Agreement with Founder to revise the existing annual cap for the year ending 31 December 2008 for the Founder Sales.

Since the Founder Master Agreement will expire on 31 December 2008, the Company proposes to enter into the New Founder Master Agreement with Founder in order to continue the transactions for the supply of information hardware products to the Founder Group. It is proposed that the New Founder Master Agreement will commence from 1 January 2009 for a term of three years and expire on 31 December 2011.

Sales of information hardware products to the Peking Founder Group

The Group has been supplying information hardware products to the Peking Founder Group on normal commercial terms in the ordinary and usual course of business pursuant to the Peking Founder Master Agreement which will expire on 31 December 2008. Accordingly, the Company proposes to enter into the New Peking Founder Master Agreement with Peking Founder to continue the transactions for the supply of information hardware products to the Peking Founder Group for a term of three years from 1 January 2009 to 31 December 2011.

Purchase of the HP Products from the Founder Group

The Company proposes to enter into the EC-Founder HP Master Agreement with Founder pursuant to which the Group will purchase the HP Products from the Founder Group for a term of three years from 1 January 2009 to 31 December 2011.

The Company is owned as to approximately 32.84% by Founder which in turn is owned as to approximately 32.49% by Peking Founder. Founder is a connected person of the Company for the purposes of the Listing Rules. Peking Founder is an associate of a connected person of the Company for the purposes of the Listing Rules. Accordingly, the transactions under (i) the Second Supplemental Agreement; (ii) the New Founder Master Agreement; (iii) the New Peking Founder Master Agreement; and (iv) the EC-Founder HP Master Agreement constitute continuing connected transactions for the Company pursuant to the Listing Rules. Since each of the applicable percentage ratios in respect of (i) the proposed revised cap for the year ending 31 December 2008 as contemplated under the Second Supplemental Agreement; (ii) the proposed annual caps under the New Founder Master Agreement; (iii) the proposed annual caps under the New Peking Founder Master Agreement; and (iv) the proposed

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annual caps under the EC-Founder HP Master Agreement (all collectively, the “Proposed Revised and New Caps”) exceeds 25%, the transactions contemplated under the Second Supplemental Agreement, the New Founder Master Agreement, the New Peking Founder Master Agreement and the EC-Founder HP Master Agreement shall be subject to the reporting, announcement and Independent Shareholders’ approval requirements pursuant to Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT DIRECTOR

The Independent Board Committee, comprising all three independent non-executive Directors, namely Mr Li Fat Chung, Ms Wong Lam Kit Yee and Ms Cao Qian, has been established to advise the Independent Shareholders as to whether the terms of the transactions contemplated under the New Peking Founder Master Agreement (including the proposed annual caps for each of the three years ending 31 December 2011) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Since Mr Li Fat Chung and Ms Wong Lam Kit Yee, both being independent non-executive Directors, are also independent non-executive directors of Founder, only Ms Cao Qian, being the Independent Director, has been appointed to advise the Independent Shareholders as to whether the terms of the transactions contemplated under (i) the Second Supplemental Agreement and its proposed revised cap for the year ending 31 December 2008; (ii) the New Founder Master Agreement (including the proposed annual caps for each of the three years ending 31 December 2011); and (iii) the EC-Founder HP Master Agreement (including the proposed annual caps for each of the three years ending 31 December 2011) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

We, KGI Capital Asia Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether or not the terms of the transactions contemplated under the New Peking Founder Master Agreement (including the proposed annual caps for each of the three years ending 31 December 2011) and to advise the Independent Director and the Independent Shareholders as to whether or not the terms of the transactions contemplated under (i) the Second Supplemental Agreement and its proposed revised cap for the year ending 31 December 2008; (ii) the New Founder Master Agreement (including the proposed annual caps for each of the three years ending 31 December 2011); and (iii) the EC-Founder HP Master Agreement (including the proposed annual caps for each of the three years ending 31 December 2011) respectively, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information, financial information and facts supplied, and the opinions and representations expressed to us by the Company, its Directors and management of the Company. We have also assumed that all such information, financial information, facts, statements of belief, opinion and intention and representation made to us by the Directors or referred to in the Circular were reasonably made after due and careful enquiry and are based on honestly-held opinions. We have no reason to doubt the truth, accuracy and completeness of the information and representations referred to in the Circular and provided to us by the Company, the

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Directors and management of the Company. We have been advised by the Directors that no material facts have been omitted from the information provided to us and referred to in the Circular. We have also assumed that all statement of intention of the Company, the Directors and management of the Company as set out in the Circular will be implemented. We have assumed that all information and representations made or referred to in the Circular and provided to us by the Company, the Directors and management of the Company, for which they were solely and wholly responsible, were true, complete and accurate at the time they were made and shall continue to be true, complete and accurate at the date of the SGM.

In formulating our opinion, we have obtained and reviewed relevant information and documents provided by the Company and the Directors and management of the Company in connection with the transactions and discussed with the management of the Company so as to assess the fairness and reasonableness of the terms of the transactions contemplated under the Second Supplemental Agreement and its proposed revised cap for the year ending 31 December 2008, the New Founder Master Agreement (including the proposed annual caps for each of the three years ending 31 December 2011), the New Peking Founder Master Agreement (including the proposed annual caps for each of the three years ending 31 December 2011) and the EC-Founder HP Master Agreement (including the proposed annual caps for each of the three years ending 31 December 2011). Relevant information and documents included, among other things, the annual report of the Company for the year ended 31 December 2007 (the "2007 Annual Report"), the interim report of the Company for the six months ended 30 June 2008 (the "2008 Interim Report"), the Founder Master Agreement, the First Supplemental Agreement, the Second Supplemental Agreement, the New Founder Master Agreement, the Peking Founder Master Agreement, the New Peking Founder Master Agreement, the EC-Founder HP Master Agreement, the basis of determination of the proposed annual caps in respect of the Second Supplemental Agreement, the New Founder Master Agreement, the New Peking Founder Master Agreement and the EC-Founder HP Master Agreement provided by the Company. We believe that we have reviewed sufficient information to enable us to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion regarding the terms of the transactions contemplated under (i) the Second Supplemental Agreement and its proposed revised cap for the year ending 31 December 2008; (ii) the New Founder Master Agreement (including the proposed annual caps for each of the three years ending 31 December 2011); (iii) the New Peking Founder Master Agreement (including the proposed annual caps for each of the three years ending 31 December 2011) and (iv) the EC-Founder HP Master Agreement (including the proposed annual caps for each of the three years ending 31 December 2011). We have not, however, carried out any independent verification of the information and representations provided to us by the management of the Company and the Directors nor have we conducted any form of independent investigation into the businesses and affairs, financial position or the future prospects of the Company, Founder, Peking Founder or their respective subsidiaries or associated companies.

Our opinion is necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations and opinions made available to us as of, the Latest Practicable Date. Our opinion does not in any manner address the Company's own decision to proceed with the entering into the Second Supplemental Agreement, the New Founder Master Agreement, the New Peking Founder Master Agreement and the EC-Founder HP Master Agreement and to determine the respective proposed caps. We disclaim any undertaking or obligation

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to advise any person of any change in any fact or matter affecting the opinion expressed herein, which may come or be brought to our attention after the Latest Practicable Date. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the New Peking Founder Master Agreement (including the proposed annual caps for each of the three years ending 31 December 2011) and to the Independent Director and the Independent Shareholders in relation to the transactions contemplated under (i) the Second Supplemental Agreement and its proposed revised cap for the year ending 31 December 2008; (ii) the New Founder Master Agreement (including the proposed annual caps for each of the three years ending 31 December 2011); and (iii) the EC-Founder HP Master Agreement (including the proposed annual caps for each of the three years ending 31 December 2011), we have taken the following principal factors and reasons into consideration:

Sales of information hardware products to the Founder Group

1. *Background of and reasons for entering into the Second Supplemental Agreement and the New Founder Master Agreement*

The Group is principally engaged in the distribution of information hardware products in the PRC. The Founder Group is principally engaged in software development and system integration relating to the media industry and non-media industries relating to financial institutions, commercial enterprises and government departments in the PRC.

As stated in the Letter, the Group has been supplying information hardware products to the Founder Group on normal commercial terms in the ordinary and usual course of business pursuant to the Founder Master Agreement as supplemented by the First Supplemental Agreement. Pursuant to the First Supplemental Agreement, the annual caps for the Founder Sales for the three years ending 31 December 2008 were revised in order to cater for the increasing demand by the Founder Group.

As stated in the Letter, as a result of the continuous growth in business between the Group and the Founder Group in 2008, the Directors consider that the existing cap as set out in the First Supplemental Agreement will not be sufficient for the increasing volume of business between the Group and the Founder Group for the whole year of 2008. Accordingly, the Company proposes to enter into the Second Supplemental Agreement with Founder to revise the existing annual cap for the year ending 31 December 2008 for the Founder Sales.

Since the Founder Master Agreement will expire on 31 December 2008, the Company also proposes to enter into the New Founder Master Agreement with Founder in order to continue the transactions for the supply of information hardware products to the Founder Group. It is proposed that the New Founder Master Agreement will commence from 1 January 2009 for a term of three years and expire on 31 December 2011. The executive Directors consider that the terms of the Second Supplemental

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Agreement and the transactions under the New Founder Master Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered that (i) distribution of information hardware products is the principal business of the Group; (ii) the Founder Sales are sales of information hardware products within the principal scope of business of the Group; and (iii) the Founder Group has been purchasing information hardware products from the Group for the past years, we are of the view that the entering into the Second Supplemental Agreement and the New Founder Master Agreement are in line with the Group's principal business and thus is in the interests of the Company and the Shareholders as a whole.

2. Major terms of the Second Supplemental Agreement and the New Founder Master Agreement

Pursuant to the New Founder Master Agreement, the Group should provide information hardware products at market prices 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.

In order to consider the fairness and reasonableness of the Second Supplemental Agreement and the New Founder Master Agreement, we have taken into consideration of the following aspects:

- (i) we have reviewed the Founder Master Agreement, the First Supplemental Agreement, the Second Supplemental Agreement and the New Founder Master Agreement. We note that the major terms of the New Founder Master Agreement are substantially the same as the Founder Master Agreement, and the major terms of the Second Supplemental Agreement are substantially the same as the First Supplemental Agreement. We also note that the Second Supplemental Agreement did not change the prices and credit terms for the Founder Sales in the Founder Master Agreement, which are agreed between the parties on arm's length basis and/or is fixed with reference to independent third party customers of the Group;
- (ii) we have obtained from the Company, on a random sample basis, sales invoices of the historical Founder Sales and the sales made by the Group to independent third party customers in the PRC. Among which, we have compared the unit selling prices and the credit terms offered by the Group to the Founder Group against those unit selling prices and credit terms offered to independent third party customers of the Group for the nine months ended 30 September 2008. We noted that the unit sale prices payable by the Founder Group to the Group were materially the same as the unit sale prices payable by independent third party customers of the Group for similar products. We are further provided a comparison of gross profit by the Company, showing that the gross profit margin was even higher for the Founder Sales than that of the sales of similar products to

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independent third party customers of the Group. We are also confirmed by the Directors that the Founder Group usually settled payment within 30 days after product delivery, which is the same as the credit terms provided to independent third party customers of the Group. As such, we consider that the terms of the Group's historical Founder Sales offered to the Founder Group were no more favourable than those offered to the independent third party customers of the Group; and

- (iii) as stated in the Letter, the Founder Group has been currently purchasing information hardware products for its customers in order to establish computer systems, and provide software and hardware solutions to its clients as well as for use in its software development business (mainly electronic publishing software). The Board considers that it is beneficial to the 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.

Having considered the above, we are of the opinion that the terms of the Second Supplemental Agreement and the New Founder Master Agreement are fair and reasonable so far the interests of the Company and the Shareholders as a whole are concerned.

Sales of information hardware products to the Peking Founder Group

1. Background of and reasons for entering into the New Peking Founder Master Agreement

According to the 2007 Annual Report, the Group recorded a turnover of approximately HK\$2,725 million for the year ended 31 December 2007, representing an increase of approximately 17.7% comparing to the previous financial year. Gross profit of the Group recorded an increase of approximately 10.0% to approximately HK\$135.9 million for the year ended 31 December 2007, comparing to approximately HK\$123.5 million for the year ended 31 December 2006. The Group's distribution business is mainly focused on the distribution of information products such as servers, printers, switches, networking products, storage devices, workstations and optical screen products of a number of internationally famed and branded information products manufacturers such as Hewlett Packard, H3C, Apple, Netgear, CommScope, Barco, Epson and Microsoft. As stated in the 2007 Annual Report, the distribution business of the Group has been awarded by various upstream vendors during the year for its excellent partnership in terms of distribution channel, coverage, growth and overall performance in the PRC. In June 2007, the distribution business of the Group was ranked the 4th place by Computer Partner World (電腦商報) among the top 150 information products distributors in the PRC's information products distribution industry.

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As stated in the Letter, the Peking Founder Group is principally engaged in the information technology industry, including software and system development for the publishing sector and various government bureaus and financial institutions and hardware manufacturing for personal computers, chips, circuit boards and other terminal equipment, and the healthcare and pharmaceutical industry, including hospitals, pharmaceuticals, logistics, equipment leasing and hospital management. The Peking Founder Group has been purchasing information hardware products for its customers in order to establish computer system and to provide software solutions to its clients.

As stated in the Letter, the Group has been supplying information hardware products to the Peking Founder Group on normal commercial terms in the ordinary and usual course of business pursuant to the Peking Founder Master Agreement which will expire on 31 December 2008. Accordingly, the Company proposes to enter into the New Peking Founder Master Agreement with Peking Founder to continue the transactions for the supply of information hardware products to the Peking Founder Group for a term of three years from 1 January 2009 to 31 December 2011. The executive Directors consider that the transactions under the New Peking Founder Master Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered that (i) distribution of information hardware products is the principal business of the Group; (ii) the Peking Founder Sales are sales of information hardware products within the principal scope of business of the Group; and (iii) the Peking Founder Group has been purchasing information hardware products from the Group for the past years, we are of the view that the entering into the New Peking Founder Master Agreement is in line with the Group's business and thus is in the interests of the Company and the Shareholders as a whole.

2. Major terms of the New Peking Founder Master Agreement

Pursuant to the New Peking Founder Master Agreement, the Group should provide information hardware products at market prices 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.

To assess the fairness of the terms of the New Peking Founder Master Agreement, we have obtained from the Company, on a sample basis, sales invoices of the historical Peking Founder Sales and the sales made by the Group to independent third party customers in the PRC. We noted that the unit sale prices payable by the Peking Founder Group to the Group were materially the same as the unit sale prices payable by independent third party customers of the Group for similar products. We are further provided a comparison of gross profit by the Company, showing that the gross profit margin was even higher for the Peking Founder Sales than that of the sales of similar products to independent third party customers of the Group. We are also confirmed by the Directors that the Peking Founder Group usually settled payment within 30 days after product delivery, which is the same as the credit

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terms provided to independent third party customers of the Group. As such, we consider that the terms of the Group's historical Peking Founder Sales offered to the Peking Founder Group were no more favourable than those offered to the independent third party customers of the Group.

In view of the above, we consider that the terms of the New Peking Founder Master Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Purchase of the HP products from the Founder Group

1. Background of and reasons for entering into the EC-Founder HP Master Agreement

The Group is principally engaged in the distribution of information hardware products in the PRC. The Group's distribution business is mainly focused on the distribution of information products such as servers, printers, switches, networking products, storage devices, workstations and optical screen products of a number of internationally famed and branded information products manufacturers such as Hewlett Packard, H3C, Apple, Netgear, CommScope, Barco, Epson and Microsoft.

The Group has been purchasing the HP Products from HP for resale to its customers. However, due to the local PRC regulatory requirement and as a result of negotiations among HP, Founder and the Company, it is proposed that Founder will enter into an agreement with HP pursuant to which Founder is appointed as an authorized, non-exclusive reseller for the HP Products. The Group will then purchase the HP Products from Founder under the EC-Founder HP Master Agreement.

The Company proposes to enter into the EC-Founder HP Master Agreement with Founder pursuant to which the Group will purchase the HP Products from the Founder Group for a term of three years from 1 January 2009 to 31 December 2011. The executive Directors consider that the transactions under the EC-Founder HP Master Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered that (i) the transactions contemplated under the EC-Founder HP Master Agreement are in line with the principal business of the Group; (ii) the Group has been purchasing the HP Products from HP for the past years; and (iii) the HP Products are considered by the Directors to be one of the major brands of information products to be supplied to its customers and thus it is in the interests of the Group to continue to sell the HP Products, we are of the view that the entering into the EC-Founder HP Master Agreement is in the interests of the Company and the Shareholders as a whole.

2. Major terms of the EC-Founder HP Master Agreement

Pursuant to the EC-Founder HP Master Agreement, the Founder Group will provide the HP Products to the Group at the price based on the rack rate payable by the Founder Group to HP, exclusive of any freight charges and taxes payable, at the time of purchase of the relevant HP Products plus a commission at 0.3% which is determined with reference to the level of administrative and logistics effort to be supported by Founder. The Group should also bear all the freight charges, taxes and other relevant expenses in relation to the HP Products which Founder purchased from HP.

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As the Group has been purchasing the HP Products directly from HP for the past years, the Directors confirm that the terms of the transactions to the Group (including credit terms, expenses allocation and so forth) contemplated under the EC-Founder HP Master Agreement are materially the same as the terms of the purchase of the HP Products by the Group directly from HP. As confirmed by the Directors, the commission payable of 0.3% by the Group to the Founder Group is for the administrative and logistics effort to be provided by Founder, including, among other things, handling of purchase order and arrangement of receipt of products. The Directors confirmed that such commission rate was determined between the parties at arm's length negotiation. To assess the reasonableness of the commission rate, we also obtained and reviewed the internal profit and loss account of Founder Century (Hong Kong) Limited, a subsidiary of the Company, through which the purchase of the HP Products by the Group directly from HP was previously conducted. We noted that the total administrative expenses incurred by Founder Century (Hong Kong) Limited in relation to the purchase of the HP Products during the ten months ended 31 October 2008 represented approximately 0.28% of the total cost of sales for the same period. Based on the above, we concur with the Directors' view that the commission rate of 0.3% payable by the Group to the Founder Group in connection with the purchase of the HP Products from the Founder Group is reasonably determined.

In view of the above, we are of the opinion that the terms of the EC-Founder HP Master Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Proposed Revised and New Caps

- 1. The proposed revised cap for the year ending 31 December 2008 under the Second Supplemental Agreement and the proposed annual caps for each of the three years ending 31 December 2011 under the New Founder Master Agreement*

Under the Second Supplemental Agreement and the New Founder Master Agreement, the proposed revised cap in respect of the Founder Sales for the year ending 31 December 2008 is RMB185 million and the proposed annual caps for each of the three years ending 31 December 2011 are RMB259 million, RMB362.6 million and RMB507.64 million respectively. As stated in the Letter, since the Group has been supplying the Founder Group with information hardware products for its software development business and systems integration projects, the level of purchase orders placed and to be placed by the Founder Group increased significantly in 2008 due to the Founder Group's rapid business expansion and has been increasing steadily over the past few years. The proposed annual caps for the Founder Sales as contemplated under the New Founder Master Agreement are determined with reference to the historical values of the transactions, Founder's indication of the current and projected value of its systems integration projects business and the Group's internal estimates of future growth of the information technology business in the PRC. The Directors consider that there will be an annual increase of 40% in the value of the proposed annual caps for each of the three years ending 31 December 2011. Such percentage increase represents the average increase in the turnover of the Group from 1 January 2004 to 31 December 2007 and for the six months ended 30 June 2008.

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In order to consider the fairness and reasonableness of the proposed revised cap for the year ending 31 December 2008 and the proposed annual caps for each of the three years ending 31 December 2011, we take into consideration of the following aspects:

- (i) we have been provided with a breakdown of the actual value of the Founder Sales for the first nine months ended 30 September 2008 and note that the actual value of the Founder Sales in the first nine months of 2008 amounted to approximately RMB116.4 million, representing an increase of approximately 220% comparing with the actual value of the Founder Sales for the same period in 2007 and representing approximately 89% of the existing annual cap of approximately RMB131.128 million for the year ending 31 December 2008;
- (ii) as confirmed by the Directors, we understand the determination of the proposed revised cap of the Founder Sales for the year ending 31 December 2008 was made with reference to a historical seasonal sales factor of the Founder Sales plus a buffer of 15%, in which the Founder Sales in the last three months of 2008 is estimated with reference to the average historical seasonal sales factor of the transactions during the corresponding period in 2006 and 2007 where the amount of the Founder Sales in the last three months of 2008 is estimated to account for approximately 27% of the total amount of the Founder Sales in 2008. Based on such seasonal factor, the Founder Sales for the year ending 31 December 2008 is estimated to be approximately RMB159.2 million. According to the 2008 Interim Report, the Group's revenue has increased by approximately 56% to approximately HK\$1,930.9 million for the six months ended 30 June 2008 compared to approximately HK\$1,237.4 million for the six months ended 30 June 2007. In addition, as mentioned above, the actual value of the Founder Sales for the nine months ended 30 September 2008 represents an increase of approximately 220% comparing with the actual value of the Founder Sales for the same period in 2007. As such, we concur with the Directors' views that the level of purchase orders of the Company placed and to be placed by the Founder Group increased significantly in 2008 and has been increasing steadily over the past few years, therefore, the existing annual cap of approximately RMB131.128 million for the year ending 31 December 2008 may not be sufficient to accommodate the expected business growth. Therefore, we consider the proposed revised cap for the Founder Sales for the year ending 31 December 2008 is justifiable;
- (iii) we note that the Directors are proposing an average annual growth factor of approximately 40% to the proposed annual caps for each of the three years ending 31 December 2011. As confirmed by the Directors, the projected growth rate of 40% was based on the average growth rate in turnover of the Group during 2004 to 2007 and the first half year of 2008. We have reviewed the annual reports and interim reports of the Group during the abovementioned period and noted that the average of the annual growth rates of the Group's turnover during 2004 to 2007 and the growth rate of the Group's turnover for the first half of 2008 compared to the same period in 2007 was approximately 36.7%. Furthermore, since the Group has been supplying information hardware products to the Founder Group for its software development business and system integration projects, we make reference to the information available from the public domains relating to

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the PRC software market. According to an article released by a PRC research center (the "Research Center") in February 2008, for the five-year period from 2008 to 2012, the market of PRC software products are expected to continue to grow at a compound annual growth rate of approximately 16.2%. In addition, according to an article published by the Ministry of Industry and Information Technology of the People's Republic of China in November 2008, the revenues in the PRC software market had increased by approximately 32.8% for the nine months ended 30 September 2008 when compared with the corresponding period in 2007. Based on extracts of a report issued by the Research Center in 2008, the revenues of the PRC software market reached approximately RMB344 billion for the first half of 2008, representing an increase of approximately 30% when compared with the same period in 2007. Among the PRC software market, the revenues of the software technology services and software outsourcing services for the first half of 2008 had increased by approximately 46.8% and approximately 68.3% respectively. In view of the current prevailing market conditions of the PRC software business industry, we consider it is justifiable to propose an average annual growth factor of 40% to the Founder Sales for each of the three years ending 31 December 2011.

In view of the above, we consider the proposed revised cap for the year ending 31 December 2008 under the Second Supplemental Agreement and the proposed annual caps for the Founder Sales for each of the three years ending 31 December 2011 under the New Founder Master Agreement are reasonably determined.

2. *The proposed annual caps under the New Peking Founder Master Agreement*

The proposed annual caps for the Peking Founder Sales for each of the three years ending 31 December 2011 is RMB52.6 million, RMB73.64 million and RMB103.096 million respectively. As stated in the Letter, the proposed annual caps for the Peking Founder Sales as contemplated under the New Peking Founder Master Agreement were determined with reference to the historical monthly sales volume of the Company, the historical values of the transactions, the expected purchases estimated by the Peking Founder Group and the Group's internal estimates of future growth of the information technology business in the PRC.

In order to consider the fairness and reasonableness of the proposed annual caps for the Peking Founder Sales for each of the three years ending 31 December 2011, we take into consideration the following aspects:

- (i) we have been provided with a breakdown of the historical value of the Peking Founder Sales and noted that the historical transaction values of the Peking Founder Sales for each of the two years ended 31 December 2007 and nine months ended 30 September 2008 was approximately RMB1.96 million, RMB22.6 million and RMB18.9 million respectively;

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- (ii) we understand from the Directors that the calculation of the estimated Peking Founder Sales for the year ending 31 December 2008 was made with reference to a historical seasonal factor. According to the monthly sales analysis in 2007 provided by the Company, we noted that the Peking Founder Sales for the first nine months ended 30 September 2007 accounted for approximately 73.3% of the Peking Founder Sales for the whole year of 2007. Based on such seasonal factor, the Peking Founder Sales for the existing customers within the Peking Founder Group is estimated to be approximately RMB25.8 million for the year ending 31 December 2008. Furthermore, we are advised by the Directors that a newly acquired subsidiary of the Peking Founder Group will start to purchase information hardware products from the Group from late 2008 which will substantially increase the amount of the Peking Founder Sales for the year ending 31 December 2008 by around RMB6.7 million;
- (iii) based on the estimated Peking Founder Sales for the year ending 31 December 2008 of approximately RMB32.6 million, the Company has proposed an annual growth rate of 40% plus a 15% buffer to project the proposed annual cap of the Peking Founder Sales for the year ending 31 December 2009 and an annual growth rate of 40% to project the proposed annual caps of the Peking Founder Sales for each of the two years ending 31 December 2011. As confirmed by the Directors, the projected growth rate of 40% was based on the average growth rate in turnover of the Group during 2004 to 2007 and the first half year of 2008. We have reviewed the annual reports and interim reports of the Group during the abovementioned period and noted that the average of the annual growth rates of the Group's turnover during 2004 to 2007 and the growth rate of the Group's turnover for the first half of 2008 compared to the same period in 2007 was approximately 36.7%. Furthermore, since the Peking Founder Group has been purchasing information hardware products from the Group for providing software solutions to and establishing computer systems to its clients, we make reference to the information available from the public domains relating to the PRC software market. As mentioned before, according to the article released by the Research Center in February 2008, for the five-year period from 2008 to 2012, the market of PRC software products are expected to continue to grow at a compound annual growth rate of approximately 16.2%. In addition, according to the article published by the Ministry of Industry and Information Technology of the People's Republic of China in November 2008, the revenues in the PRC software market had increased by approximately 32.8% for the nine months ended 30 September 2008 when compared with the same period in 2007. Based on extracts of a report issued by the Research Center in 2008, the revenues of the PRC software market reached approximately RMB344 billion for the first half of 2008, representing an increase of approximately 30% when compared with the same period in 2007. Among the PRC software market, the revenues of the software technology services and software outsourcing services for the first half

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of 2008 had increased by approximately 46.8% and approximately 68.3% respectively. In view of the current prevailing market conditions of the PRC software business industry, we consider it is justifiable to propose an average annual growth factor of 40% to the Peking Founder Sales for each of the three years ending 31 December 2011.

Based on the above, we are of the view that the proposed annual caps for the Peking Founder Sales for each of the three years ending 31 December 2011 are reasonably determined.

3. The proposed annual caps under the EC-Founder HP Master Agreement

The proposed annual caps for the purchase of the HP Products under the EC-Founder HP Master Agreement for each of the three years ending 31 December 2011 are US\$80 million (equivalent to approximately RMB551.2 million), US\$90 million (equivalent to approximately RMB620.1 million) and US\$105 million (equivalent to approximately RMB723.5 million) respectively. As stated in the Letter, the proposed annual caps are determined with reference to the estimated value of the HP products to be purchased by the Founder Group directly from HP as well as the historical values of the HP Products purchased by the Group and the Group's internal estimates of future growth of the information technology business in the PRC.

In order to consider the fairness and reasonableness of the proposed annual caps for each of the three years ending 31 December 2011 under the EC-Founder HP Master Agreement, we take into consideration the following aspects:

- (i) the historical actual purchase values of the HP Products by the Group for the two years ended 31 December 2007 and for the ten months ended 31 October 2008 were approximately US\$55.5 million (equivalent to approximately RMB382.4 million), approximately US\$38.2 million (equivalent to approximately RMB263.2 million) and approximately US\$49.6 million (equivalent to approximately RMB341.7 million) respectively;
- (ii) as confirmed by the Directors, the purchase volume of the HP Products for November and December of 2008 is estimated to decrease by 50% compared to the average monthly purchase volume in the first ten months in 2008 and is expected to be equal to approximately one month's purchase volume, totalling a projected purchase of the HP Products of around US\$54.6 million for the year ending 31 December 2008;
- (iii) as stated in the Letter, the annual cap for the year ending 31 December 2009 was determined with reference to, inter alia, the projected purchase volume of the HP Products for 2008 multiplied by the Group's projected growth rate of 40%. As confirmed by the Directors, the projected growth rate of 40% was based on the average growth rate in turnover of the Group during 2004 to 2007 and the first half year of 2008. We have reviewed the annual reports and interim reports of the Group during the abovementioned period and noted that the average of the annual growth rates of the Group's turnover during 2004 to 2007 and the growth rate of the Group's turnover for the first half of 2008 compared to the same period in 2007 was approximately 36.7%. In addition, as stated in the Letter, the proposed

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annual caps for each of the two years ending 31 December 2011 were determined with reference to, inter alia, the projected annual growth rates of approximately 12.5% and 15%, respectively. According to extracts of a research report issued by a research company in March 2008, the compound annual growth rate of information hardware market in the PRC from 2006 to 2011 is expected to be approximately 11.6%. As such, we consider the Group's projected annual growth rates of the purchase of the HP Products for each of the three years ending 31 December 2011 are justifiable.

Based on the above, we are of the view that the proposed annual caps for each of the three years ending 31 December 2011 for the purchase of the HP Products under the EC-Founder HP Master Agreement are reasonably determined.

Generally speaking, in our opinion, it is in the interests of the Group for the abovementioned Proposed Revised and New Caps to be as accommodating to the Group as possible (within reason). Provided that the pricing for the Continuing Connected Transactions is fair and reasonable and the conduct of those transactions would be subject to annual review by the independent non-executive Directors and auditors of the Company as required under the Listing Rules, the Group would have flexibility in conducting its businesses if the Proposed Revised and New Caps are tailored to future business growth. In assessing the reasonableness of the Proposed Revised and New Caps, we have discussed with the management of the Group regarding their estimated sales/purchase volume and the basis of the calculations. On the other hand, there is current global financial and credit crisis which may have/have had significant impact on the global economy. However, we are not able to assess the likelihood and/or extent of the impact as well as to quantify the impact on the global software or information products business and such factor, as a result, have not been taken into consideration in determining the Proposed Revised and New Caps. Therefore, Shareholders should note that the Proposed Revised and New Caps relate to future events and do not represent a forecast of amounts to be transacted as a result of the Continuing Connected Transactions or as an assurance by the Group of its future revenue. Consequently, we express no opinion as to how closely the actual transaction amounts of the Continuing Connected Transactions correspond with the Proposed Revised and New Caps as discussed above.

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RECOMMENDATION

Having considered the above principal factors and reasons, we consider that the terms of the transactions contemplated under the Second Supplemental Agreement, the New Founder Master Agreement, the New Peking Founder Master Agreement and the EC-Founder HP Master Agreement are (i) on normal commercial terms; (ii) in the ordinary and usual course of business of the Group; and (iii) fair and reasonable and in the interests of the Company and the Shareholders as a whole and the proposed revised cap for the year ending 31 December 2008 under the Second Supplemental Agreement and the proposed annual caps for each of the three years ending 31 December 2011 under the New Founder Master Agreement, the New Peking Founder Master Agreement and the EC-Founder HP Master Agreement are fair and reasonable so far as the interests of the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders and recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the transactions contemplated under the New Peking Founder Master Agreement (including the proposed annual caps for each of the three years ending 31 December 2011), which will be proposed at the SGM. In addition, we recommend the Independent Director to advise the Independent Shareholders and recommend the Independent Shareholders to vote in favour of the ordinary resolutions to approve the transactions contemplated under (i) the Second Supplemental Agreement and its proposed revised cap for the year ending 31 December 2008; (ii) the New Founder Master Agreement (including the proposed annual caps for each of the three years ending 31 December 2011); and (iii) the EC-Founder HP Master Agreement (including the proposed annual caps for each of the three years ending 31 December 2011), which will be proposed at the SGM.

Yours faithfully,

For and on behalf of
KGI Capital Asia Limited

Laurent Leung

Director

Jimmy Chan

Senior Vice President

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 interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules, were as follows:

(a) Long positions in the Shares of the Company under the SFO

Name of Director	Number of ordinary shares held and nature of interest		Percentage of the Company’s issued share capital
	Directly beneficially owned	Through controlled corporation	
Mr. Zhang Zhao Dong	3,956,000	–	0.36%
Mr. Zheng Fu Shuang	–	229,601,000	20.76%

Note: Mr Zheng Fu Shuang is interested in these shares through Shining Wisdom Group Limited (“Shining Wisdom”), a company which is beneficially and wholly owned by Mr Zheng Fu Shuang.

(b) Short positions in the Shares of the Company under the SFO

Name of Director	Number of ordinary shares held and nature of interest		Percentage of the Company’s issued share capital
	Directly beneficially owned	Through controlled corporation	
Mr Zheng Fu Shuang	–	229,601,000	20.76%

Note: Mr Zheng Fu Shuang is interested in these shares through Shining Wisdom, a company which is beneficially and wholly owned by Mr Zheng Fu Shuang.

(c) **Directors' rights to acquire shares in the Company and any of its associated corporations**

On 24 May 2002, the Company adopted a share option scheme (the "2002 Scheme") in compliance with Chapter 17 of the Listing Rules.

The share option scheme adopted by the Company on 7 May 2001 (the "2001 Scheme") was terminated on 24 May 2002, however, the options granted under the 2001 Scheme remain in full force and effect.

The following Director held share option that were outstanding under the 2002 Scheme as at the Latest Practicable Date:

Name of Director	Number of share options Held	Date of grant of share Options	Exercise period of share options	Exercise price of share options
				<i>HK\$</i>
<i>2002 Scheme</i>				
Mr Zhang Zhao Dong	8,000,000	06.02.2004	07.02.2004 to 05.02.2014	0.381

Save as disclosed in this paragraph, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2007, being the date to which the latest published audited consolidated accounts of the Company were made up.

No Director was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

As at the Latest Practicable Date, none of the Directors and his/her associate had any interests which competed or was likely to compete, either directly or indirectly, with the Group's business.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, other than a Director or chief executive of the Company, the following persons had interests 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, 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 the Company:

Long positions

Name	Notes	Capacity and nature of interest	Long positions		Short positions	
			Number of ordinary shares held	Percentage of the Company's issued share Capital	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*)	1	Through a controlled corporation	363,265,000	32.84%	-	-
Peking Founder	2	Through a controlled corporation	363,265,000	32.84%	-	-
Founder		Directly beneficially owned	363,265,000	32.84%	-	-
Shining Wisdom	3	Directly beneficially owned	229,601,000	20.76%	229,601,000	20.76%
International Finance Corporation	3	Beneficiary of a charge	114,800,500	10.38%	-	-
Peking University Education Foundation		Directly beneficially owned	93,240,000	8.43%	-	-
Peking University Education Foundation		Beneficiary of a trust	2,330,000	0.21%	-	-
Mr Yung Chih Shin, Richard	4	Through a controlled corporation	65,880,000	5.96%	-	-
Ricwinco Investment Limited	4	Directly beneficially owned	65,880,000	5.96%	-	-

Name	Notes	Capacity and nature of interest	Long positions		Short positions	
			Number of ordinary shares held	Percentage of the Company's issued share Capital	Number of ordinary shares held	Percentage of the Company's issued share Capital
Ms Li Yong Hui	5	As trustee	60,671,600	5.49%	–	–
Ms Ying Yu Ling	5	As trustee	60,671,600	5.49%	–	–
F2 Consultant Limited	5	Owned as nominee	60,671,600	5.49%	–	–
HSBC International Trustee Limited	6	Through a controlled corporation	60,500,000	5.47%	–	–
Sun Hung Kai Properties Limited	6	Through a controlled corporation	60,500,000	5.47%	–	–
Sunco Resources Limited	6	Through a controlled corporation	60,500,000	5.47%	–	–
SUNeVision Holdings Ltd.	6	Through a controlled corporation	60,500,000	5.47%	–	–
Hugh Profit Investments Ltd.	6	Through a controlled corporation	60,500,000	5.47%	–	–
Well Drive Holdings Limited		Directly beneficially owned	60,500,000	5.47%	–	–

* For identification purpose only

Notes:

1. Peking University Asset Management Company Limited is deemed to be interested in the 363,265,000 shares of the Company under the SFO by virtue of its interest in Peking Founder.
2. Peking Founder is deemed to be interested in the 363,265,000 shares of the Company under the SFO by virtue of its interest in Founder.
3. Mr Zheng Fu Shuang is interested in these shares through Shining Wisdom. The 229,601,000 shares of the Company held by Shining Wisdom are charged to International Finance Corporation which are classified as a short position of Shining Wisdom under the SFO.

4. Mr Yung Chih Shin, Richard is interested in these shares through Ricwinco Investment Limited.
5. F2 Consultant Limited holds the shares of the Company as nominee on behalf of the directors of Founder Data Corporation International Limited ("FDC") who are acting in their capacity as the trustees of a discretionary trust for the employees of FDC and its subsidiaries. Ms Li Yong Hui and Ms Ying Yu Ling are the directors of FDC.
6. Each of HSBC International Trustee Limited, Sun Hung Kai Properties Limited, Sunco Resources Limited, SUNeVision Holdings Ltd. and Hugh Profit Investments Ltd. is deemed to be interested in the 60,500,000 shares of the Company under the SFO by virtue of its, direct or indirect, interests in Well Drive Holdings Limited.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, other than a Director or chief executive of the Company, no persons had interests or short position in the shares or underlying shares which would fall to be disclosed to the Company under the 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 any options in respect of such capital.

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. EXPERT

KGI Capital is a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under SFO.

As at the Latest Practicable Date, KGI Capital was not beneficially interested in the securities of any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, KGI Capital did not have 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 since 31 December 2007, being the date to which the latest published audited consolidated accounts of the Company were made up.

KGI Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name, in the form and context in which they appear.

6. MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2007, being the date to which the latest published audited consolidated accounts of the Company were made up.

7. LITIGATION AND CLAIMS

As at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigations or claims and no litigations or claims of material importance was pending or threatened against the Company or any member of the Group.

8. PROCEDURES 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 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) 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.
- (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. 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 15 December 2008, the date of the SGM:

- (i) the Second Supplemental Agreement;
- (ii) the New Founder Master Agreement;
- (iii) the New Peking Founder Master Agreement;
- (iv) the EC-Founder HP Master Agreement;
- (v) the letter from the Independent Board Committee, the text of which is set out on page 15 of this circular;
- (vi) the letter from the Independent Director, the text of which is set out on pages 16 to 17 of this circular;
- (vii) the letter from the KGI Capital dated 28 November 2008, the text of which is set out on pages 18 to 33 of this circular; and
- (viii) the letter of consent from the KGI Capital referred to in the paragraph headed "Expert" above.

NOTICE OF SPECIAL GENERAL MEETING



(Incorporated in Bermuda with limited liability)

(Stock Code: 00618)

NOTICE IS HEREBY GIVEN that a special general meeting of EC-Founder (Holdings) Company Limited (the “Company”) will be held at 10:00 a.m. on Monday, 15 December 2008 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 resolutions:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the cap in relation to the sales of information hardware products to the Founder Group (as defined in the Circular) by the Group (as defined in the Circular) as contemplated under the Second Supplemental Agreement (as defined in the circular to shareholders of the Company dated 28 November 2008 (the “Circular”) for the year ending 31 December 2008 be revised to RMB185 million and all the transactions contemplated under the Second Supplemental Agreement be and are hereby approved; and
- (b) any one director of the Company be and is hereby authorised on behalf of the Company to execute all such documents, in such final form or with such amendments as that director may deem appropriate, and to do all such acts or things, as he/she may in his/her absolute discretion consider necessary or desirable, to give effect to the Second Supplemental Agreement and the transactions contemplated therein.”

2. **“THAT:**

- (a) the New Founder Master Agreement (as defined in the Circular) in relation to the sales of information hardware products to the Founder Group (as defined in the Circular) by the Group, and all the transactions contemplated under the New Founder Master Agreement be and are hereby approved;
- (b) the proposed annual caps in relation to the transactions contemplated under the New Founder Master Agreement for each of the three years ending 31 December 2009, 2010 and 2011, being RMB259 million, RMB362.6 million and RMB507.64 million, respectively, be and are hereby approved; and
- (c) any one director of the Company be and is hereby authorised on behalf of the Company to execute all such documents, in such final form or with such amendments as that director may deem appropriate, and to do all such acts or things, as he/she may in his/her absolute discretion consider necessary or desirable, to give effect to the New Founder Master Agreement and the transactions contemplated therein.”

NOTICE OF SPECIAL GENERAL MEETING

3. **“THAT:**

- (a) the New Peking Founder Master Agreement (as defined in the Circular) in relation to the sales of information hardware products to the Peking Founder Group (as defined in the Circular) by the Group, and all the transactions contemplated under the New Peking Founder Master Agreement be and are hereby approved;
- (b) the proposed annual caps in relation to the transactions contemplated under the New Peking Founder Master Agreement for each of the three years ending 31 December 2009, 2010 and 2011, being RMB52.6 million, RMB73.64 million and RMB103.096 million, respectively, be and are hereby approved; and
- (c) any one director of the Company be and is hereby authorised on behalf of the Company to execute all such documents, in such final form or with such amendments as that director may deem appropriate, and to do all such acts or things, as he/she may in his/her absolute discretion consider necessary or desirable, to give effect to the New Peking Founder Master Agreement and the transactions contemplated therein.”

4. **“THAT:**

- (a) the EC-Founder HP Master Agreement (as defined in the Circular) in relation to the purchases of HP Products (as defined in the Circular) by the Group from the Founder Group, and all the transactions contemplated under the EC-Founder HP Master Agreement be and are hereby approved;
- (b) the proposed annual caps in relation to the transactions contemplated under the EC-Founder HP Master Agreement for each of the three years ending 31 December 2009, 2010 and 2011, being USD80 million, USD90 million and USD105 million, respectively, be and are hereby approved; and
- (c) any one director of the Company be and is hereby authorised on behalf of the Company to execute all such documents, in such final form or with such amendments as that director may deem appropriate, and to do all such acts or things, as he/she may in his/her absolute discretion consider necessary or desirable, to give effect to the EC-Founder HP Master Agreement and the transactions contemplated therein.”

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

Hong Kong, 28 November 2008

* *For identification purpose only*

NOTICE OF SPECIAL GENERAL MEETING

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 instead of his/her. 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 but must be present in person at the meeting to represent the shareholder. 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.
4. In accordance with Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), Founder Holdings Limited and its associates (as defined in the Listing Rules) are required to abstain from voting on the above ordinary resolutions.
5. The ordinary resolutions as set out above will be determined by way of a poll.