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(Stock Code: 00618)

**REVISED ANNUAL CAPS FOR CONTINUING CONNECTED
TRANSACTIONS
AND
ENTRUSTED LOAN MASTER AGREEMENT**

REVISED ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 13 November 2008 and the circular of the Company dated 28 November 2008 in relation to the sales of information hardware products to the Founder Group. On 12 June 2009, the Company has entered into the Supplemental Agreement with Founder to revise the annual caps for the three financial years ending 31 December 2011 as the Directors consider that the existing caps as set out in the New Founder Master Agreement will not be sufficient for the increasing volume of business between the Group and the Founder Group.

Since each of the applicable percentage ratios in respect of the Supplemental Agreement exceeds 25%, the transactions contemplated under the Supplemental Agreement shall be subject to the reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

ENTRUSTED LOAN MASTER AGREEMENT

On 12 June 2009, the Company has entered into the Entrusted Loan Master Agreement with Peking Founder pursuant to which the Group would, subject to certain conditions, provide short-term loans through a financial institution (to be designated by the parties and being an independent third party to the Company and its connected persons) to the Peking Founder Group.

The provision of the entrusted loans under the Entrusted Loan Master Agreement constitutes (i) advance to an entity under Rule 13.13 of the Listing Rules, (ii) financial assistance provided by the Company not in the ordinary and usual course of business and a major transaction under Chapter 14 of the Listing Rules, and (iii) continuing connected transactions under Chapter 14A of the Listing Rules. Since each of the applicable percentage ratios in respect of the Entrusted Loan Master Agreement exceeds 25%, the transactions contemplated under the Entrusted Loan Master Agreement shall be subject to the reporting, announcement and independent shareholders' approval requirements pursuant to the Listing Rules.

LISTING RULES REQUIREMENTS

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.

An independent board committee (comprising all three independent non-executive Directors) will be established to advise the independent shareholders in connection with the Entrusted Loan 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, they are not considered sufficiently independent to give advice or recommendation to independent shareholders of the Company in relation to the Supplemental Agreement. Accordingly, an independent board committee (comprising only Ms Cao Qian, being the remaining independent non-executive Director) will be established to advise the independent shareholders in connection with the proposed annual caps for the three years ending 31 December 2011 under the Supplemental Agreement.

The Company will appoint an independent financial adviser to advise the two independent board committees respectively in this regard. The Company will despatch to its shareholders a circular containing further details of the Supplemental Agreement and the Entrusted Loan Master Agreement, the letters from the two independent board committees and the independent financial adviser, and a notice convening the SGM as soon as possible.

Founder and Peking Founder and their respective associates will abstain from voting at the SGM in respect of the relevant resolutions.

SALES OF INFORMATION HARDWARE PRODUCTS TO FOUNDER GROUP

Reference is made to the announcement of the Company dated 13 November 2008 and the circular of the Company dated 28 November 2008 in relation to the sales of information hardware products to the 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 New Founder Master Agreement.

Founder currently holds approximately 32.84% of the issued share capital of the Company and therefore is a connected person of the Company.

The Supplemental Agreement

As a result of the continuous growth in business between the Group and the Founder Group in 2009, the Directors consider that the existing caps as set out in the New Founder Master Agreement will not be sufficient for the increasing volume of business between the Group and the Founder Group for the three years ending 31 December 2011. On 12 June 2009, the Company has entered into the Supplemental Agreement with Founder to revise the annual caps for the three financial years ending 31 December 2011 in order to cater for the increasing demand by the Founder Group. The proposed revised annual caps for the Founder Sales contemplated under the Supplemental Agreement is determined based on the Company's estimation of the sales for three years ending 31 December 2011 with reference to the historical sales pattern from January to April 2009.

Historical figures and annual caps

The following table sets out (i) the actual sales figures of the Founder Sales for each of the three years ended 31 December 2008 and four months ended 30 April 2009; (ii) the existing annual caps for the three years ending 31 December 2011; and (iii) the proposed annual caps for the three years ending 31 December 2011:

	Year ended 31 December 2006	Year ended 31 December 2007	Year ending 31 December 2008	Year ending 31 December 2009	Year ending 31 December 2010	Year ending 31 December 2011
	RMB 'million	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million
Actual sales	97.0	114.6	157.8	93.44 (1 January - 30 April 2009)	N/A	N/A
Existing annual caps	N/A	N/A	N/A	259	362.6	507.64
Proposed annual caps	N/A	N/A	N/A	370	518	725.2

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 the first quarter of 2009 due to Founder Group's rapid business expansion and has been increasing steadily over the past few years. The proposed revised annual caps for the Founder Sales as contemplated under the Supplemental 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 approximately 40% in the value of the annual caps for the proposed revised caps for the three years ending 31 December 2011. Such percentage has taken into consideration the average annual increase in the turnover of the Group from 1 January 2004 up to 31 December 2008 of approximately 34%.

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 Supplemental Agreement were arrived at after arm's length negotiations between the parties involved. The Supplemental Agreement was entered into in the ordinary and usual course of business of the Group. The Directors (excluding all the independent non-executive Directors whose views will be based on the opinion of an independent financial adviser to be appointed pursuant to the Listing Rules) consider that the terms of the Supplemental Agreement and the transactions contemplated therein 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 as contemplated by the Supplemental Agreement for the three years ending 31 December 2011 are fair and reasonable.

ENTRUSTED LOAN MASTER AGREEMENT

Date

12 June 2009

Parties

- (1) The Company, as the lender; and
- (2) Peking Founder, as the borrower.

Entrusted loans to be provided by the Company

The Company has entered into the Entrusted Loan Master Agreement with Peking Founder pursuant to which the Group would provide short-term loans through a financial institution (to be designated by the parties and being an independent third party to the Company and its connected persons) to the Peking Founder Group. Such loans will be unsecured and interest-bearing at the prevailing benchmark RMB lending rate for loan period of six months offered by The People's Bank of China ("PBOC") plus 10% of such rate. For example, if the prevailing benchmark RMB lending interest rate as quoted by the PBOC is 5% per annum, the interest rate for the entrusted loans would be 5.5% per annum. Under the Entrusted Loan Master Agreement, no collateral was provided by Peking Founder to the Company. Separate entrusted loan agreements will be entered into between the Group, Peking Founder Group and the designated financial institution upon request by Peking Founder pursuant to the terms and conditions of the Entrusted Loan Master Agreement.

Period

The Entrusted Loan Master Agreement shall take immediate effect after satisfaction of the conditions as set out therein and shall continue for a period up to 31 December 2011.

Annual caps for the entrusted loans

The following table sets out the annual caps for the entrusted loans under the Entrusted Loan Master Agreement (representing the maximum balance of the principal and interests of the relevant entrusted loans) for the three years ending 31 December 2011:

	Year ending 31 December 2009 RMB 'million	Year ending 31 December 2010 RMB 'million	Year ending 31 December 2011 RMB 'million
Annual caps	200	220	242

The annual cap amounts for the Entrusted Loan Master Agreement are determined based on the Group's average cash and bank balance as at 31 December for the three years ended 31 December 2008 which is approximately HK\$260 million. After deducting the average total quarterly selling and administrative expenses of the Group of approximately HK\$34 million, the average excess of cash and bank balance of the Group amounts to approximately HK\$226 million (approximately equivalent to RMB200 million). It is expected that there will be a 10% annual increase in the Group's net asset value and therefore the Company intends to have a 10% year-to-year increase for the annual caps for the three years ending 31 December 2011. Based on the above, the relevant annual caps are set in the amount of RMB200 million, RMB220 million and RMB242 million respectively for the three years ending 31 December 2011.

Repayment term

The entrusted loans are repayable within six months from the date of drawing of the relevant entrusted loan. If Peking Founder Group fails to repay the outstanding amount under the relevant entrusted loan agreements, Peking Founder Group shall be liable to pay, on a daily basis, a default interest at the rate of 0.02% of the total outstanding loan amount, until all of the principal amount, the interests together with other applicable charges and/or fees are fully repaid.

Events of default

If any of the following matters arises, the entrusted loans are repayable forthwith, unless otherwise waived by the Company in writing:

1. Peking Founder Group provides false balance sheets, profit and loss statements and other financial statements or provides such statements which withhold material facts;
2. The representations and warranties and undertakings made and given by Peking Founder under the Entrusted Loan Master Agreement or those made and given by the borrower pursuant to the relevant entrusted loan agreement proves to be untrue or misleading;
3. In the reasonable opinion of the Company, there has been a serious deterioration in the operating and financial position of Peking Founder or of the borrower pursuant to the relevant entrusted loan agreement;

4. Peking Founder or the borrower pursuant to the relevant entrusted loan agreement is in breach of its obligations as borrower or guarantor under any other loan agreements;
5. Peking Founder or the borrower pursuant to the relevant entrusted loan agreement fails to make a repayment arrangement or debt restructuring plan to the satisfaction of the trustee when it is undergoing a merger, split or share reform;
6. Peking Founder or the borrower pursuant to the relevant entrusted loan agreement is insolvent, dissolved, closed down, revoked, suspended and deregistered;
7. Peking Founder ceases to be a controlling shareholder (as defined in the Listing Rules) of Founder or Founder ceases to be a controlling shareholder (as defined in the Listing Rules) of the Company; or
8. Peking Founder fails to honour its undertaking or other obligations given under the Entrusted Loan Master Agreement.

Conditions

The Entrusted Loan Master Agreement is conditional upon the fulfillment of the following conditions:

- (1) the passing of the resolutions by the independent shareholders of the Company at the SGM for approving the terms of the Entrusted Loan Master Agreement as required under the Listing Rules;
- (2) the Board having approved the terms of the Entrusted Loan Master Agreement in accordance with the Company's bye-laws;
- (3) the board of directors of Peking Founder having approved the terms of the Entrusted Loan Master Agreement in accordance with Peking Founder's articles of associations;
- (4) the warranties and representations as set out in the Entrusted Loan Master Agreement given by both parties remains true and accurate; and
- (5) any other regulatory approval (if any) applicable to the Company and Peking Founder is obtained.

Reasons and benefit to the Group

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.

Since no member of the Group is a licensed financial institution, the Group is not authorized to carry out banking related businesses in the PRC. As such, in order to fully utilize the Group's surplus cash in the PRC and enhance the monetary return of such surplus fund, the Company has made proposals for loan arrangements in the form of entrusted loans through a financial institution designated by the Group and the Peking Founder Group. The entrusted loans are granted by the designated financial institution to the Peking Founder Group on behalf of the Group, from time to time, on a short-term basis and on normal and commercial terms.

The terms of the Entrusted Loan Master Agreement, including the interest rate applicable, were agreed by the parties after arm's length negotiations having taken into account the prevailing market interest rates and practices. The Directors (excluding all independent non-executive Directors whose views will be based on the opinion of an independent financial adviser to be appointed pursuant to the Listing Rules) consider that the interest rate under the Entrusted Loan Master Agreement is favourable to the Group and the provision of the entrusted loans to the Peking Founder Group could generate a higher return for the idle surplus cash of the Group. Due to the scarce investment opportunity under the current financial environment and taken into consideration the creditworthiness of the Peking Founder Group and its sound financial performance in the past, the Directors (excluding all independent non-executive Directors whose views will be based on the opinion of an independent financial adviser to be appointed pursuant to the Listing Rules) consider that the entrusted loan arrangement will definitely bring in more value to the shareholders of the Company as a whole by enhancing the monetary return of the Group's surplus funds generated from operations. Based on the above, the Directors (excluding all independent non-executive Directors whose views will be based on the opinion of an independent financial adviser to be appointed pursuant to the Listing Rules) consider that the terms of the Entrusted Loan Master Agreement and the transactions contemplated therein are on normal commercial terms and are fair and reasonable though not in the ordinary and usual course of business of the Group but are in the interests of the Company and its shareholders as a whole.

LISTING RULES REQUIREMENTS

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.

Since each of the applicable percentage ratios in respect of the Supplemental Agreement exceeds 25%, the transactions contemplated under the Supplemental Agreement shall be subject to the reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The provision of the entrusted loans under the Entrusted Loan Master Agreement constitutes (i) advance to an entity under Rule 13.13 of the Listing Rules, (ii) financial assistance provided by the Company not in the ordinary and usual course of business and a major transaction under Chapter 14 of the Listing Rules, and (iii) continuing connected transactions under Chapter 14A of the Listing Rules. Since each of the applicable percentage ratios in respect of the Entrusted Loan Master Agreement exceeds 25%, the transactions contemplated under the Entrusted Loan Master Agreement shall be subject to the reporting, announcement and independent shareholders' approval requirements pursuant to the Listing Rules.

An independent board committee (comprising all three independent non-executive Directors) will be established to advise the independent shareholders in connection with the Entrusted Loan 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, they are not considered sufficiently independent to give advice or recommendation to independent shareholders of the Company in relation to the Supplemental Agreement. Accordingly, an independent board committee (comprising only Ms Cao Qian, being the remaining independent non-executive Director) will be established to advise the independent shareholders in connection with the proposed annual caps for the three years ending 31 December 2011 under the Supplemental Agreement.

The Company will appoint an independent financial adviser to advise the two independent board committees respectively in this regard. The Company will despatch to its shareholders a circular containing further details of the Supplemental Agreement and the Entrusted Loan Master Agreement, the letters from the two independent board committees and the independent financial adviser, and a notice convening the SGM as soon as possible.

Founder and Peking Founder and their respective associates will abstain from voting at the SGM in respect of the relevant resolutions.

DEFINITIONS

"associate(s)"	has the meaning as ascribed to it in the Listing Rules
" Board"	the board of Directors
"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
"Directors"	the directors of the Company
"Entrusted Loan Master Agreement"	the master agreement dated 12 June 2009 entered into between the Company and Peking Founder, pursuant to which the Group would, subject to certain conditions, provide entrusted loans to Peking Founder Group
"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, and is a controlling shareholder of the Company holding approximately 32.84% of the issued share capital of the Company
"Founder Group"	Founder and its subsidiaries
"Founder Sales"	the transactions contemplated under the New 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
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"New Founder Master Agreement"	the master agreement entered into between Founder and the Company on 15 December 2008 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
"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 liabilities, 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
"PRC"	the People's Republic of China excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement
"RMB"	Renminbi, the lawful currency of the PRC
"SGM"	the special general meeting of the Company to be held by the Company for approving, inter alia, the transactions contemplated under the Supplemental Agreement and the Entrusted Loan Master Agreement
"Supplemental Agreement"	the supplemental agreement to the New Founder Master Agreement dated 12 June 2009 entered into between Founder and the Company to revise the annual caps for the three years ending 31 December 2011 for the Founder Sales

"Stock Exchange"

The Stock Exchange of Hong Kong Limited

"%"

per cent.

For illustrative purposes only, HK\$ is converted into RMB at an exchange rate of HK\$1 = RMB0.8815 in this announcement.

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

Hong Kong, 12 June 2009

As at the date of this announcement, the Board comprises executive directors of Mr Zhang Zhao Dong (Chairman), Mr Chen Geng (President), Mr Xia Yang Jun, Mr Xie Ke Hai and Mr Zheng Fu Shuang, and the independent non-executive directors of Mr Li Fat Chung, Ms Wong Lam Kit Yee and Ms Cao Qian.

** For identification purposes only*